

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON**

\$54,000,000*
CITY OF GEORGETOWN, TEXAS
(A political subdivision of the State of Texas located in Williamson County)
GENERAL OBLIGATION BONDS, SERIES 2026

Bids Due Tuesday, April 28, 2026 at 9:00 AM, CDT

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Georgetown, Texas (the “City”), is offering for sale its \$54,000,000* 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 Bonds,” should be addressed to “Mayor and City Council, City of Georgetown, 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 28, 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. 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 of 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 Jennifer Ritter, 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 Jennifer Ritter.

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

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

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

PLACE AND TIME OF BID OPENING . . . The bids for the Bonds will be publicly opened and read in the office of the Financial Advisor at 9:00 AM, CDT, Tuesday, April 28, 2026.

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.

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 bid submission.

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 Monday, April 27, 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 21, 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	\$ 3,565,000	2037	\$ 2,780,000
2028	1,795,000	2038	2,920,000
2029	1,880,000	2039	3,065,000
2030	1,980,000	2040	3,220,000
2031	2,075,000	2041	3,380,000
2032	2,175,000	2042	3,550,000
2033	2,290,000	2043	3,730,000
2034	2,400,000	2044	3,910,000
2035	2,525,000	2045	4,110,000
2036	2,650,000		

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

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem 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.

SERIAL BONDS AND/OR 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, 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 the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City.

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 AMOUNTS . . . 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 bid submission, 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. 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,

(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 Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the City when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 (“TEC FORM 1295”) . . . In accordance with Texas Government Code Section 2252.908 (the “Interested Party Disclosure Act”), the City may not award the 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 Georgetown, Texas*) and box 3 is the identification number assigned to this contract by the City (*Georgetown GO 2026*) and description of the goods or services (*Purchase of the City of Georgetown 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 jennifer@spfmuni.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

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.

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 . . . A bank cashier's check, payable to the order of "City of Georgetown," in the amount of \$1,080,000 which is 2% of the proposed par value of the Bonds (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Bond Purchaser will be retained uncashed by the City pending the Bond Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Bond Purchaser should fail or refuse to take up and pay for the Bonds in accordance with its bid then said check shall be cashed and accepted by the City and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the City that the Bond Purchaser was found not to satisfy the requirements described under "Covered Verifications" and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then said check shall be cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Bond Purchaser who shall be named in such instructions. The Good Faith Deposit of the Bond Purchaser will be returned to the Bond Purchaser on the date of Initial Delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Bonds has been made by 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 \$54,000,000*, payable in stated installments to the Bond Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial 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 a 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 21, 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 21, 2026, or thereafter on the date the Bond is tendered for delivery, up to and including June 4, 2026. If for any reason the City is unable to make delivery on or before June 4, 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 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 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 with reasonable certainty. Any questions concerning such certification 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.

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.

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

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 \$38,215,000* Combination Tax and Revenue Certificates of Obligation, Series 2026 pursuant to a separate offering. The City also anticipates issuing approximately \$375,360,000* of Utility System Revenue Bonds, Series 2026 in May, 2026.

RATING . . . The Bonds and the outstanding tax supported debt of the City have been rated "AAA" by S&P Global Ratings ("S&P") without regard to credit enhancement.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15C2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the 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 Comprehensive Annual Financial Report ("Annual Report"), 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 Annual Reports but can be calculated from information in the Annual Reports.

The City 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/ ROBYN DENSMORE
City Secretary, City of Georgetown, Texas

/s/ JOSH SCHROEDER
Mayor, City of Georgetown, Texas

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

OFFICIAL BID FORM

Honorable Mayor and City Council
 City of Georgetown, Texas
 101 East 7th Street
 Georgetown, Texas 78627

April 28, 2026

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated April 20, 2026, of \$54,000,000* CITY OF GEORGETOWN, TEXAS GENERAL OBLIGATION BONDS, SERIES 2026, both of which constitute a part hereof.

For your legally issued Bonds, in the aggregate principal amount of \$54,000,000*, 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	\$ 3,565,000	%	2037	\$ 2,780,000	%
2028	1,795,000	%	2038	2,920,000	%
2029	1,880,000	%	2039	3,065,000	%
2030	1,980,000	%	2040	3,220,000	%
2031	2,075,000	%	2041	3,380,000	%
2032	2,175,000	%	2042	3,550,000	%
2033	2,290,000	%	2043	3,730,000	%
2034	2,400,000	%	2044	3,910,000	%
2035	2,525,000	%	2045	4,110,000	%
2036	2,650,000	%			

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 Bond 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 AMOUNTS." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the City in the amount of \$1,080,000 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 21, 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.

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 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.

By submitting this bid, the Bond Purchaser understands and agrees that if the Bond Purchaser fails or refuses to pay for the Bonds in accordance with this bid, then the Bond Purchaser's Good Faith Deposit shall be retained, cashed and accepted by the City as full and complete liquidated damages; provided however, if it is determined after the acceptance of the 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 – VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS" and as a result the Texas Attorney General will not deliver its approving opinion for the Bonds, then the Good Faith Deposit shall be retained, cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. IF THE CITY CASHES THE BOND PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE BOND PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

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 or the Texas Attorney General 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 Georgetown, Texas, this the 28th day of April, 2026.

ATTEST:

City Secretary
City of Georgetown, Texas

Mayor
City of Georgetown, Texas

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ISSUE PRICE CERTIFICATE

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

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 Georgetown, Texas (“Issuer”) in the principal amount of \$54,000,000* (“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 Bond Purchaser

By: _____

Name: _____

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

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

ISSUE PRICE CERTIFICATE

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

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 Georgetown, Texas (“Issuer”) in the principal amount of \$54,000,000* (“Bonds”), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Bonds maturing in _____ (“Hold-the-Price Maturities”), the][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 to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

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

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

(c) As set forth in the Notice of Sale, the 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 each 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 at least ten percent of a Hold-the-Price-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 Bond Purchaser

By: _____

Name: _____

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

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON**

\$38,215,000*
CITY OF GEORGETOWN, TEXAS
(A political subdivision of the State of Texas located in Williamson County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Bids Due Tuesday, April 28, 2026 at 9:30 AM, CDT

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Georgetown, Texas (the “City”), is offering for sale its \$38,215,000* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). Bids may be submitted by either of three alternative procedures: (i) written bids; (ii) electronic bids; or (iii) telephone or facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the City nor its Financial Advisor, Specialized Public Finance Inc., 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 Georgetown, 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 28, 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. 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 Jennifer Ritter, 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 Jennifer Ritter.

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

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

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

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be publicly opened and read in the office of the Financial Advisor at 9:30 AM, CDT, Tuesday, April 28, 2026.

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.

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 “Certificate 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 Certificate 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 bid submission.

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 Monday, April 27, 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 21, 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	\$ 1,575,000	2037	\$ 1,465,000
2028	2,105,000	2038	1,540,000
2029	2,205,000	2039	1,615,000
2030	2,320,000	2040	1,685,000
2031	2,420,000	2041	1,780,000
2032	2,095,000	2042	1,870,000
2033	1,650,000	2043	1,960,000
2034	1,730,000	2044	2,060,000
2035	1,815,000	2045	2,160,000
2036	1,900,000	2046	2,265,000

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

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates 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, 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 combination of (i) the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of surplus net revenues of the City’s combined water, sewer and electric systems, not to exceed \$10,000. Further details regarding the Certificates are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . **The Certificates will be sold in one block on an “All or None” basis, and at a price of not less than 102% of their par value and not more than 112% of their par value.** Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. The maximum coupon rate shall not exceed 5.25%. 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 AMOUNTS . . . After selecting the winning bid, the aggregate principal amount of the Certificates and the principal amortization schedule may be adjusted as determined by the City and its Financial Advisor in \$5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Certificates by more than 15% from the amount set forth herein. The dollar amount bid for the Certificates by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Certificates finally determined to be issued. The City will use its best efforts to communicate to the winning bidder any such adjustment within three (3) hours after the opening of bids. Purchaser’s compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

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

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

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

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

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

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

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

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

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

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

- (i) submits a Certificate of Interested Parties Form 1295 (the “TEC Form 1295”) to the City as prescribed by the Texas Ethics Commission (“TEC”), or
- (ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

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

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*City of Georgetown, Texas*) and box 3 is the identification number assigned to this contract by the City (*Georgetown CO 2026*) and description of the goods or services (*Purchase of the City of Georgetown Combination Tax and Revenue Certificates of Obligation, Series 2026*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the “Disclosure Rules”) require certain business entities contracting with the City to complete the TEC Form 1295 electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, 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 jennifer@spfmuni.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.

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.

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 . . . A bank cashier’s check, payable to the order of “City of Georgetown,” in the amount of \$764,300 which is 2% of the proposed par value of the Certificates (the “Good Faith Deposit”), is required to accompany any bid. The Good Faith Deposit of the Certificate Purchaser will be retained uncashed by the City pending the Certificate Purchaser’s compliance with the terms of its bid and this Official Notice of Sale. In the event the Certificate Purchaser should fail or refuse to take up and pay for the Certificates in accordance with its bid then said check shall be cashed and accepted by the City and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the City that the Certificate Purchaser was found not to satisfy the requirements described under “Covered Verifications” and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then said check shall be cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Certificate Purchaser who shall be named in such instructions. The Good Faith Deposit of the Certificate Purchaser will be returned to the Certificate Purchaser on the date of Initial Delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Certificates has been made by the City.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the 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 \$38,215,000*, payable in stated installments to the Certificate Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's book-entry-only system. Delivery will be at a 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 21, 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 21, 2026, or thereafter on the date the Certificate is tendered for delivery, up to and including June 4, 2026. If for any reason the City is unable to make delivery on or before June 4, 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 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 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 with reasonable certainty. Any questions concerning such certification 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 AMOUNTS." Preliminary, subject to change.

GENERAL

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The 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 \$54,000,000* General Obligation Bonds, Series 2026 pursuant to a separate offering. The City also anticipates issuing approximately \$375,360,000* of Utility System Revenue Bonds, Series 2026 in May, 2026.

RATING . . . The Certificates and the outstanding tax supported debt of the City have been rated "AAA" by S&P Global Ratings ("S&P") without regard to credit enhancement.

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

The City will furnish to the 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 Certificate Ordinance to provide certain periodic information and notices of certain 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 Certificate 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 Comprehensive Annual Financial Report ("Annual Report"), 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 Annual Reports but can be calculated from information in the Annual Reports.

The City 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 Certificate 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/ ROBYN DENSMORE
City Secretary, City of Georgetown, Texas

/s/ JOSH SCHROEDER
Mayor, City of Georgetown, Texas

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

OFFICIAL BID FORM

Honorable Mayor and City Council
 City of Georgetown, Texas
 101 East 7th Street
 Georgetown, Texas 78627

April 28, 2026

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated April 20, 2026, of \$38,215,000* CITY OF GEORGETOWN, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026, both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of \$38,215,000*, 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	\$ 1,575,000	%	2037	\$ 1,465,000	%
2028	2,105,000	%	2038	1,540,000	%
2029	2,205,000	%	2039	1,615,000	%
2030	2,320,000	%	2040	1,685,000	%
2031	2,420,000	%	2041	1,780,000	%
2032	2,095,000	%	2042	1,870,000	%
2033	1,650,000	%	2043	1,960,000	%
2034	1,730,000	%	2044	2,060,000	%
2035	1,815,000	%	2045	2,160,000	%
2036	1,900,000	%	2046	2,265,000	%

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 AMOUNTS." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the City in the amount of \$764,300 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 21, 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.

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 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.

By submitting this bid, the Certificate Purchaser understands and agrees that if the Certificate Purchaser fails or refuses to pay for the Certificates in accordance with this bid, then the Certificate Purchaser's Good Faith Deposit shall be retained, cashed and accepted by the City as full and complete liquidated damages; provided however, if it is determined after the acceptance of the 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 – VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS" and as a result the Texas Attorney General will not deliver its approving opinion for the Certificates, then the Good Faith Deposit shall be retained, cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. IF THE CITY CASHES THE CERTIFICATE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE CERTIFICATE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

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 or the Texas Attorney General 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 Georgetown, Texas, this the 28th day of April, 2026.

ATTEST:

City Secretary
City of Georgetown, Texas

Mayor
City of Georgetown, Texas

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ISSUE PRICE CERTIFICATE

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

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 Revenue Certificates of Obligation, Series 2026 issued by the City of Georgetown, Texas (“Issuer”) in the principal amount of \$38,215,000* (“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 Certificate Purchaser

By: _____

Name: _____

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

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

ISSUE PRICE CERTIFICATE

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

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 Revenue Certificates of Obligation, Series 2026 issued by the City of Georgetown, Texas (“Issuer”) in the principal amount of \$38,215,000* (“Certificates”), hereby certifies and represents, based on its records and information, as follows:

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

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

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

(c) As set forth in the Notice of Sale, the 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 each 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 at least ten percent of a Hold-the-Price-Maturity of the Certificates to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The 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 Certificate Purchaser

By: _____

Name: _____

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

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

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

PRELIMINARY OFFICIAL STATEMENT

Dated April 20, 2026

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

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of McCall, Parkhurst & Horton L.L.P., 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.



\$54,000,000*
CITY OF GEORGETOWN, TEXAS
(A political subdivision of the State of Texas located in Williamson County)
GENERAL OBLIGATION BONDS, SERIES 2026

Dated Date: May 21, 2026

Due: August 15, as shown on page 2 hereof

Interest accrues from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the \$54,000,000* City of Georgetown, Texas, General Obligation Bonds, Series 2026 (the “Bonds”) will accrue from the Date of Initial Delivery, defined below, will be payable February 15 and August 15 of each year commencing February 15, 2027, until maturity or earlier 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 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” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association (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”), including particularly Chapter 1331, Texas Government Code, as amended, bond elections held within the City of Georgetown, Texas (the “City”) on May 9, 2015 and November 7, 2023, and an ordinance (the “Bond Ordinance”) to be adopted by the City Council of 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 streets, roads, bridges, and intersections, sidewalk, safety and ADA accessibility pool, as further set forth in the proposition approved at the May 9, 2015 election; (2) constructing, equipping, improving, extending, expanding, upgrading and/or developing a City facility which includes a customer service center as well as other city services and internal support functions, as further set forth in Proposition A approved at the November 7, 2023 election; (3) constructing, equipping, improving, extending, expanding, upgrading, and/or developing park and recreational projects, as further set forth in Proposition B approved at the November 7, 2023; and (4) paying the costs of issuing the Bonds. See “THE OBLIGATIONS – PURPOSE.”

CUSIP PREFIX: 373029

MATURITY SCHEDULE, INTEREST RATES, PRICES AND OTHER TERMS

SEE PAGE 2 HEREOF

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser (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 . . . It is expected that the Bonds will be available for delivery through DTC on May 21, 2026 (the “Date of Initial Delivery”).

BONDS BIDS DUE ON TUESDAY, APRIL 28, 2026, BY 9:00 AM, CDT

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

BOND MATURITY SCHEDULE*

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP Numbers ⁽¹⁾
2027	\$ 3,565,000			
2028	1,795,000			
2029	1,880,000			
2030	1,980,000			
2031	2,075,000			
2032	2,175,000			
2033	2,290,000			
2034	2,400,000			
2035	2,525,000			
2036	2,650,000			
2037	2,780,000			
2038	2,920,000			
2039	3,065,000			
2040	3,220,000			
2041	3,380,000			
2042	3,550,000			
2043	3,730,000			
2044	3,910,000			
2045	4,110,000			

(Interest Accrues from the Date of Initial Delivery)

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OPTIONAL 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 – OPTIONAL REDEMPTION”). Additionally, the Bonds may be subject to mandatory redemption in the event the Bond Purchaser elects to designate certain maturities as Term Bonds.

SEPARATE ISSUES . . . The Bonds and the \$38,215,000* “City of Georgetown, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2026” (the “Certificates”) are being offered by the City concurrently under a common Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the “Obligations.” The Bonds and the Certificates are each 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.

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

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 20, 2026

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

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of McCall, Parkhurst & Horton L.L.P., 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.



\$38,215,000*
CITY OF GEORGETOWN, TEXAS
(A political subdivision of the State of Texas located in Williamson County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: May 21, 2026

Due: August 15, as shown on page 4 hereof

Interest accrues from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the \$38,215,000* City of Georgetown, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) will accrue from the Date of Initial Delivery, defined below, will be payable February 15 and August 15 of each year commencing February 15, 2027, until maturity or earlier 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 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” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association (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 Georgetown, Texas (the “City”). The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of surplus net revenues of the City’s combined water, sewer and electric systems, not to exceed \$10,000 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, improving, renovating, expanding and equipping Fire Station No. 8; (2) renovating, improving and equipping the City’s existing Library facility; (3) acquiring and upgrading fire and police vehicles and related equipment; (4) 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 Chautauqua Park, Blue Hole Park, park safety improvements, building renovations and replacing parks equipment; (5) acquiring and upgrading City public safety equipment comprised of radios and charging towers; (6) constructing, improving, extending, expanding, upgrading and developing City streets, bridges, sidewalks, bike lanes, intersections and related traffic improvements including purchasing any necessary right-of-way and equipment, including for Leander Road; (7) constructing, improving, expanding and renovating the City’s municipal airport, including construction and improvements around Cutter North area and air traffic control tower equipment including security equipment; (8) constructing, improving, extending, expanding and upgrading drainage and flood mitigation improvements, including curb and gutter improvements and stormwater capital improvements; and (9) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents, design costs and costs related to issuing the Certificates. See “THE OBLIGATIONS – PURPOSE.”

CUSIP PREFIX: 373029
MATURITY SCHEDULE, INTEREST RATES, PRICES AND OTHER TERMS
SEE PAGE 4 HEREOF

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchaser (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 . . . It is expected that the Certificates will be available for delivery through DTC on May 21, 2026 (the “Date of Initial Delivery”).

BIDS DUE ON TUESDAY, APRIL 28, 2026, BY 9:30 AM, CDT

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

CERTIFICATE MATURITY SCHEDULE*

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP Numbers ⁽¹⁾
2027	\$ 1,575,000			
2028	2,105,000			
2029	2,205,000			
2030	2,320,000			
2031	2,420,000			
2032	2,095,000			
2033	1,650,000			
2034	1,730,000			
2035	1,815,000			
2036	1,900,000			
2037	1,465,000			
2038	1,540,000			
2039	1,615,000			
2040	1,685,000			
2041	1,780,000			
2042	1,870,000			
2043	1,960,000			
2044	2,060,000			
2045	2,160,000			
2046	2,265,000			

(Interest Accrues from the Date of Initial Delivery)

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OPTIONAL 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 – OPTIONAL REDEMPTION”). Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Certificate Purchaser elects to designate certain maturities as Term Certificates.

SEPARATE ISSUES . . . The Certificates and the \$54,000,000* “City of Georgetown, Texas, General Obligation Bonds, Series 2026” (the “Bonds”) are being offered by the City concurrently under a common Official Statement, and such Certificates and Bonds are hereinafter sometimes referred to collectively as the “Obligations.” The Certificates and the Bonds are each 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.

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

For purposes of compliance with Rule 15c2-12 of the United States Securities Exchange Commission (“SEC”), 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 no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City 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. This Official Statement does not constitute an offer to sell Obligations in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

THE OBLIGATIONS ARE EXEMPT FROM REGISTRATION WITH THE SEC 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 THE OBLIGATIONS HAVE BEEN REGISTERED, OR EXEMPTED, SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

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

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>
Josh Schroeder Mayor	5½ Years	May 2026	Attorney
Kevin Pitts Mayor Pro-Tem, District 5	8 Years	May 2027	Commercial Banker
Amanda Parr Councilmember District 1	5 Years	May 2027	Senior Director of Development at Southwestern University
Shawn Hood Councilmember District 2	5½ Years	May 2026	Architect
Ben Butler Councilmember, District 3	1 Year	May 2028	Architect
Ron Garland Councilmember District 4	4 Years	May 2028	Retired
Jake French Councilmember District 6	4¼ Years	May 2026	Construction Project Manager
Ben Stewart Councilmember District 7	4 Years	May 2028	Technical Consultant

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
David Morgan	City Manager	11 Years
Laurie Brewer ⁽¹⁾	Assistant City Manager	17 Years
Leigh Wallace	Chief Financial Officer	10 Years
Skye Masson	City Attorney	5¾ Years
Robyn Densmore	City Secretary	7 Years

(1) Ms. Laurie Brewer has announced her retirement as of May 15, 2026. The City is utilizing an outside search firm to identify a replacement, with the goal of hiring a candidate in June 2026.

CONSULTANTS AND ADVISORS

Auditors Weaver and Tidwell, L.L.P.
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:

Leigh Wallace Chief Financial Officer City of Georgetown, Texas 510 West 9 th Street Georgetown, Texas 78626 512/930-3676 512/930-3681 Fax	or	Jennifer Ritter Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78746 512/275-7300 512/275-7305 Fax
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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 \$54,000,000* General Obligation Bonds, Series 2026 (the “Bonds”) are issued as serial bonds maturing on August 15 in the years 2027 through and including 2045 unless any maturities are designated by the Bond Purchaser as Term Bonds.

The \$38,215,000* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) are issued as serial Certificates maturing on August 15 in the years 2027 through and including 2046 unless any maturities are designated by the Certificate Purchaser as Term Certificates (see “THE OBLIGATIONS – GENERAL”).

The Bonds and the Certificates are sometimes referred to herein collectively as the “Obligations.”

PAYMENT OF INTEREST Interest on the Obligations will accrue from the Date of Initial Delivery and is payable February 15, 2027, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE OBLIGATIONS – GENERAL” and “THE OBLIGATIONS – OPTIONAL REDEMPTION”).

AUTHORITY FOR ISSUANCE The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1331 of the Texas Government Code, as amended, bond elections held within the City of Georgetown, Texas (the “City”) on May 9, 2015 and November 7, 2023, and an ordinance to be adopted by the City Council of the City on April 28, 2026 authorizing the issuance of the Bonds (the “Bond Ordinance”).

The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, and an ordinance to be adopted by the City Council of the City on April 28, 2026 authorizing the issuance of the Certificates (the “Certificate Ordinance”). See “THE OBLIGATIONS – AUTHORITY FOR ISSUANCE.”

SECURITY FOR THE OBLIGATIONS.. The Bonds constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Bond Ordinance.

The Certificates constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Certificate Ordinance and a limited pledge of surplus net revenues of the City’s water, sewer and electric systems not to exceed \$10,000 (see “THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT”).

OPTIONAL REDEMPTION The City reserves the right, at its option, to redeem Obligations 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 – OPTIONAL REDEMPTION”). Additionally, the Obligations may be subject to mandatory sinking fund redemption in the event the respective purchaser elects to designate certain maturities as Term Bonds or Term Certificates.

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Bonds and Certificates 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.

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

USE OF PROCEEDS Proceeds from the sale of the Bonds will be used for (1) constructing, improving, extending, expanding, upgrading and/or developing streets, roads, bridges, and intersections, sidewalk, safety and ADA accessibility pool, as further set forth in the proposition approved at the May 9, 2015 election; (2) constructing, equipping, improving, extending, expanding, upgrading and/or developing a City facility which includes a customer service center as well as other city services and internal support functions, as further set forth in Proposition A approved at the November 7, 2023 election; (3) constructing, equipping, improving, extending, expanding, upgrading, and/or developing park and recreational projects, as further set forth in Proposition B approved at the November 7, 2023; and (4) 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, improving, renovating, expanding and equipping Fire Station No. 8; (2) renovating, improving and equipping the City’s existing Library facility; (3) acquiring and upgrading fire and police vehicles and related equipment; (4) 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 Chautauqua Park, Blue Hole Park, park safety improvements, building renovations and replacing parks equipment; (5) acquiring and upgrading City public safety equipment comprised of radios and charging towers; (6) constructing, improving, extending, expanding, upgrading and developing City streets, bridges, sidewalks, bike lanes, intersections and related traffic improvements including purchasing any necessary right-of-way and equipment, including for Leander Road; (7) constructing, improving, expanding and renovating the City’s municipal airport, including construction and improvements around Cutter North area and air traffic control tower equipment including security equipment; (8) constructing, improving, extending, expanding and upgrading drainage and flood mitigation improvements, including curb and gutter improvements and stormwater capital improvements; and (9) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents, design costs and costs related to issuing the Certificates. See “THE OBLIGATIONS – PURPOSE.”

GENERAL

THE CITY..... The City of Georgetown, Texas (the “City”), is a political subdivision located in Williamson County operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters in 1970, as subsequently amended (the “Home Rule Charter”). The City operates under the City Council/Manager form of government where the Mayor and seven City Councilmembers are elected for staggered three-year terms from seven single-member districts. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City is approximately 61.37 square miles in area (see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY”).

RATING The Obligations and the presently outstanding tax supported debt of the City have been rated “AAA” by S&P Global Ratings (“S&P”) (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 on payment of its debt.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Funded Tax Debt ⁽³⁾	Per Capita Funded Tax Debt	Ratio Funded Debt to Taxable Assessed Valuation	% of Total Tax Collections
2022	83,927	\$ 10,950,056,383	\$ 130,471	\$ 359,760,000	\$ 4,287	3.29%	99.27%
2023	93,354	13,880,992,887	148,692	385,790,000	4,133	2.78%	100.90%
2024	104,163	16,752,529,016	160,830	444,725,000	4,270	2.65%	99.59%
2025	115,600	18,391,675,246	159,098	509,325,000	4,406	2.77%	98.52%
2026	115,600	19,601,896,142	169,567	563,710,000 ⁽⁴⁾	4,876 ⁽⁴⁾	2.88% ⁽⁴⁾	95.54% ⁽⁵⁾

(1) Estimates provided by the City.

(2) The City’s Taxable Assessed Values as provided by the certified values of the Williamson Central Appraisal District.

(3) Includes \$153,172,716 of self-supporting debt. See Note 9, Long-Term Liabilities – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2025, in “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT.” The Annual Financial Report summary of General Obligation debt includes debt service that is supported by GEDCO (“Georgetown Economic Development Corporation”) and outstanding Tax Increment Reinvestment Zones. The City includes annual transfers from those accounts to pay debt service, and as such, considers those portions self-supported. There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes.

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

(5) Partial collections as of February 28, 2026.

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

\$54,000,000*
CITY OF GEORGETOWN, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2026

\$38,215,000*
CITY OF GEORGETOWN, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$54,000,000* City of Georgetown, Texas General Obligation Bonds, Series 2026 (the “Bonds”), and the \$38,215,000* City of Georgetown, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective ordinances (the “Bond Ordinance” and the “Certificate Ordinance,” and as applicable, 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 County operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters in 1970 and subsequently amended (the “Home Rule Charter”). The City operates under the City Council/Manager form of government where the Mayor and seven City Councilmembers are elected for staggered three-year terms from seven single-member districts. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City is approximately 61.37 square miles in area. For more information regarding the City, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY.”

THE OBLIGATIONS

GENERAL . . . The Obligations are dated May 21, 2026, and mature on August 15 in each of the years and in the amounts shown on pages 2 and 4 hereof, respectively. Interest on the Obligations will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable February 15 and August 15 of each year commencing February 15, 2027 until maturity or earlier redemption, accruing from the Date of Initial Delivery.

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 (the “Book-Entry-Only System”). **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 Chapter 1331 of the Texas Government Code, as amended, bond elections held within the City of Georgetown, Texas (the “City”) on May 9, 2015 and November 7, 2023, and the Bond Ordinance to be adopted by the City Council on April 28, 2026.

The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, and the Certificate Ordinance to be adopted by the City Council on April 28, 2026.

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

The Certificates constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Certificate Ordinance and a limited pledge of surplus net revenues of the City’s water, sewer and electric systems not to exceed \$10,000.

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

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 of the City within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits the City's maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City 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 Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for ad valorem tax obligation debt service. The City's 2025/26 tax rate is \$0.3530, of which \$0.2391 is for debt service purposes.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Obligations 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 respective Obligations are to be redeemed, the City may select the maturities of such Obligations to be redeemed. If less than all the respective Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot or any other customary random method such Obligations, or portions thereof, within such maturity to be redeemed. If an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to an optional redemption date for the Obligations, 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 Obligations 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 OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Obligations 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 Obligation called for redemption or any other action premised or any such notice.

Redemption of portions of the respective Obligations by the City will reduce the outstanding principal amount of such Obligations held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Obligation 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 Obligation from the beneficial owners. Any such selection of Obligations to be redeemed will not be governed by the Ordinances 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 Obligations or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the respective Obligations for redemption. See "Book-Entry-Only System" herein.

With respect to any optional redemption of the Obligations, unless certain prerequisites to such redemption required by the Ordinances have been met and money sufficient to pay the principal of a premium, if any, and interest on the applicable Obligations 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 Obligations, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Obligations 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 Obligations, 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 called for redemption or any other action premised on any such notice. Redemption of portions of the Obligations by the City will reduce the outstanding principal amount of such Obligations held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Obligations 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 Obligations 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 Obligations for redemption.

DEFEASANCE . . . General. The Ordinances provide for the defeasance of the Obligations and the termination of the pledge of taxes 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 pledged as provided in the Ordinances, and such principal and interest shall be payable solely from such money or Defeasance Securities and thereafter the City will have no further responsibility with respect to amounts available to such Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Obligation, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by law) to receive payment when due on the Defeased 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 Obligation 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.

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, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 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, Obligation 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 the City does not 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 respective Purchaser.

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 . . . If 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 owner 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*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of governmental 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 governmental 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. 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.

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 respective Ordinances provide that holders of Obligations may exercise the remedy of mandamus to enforce the obligations of the City under the respective 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).

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 respective Obligations aggregating in principal amount 51% of the outstanding Obligations shall have the right from time to time to approve any amendment not described above to the 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 streets, roads, bridges, and intersections, sidewalk, safety and ADA accessibility pool, as further set forth in the proposition approved at the May 9, 2015 election; (2) constructing, equipping, improving, extending, expanding, upgrading and/or developing a City facility which includes a customer service center as well as other city services and internal support functions, as further set forth in Proposition A approved at the November 7, 2023 election; (3) constructing, equipping, improving, extending, expanding, upgrading, and/or developing park and recreational projects, as further set forth in Proposition B approved at the November 7, 2023; and (4) 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, improving, renovating, expanding and equipping Fire Station No. 8; (2) renovating, improving and equipping the City's existing Library facility; (3) acquiring and upgrading fire and police vehicles and related equipment; (4) 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 Chautauqua Park, Blue Hole Park, park safety improvements, building renovations and replacing parks equipment; (5) acquiring and upgrading City public safety equipment comprised of radios and charging towers; (6) constructing, improving, extending, expanding, upgrading and developing City streets, bridges, sidewalks, bike lanes, intersections and related traffic improvements including purchasing any necessary right-of-way and equipment, including for Leander Road; (7) constructing, improving, expanding and renovating the City's municipal airport, including construction and improvements around Cutter North area and air traffic control tower equipment including security equipment; (8) constructing, improving, extending, expanding and upgrading drainage and flood mitigation improvements, including curb and gutter improvements and stormwater capital improvements; and (9) paying related professional services including for construction managers, engineers, architects, attorneys, auditors, financial advisors, fiscal agents, design costs and costs related to issuing the Certificates.

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

Sources:

	<u>The Bonds</u>	<u>The Certificates</u>
Principal	\$	\$
Bid Premium		
Total Sources	\$ _____	\$ _____

Uses:

Deposit to Project Fund	\$	\$
Deposit to Debt Service Fund		
Purchaser's Discount		
Costs of Issuance		
Total Uses	\$ _____	\$ _____

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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 Williamson Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

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

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 District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "- 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.

FREEMPT 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 Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "– Public Hearing and Maintenance and Operation Tax Rate Limitations.") The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased

property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

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

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

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 PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$12,000; the disabled are granted an exemption of \$40,000.

The City has granted an additional exemption of 5% of the market value of residence homesteads.

The City does not tax nonbusiness personal property.

The Williamson County Tax Collector collects taxes for the City.

The City does not tax freeport property; and, the City has not taken action to tax goods-in-transit for the 2024 tax year.

The City has taken action to implement the tax freeze on the residence homestead of the disabled or persons 65 years of age or older, as approved by the City's voters at an election held on September 11, 2004. The tax freeze, which applies to property that accounts for approximately 25% of the City's property tax revenue, may impact future property tax rates for the City. The implementation of the tax freeze did not have a material adverse financial impact on the City for the September 30, 2025 fiscal year; however, City staff expects to continue to monitor the potential impact of the tax freeze on the City's financial condition.

In 2004, the City created a TIRZ in the historic downtown overlay district to fund improvements needed to implement the Downtown Master Plan. For the year ending September 30, 2025, total revenues were \$739,777, with total expenditures of \$320,068.

In November 2006, the City created the Williams Drive Gateway TIRZ to fund improvements for the redevelopment of the Williams Drive gateway area. As of September 30, 2025, total revenues were \$141,852, with total expenditures of \$467,051.

In 2008, this was established to fund a convention center/hotel complex, as well as an expansion to Rivery Park. In January 2014, the City entered into agreements for a 220-room Sheraton hotel and conference center at the 32-acre Rivery site for the development of the Summit at Rivery Park (Rivery) project. This project includes a 16,000 square-foot conference center that can accommodate up to 4,500 people and a public parking garage. The project includes retail stores, restaurant sites, single-family homes, and multifamily residences for a total project investment of \$150,000,000 including \$65,000,000 for the hotel, conference center, and parking garage. Private investors funded most of the project costs. A total of \$16,800,000 in future City and County property taxes generated at the site is being used to reimburse the City and the developer for the cost of the hotel and conference center, parking garage, and other public improvements. This includes \$12,500,000 of investments by the City and its related entities including

GEDCO and GTEC. The City and Williamson County agreed to reimburse up to \$25,000,000 for the project. The City will contribute 100% and Williamson County will contribute 80% of their respective incremental ad valorem tax valuation generated at the 32-acre site to fund the project. The City will remit half of the 1% City sales tax generated at the site to Williamson County as part of the agreement. The City received and verified additional improvement costs allowable for reimbursement per Section 5.4.3 of the first amended and restated master development agreement. The City has acknowledged the \$3,500,000 obligation to the developer for these improvements and has included this reimbursement in future cash flows. For the year ending September 30, 2025, total revenues were \$1,120,932 with total expenditures of \$1,117,811.

In December 2018, the City created the Wolf Lakes TIRZ on 164 acres located at the northwest corner of Interstate 35 and University Ave (SH29), bounded by Wolf Ranch Parkway to the west and the River Hills subdivision to the north. The purpose of the TIRZ is to provide economic and qualitative benefits by facilitating a program of public improvements. The development includes a grocery store, medical facility, and apartments. The City and Williamson County agreed to reimburse up to \$130,000,000 for public improvement projects in the TIRZ. The City will contribute 70% of their respective incremental ad valorem tax valuation generated up to \$100,000,000 and Williamson County will contribute 50% of their respective incremental ad valorem tax valuation generated up to \$30,000,000. For the year ending September 30, 2025, total revenues were \$504,826 with expenditures of \$0.00.

In December 2021, the City created the North Georgetown TIRZ consisting of 224 acres located along IH35, north of the Highway 195 intersection. The purpose of the TIRZ is to finance public infrastructure needed to develop the site for industrial and commercial use in partnership with the Developer over a fifteen (15) year period. Beginning in 2024, the City will contribute 60% of the incremental tax increase in years 1-5, 55% in years 2-10, and 50% in years 11-15. The last contribution will be in 2038. The maximum reimbursement to the developer is \$8.5 million or the end of the 15 year period, whichever comes first. For the year ending September 30, 2025, total revenues were \$73,136 with expenditures of \$0.00.

TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2025/26 Market Valuation Established by Williamson Central Appraisal District		
(excluding totally exempt property)		\$ 22,240,049,089
Less Exemptions/Reductions at 100% Market Value:		<u>2,638,152,947</u>
2025/26 Taxable Assessed Valuation		\$ 19,601,896,142
City Funded Debt Payable from Ad Valorem Taxes (as of 2-28-2026) ⁽¹⁾	\$ 506,995,000	
The Bonds	54,000,000 ⁽²⁾	
The Certificates	<u>38,215,000 ⁽²⁾</u>	
Total Debt Payable from Ad Valorem Taxes		\$ 599,210,000
Less: Interest and Sinking Fund (as of 2-28-2026)		<u>(37,681,615)</u>
Net Debt Payable from Ad Valorem Taxes		\$ 561,528,385
Ratio of Net Tax Supported Debt to Taxable Assessed Valuation ⁽¹⁾		2.86%

2026 Estimated Population - 115,600
Per Capita Taxable Assessed Valuation - \$169,567
Per Capita Net Ad Valorem Tax Debt Payable from Ad Valorem Taxes - \$4,858

- (1) Includes \$153,172,716 of self-supporting debt. See Note 9, Long-Term Liabilities – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2025, in “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT.” The Annual Financial Report summary of General Obligation debt includes debt service that is supported by GEDCO (“Georgetown Economic Development Corporation”) and outstanding Tax Increment Reinvestment Zones. The City includes annual transfers from those accounts to pay debt service, and as such, considers those portions self-supported. There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes.
- (2) See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS” in the Notice of Sale. Preliminary, subject to change.

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TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 13,294,700,664	59.78%	\$ 12,586,253,595	61.32%	\$ 12,287,568,313	64.01%
Real, Residential, Multi-Family	2,306,827,736	10.37%	2,162,197,626	10.53%	1,994,628,957	10.39%
Real, Vacant Lots/Tracts	271,302,277	1.22%	252,135,174	1.23%	276,136,734	1.44%
Real, Acreage (Land Only)	352,154,596	1.58%	394,599,239	1.92%	392,272,745	2.04%
Real, Farm and Ranch Improvements	190,480,032	0.86%	187,935,789	0.92%	146,458,431	0.76%
Real, Commercial/Industrial	3,513,677,845	15.80%	3,157,407,680	15.38%	2,600,894,495	13.55%
Real, Oil, Gas and Other Mineral Reserves	810,754	0.00%	621,754	0.00%	1,036,621	0.01%
Real and Tangible, Personal, Utilities, Other	165,760,286	0.75%	157,851,481	0.77%	121,244,910	0.63%
Tangible Personal, Commercial	1,713,491,568	7.70%	1,049,761,804	5.11%	840,963,964	4.38%
Tangible Personal, Other, Inventory	430,843,331	1.94%	577,290,001	2.81%	536,394,125	2.79%
Total Appraisal Value Before Exemptions	\$ 22,240,049,089	100.00%	\$ 20,526,054,143	100.00%	\$ 19,197,599,295	100.00%
Less: Total Exemptions/Reductions	2,638,152,947		2,134,378,897		2,445,070,279	
Taxable Assessed Value	<u>\$ 19,601,896,142</u>		<u>\$ 18,391,675,246</u>		<u>\$ 16,752,529,016</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 12,032,925,491	68.64%	\$ 8,154,721,328	65.65%
Real, Residential, Multi-Family	1,214,014,651	6.93%	818,970,533	6.59%
Real, Vacant Lots/Tracts	174,253,795	0.99%	147,232,992	1.19%
Real, Acreage (Land Only)	453,661,017	2.59%	373,263,529	3.01%
Real, Farm and Ranch Improvements	213,435,675	1.22%	112,143,114	0.90%
Real, Commercial/Industrial	2,078,674,336	11.86%	1,666,799,158	13.42%
Real, Oil, Gas and Other Mineral Reserves	1,032,854	0.01%	328,467	0.00%
Real and Tangible, Personal, Utilities, Other	104,756,596	0.60%	97,274,436	0.78%
Tangible Personal, Commercial	723,300,791	4.13%	636,474,210	5.12%
Tangible Personal, Other	533,887,314	3.05%	413,889,162	3.33%
Total Appraisal Value Before Exemptions	\$ 17,529,942,520	100.00%	\$ 12,421,096,929	100.00%
Less: Total Exemptions/Reductions	3,648,949,633		1,471,040,546	
Taxable Assessed Value	<u>\$ 13,880,992,887</u>		<u>\$ 10,950,056,383</u>	

TABLE 2 – VALUATION AND AD VALOREM TAX DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year ⁽²⁾	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2022	83,927	\$ 10,950,056,383	\$ 130,471	\$ 359,760,000	3.29%	\$ 4,287
2023	93,354	13,880,992,887	148,692	385,790,000	2.78%	4,133
2024	104,163	16,752,529,016	160,830	444,725,000	2.65%	4,270
2025	115,600	18,391,675,246	159,098	509,325,000	2.77%	4,406
2026	115,600	19,601,896,142	169,567	563,710,000 ⁽³⁾	2.88% ⁽³⁾	4,876 ⁽³⁾

- (1) Figures are estimates provided by the City.
- (2) Includes \$153,172,716 of self-supporting debt. See Note 9, Long-Term Liabilities – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2025, in “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT.” The Annual Financial Report summary of General Obligation debt includes debt service that is supported by GEDCO (“Georgetown Economic Development Corporation”) and outstanding Tax Increment Reinvestment Zones. The City includes annual transfers from those accounts to pay debt service, and as such, considers those portions self-supported. There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes.
- (3) Projected; includes the Obligations. Preliminary, subject to change.

TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2022	\$ 0.4010	\$ 0.1613	\$ 0.2397	\$ 41,374,812	99.18%	99.27%
2023	0.3740	0.1322	0.2418	50,038,063	100.88%	100.90%
2024	0.3740	0.1327	0.2413	58,780,343	99.59%	99.74%
2025	0.3647	0.1251	0.2396	63,389,344	98.22%	98.52%
2026	0.3530	0.1139	0.2391	68,286,305	95.44% ⁽¹⁾	95.54% ⁽¹⁾

- (1) Partial collections as of February 28, 2026.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2025/2026 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
ZT Systems	\$ 293,750,487	1.50%
Citicorp North America	228,807,327	1.17%
Citigroup Technology Inc.	123,734,108	0.63%
BT-JV VG LLC	106,213,800	0.54%
WPG Wolf Ranch LLC	105,000,000	0.54%
BVF-V Georgetown 2 LLC	94,000,000	0.48%
Blue Springs Business Park, LLC	89,807,182	0.46%
SL6 Georgetown LP	88,726,178	0.45%
Magnolia Georgetown LLC	79,704,000	0.41%
Georgetown Senior Living LLC	77,600,000	0.40%
	<u>\$ 1,287,343,082</u>	<u>6.57%</u>

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 – TAX ADEQUACY

Estimated 2026 Principal and Interest Requirements.....	\$ 56,660,152 ⁽¹⁾
\$0.2950 Tax Rate at 98% Collections.....	\$ 56,669,082
Average Annual Principal and Interest Requirements, 2026 – 2046.....	\$ 39,555,463 ⁽¹⁾
\$0.2060 Tax Rate at 98% Collections.....	\$ 39,572,308

(1) Includes \$153,172,716 of self-supporting debt. See Note 9, Long-Term Liabilities – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2025, in “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT.” The Annual Financial Report summary of General Obligation debt includes debt service that is supported by GEDCO (“Georgetown Economic Development Corporation”) and outstanding Tax Increment Reinvestment Zones. The City includes annual transfers from those accounts to pay debt service, and as such, considers those portions self-supported. There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes.

TABLE 6 – 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 bonds (“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 bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 3/31/2026
City of Georgetown	\$ 561,528,385 ⁽¹⁾⁽²⁾	100.00%	\$ 561,528,385
Austin Community College District	657,685,000	0.01%	65,769
Berry Creek Highlands MUD	14,125,000	99.99%	14,123,588
Georgetown Independent School District	1,096,480,000	67.92%	744,729,216
Jarrell Independent School District	431,115,104	26.53%	114,374,837
Somerset Hills Road District No. 4	23,205,000	100.00%	23,205,000
Southeast Williamson County MUD No. 1	48,490,000	100.00%	48,490,000
Upper Brushy Creek WCID	48,465,000	1.35%	654,278
Williamson County	1,261,500,000	13.79%	173,960,850
Williamson County MUD #28	52,510,000	100.00%	52,510,000
Williamson County MUD #29	64,815,000	100.00%	64,815,000
Williamson County MUD #34	19,235,000	100.00%	19,235,000
Total Direct and Overlapping Tax Supported Debt			\$ 1,817,691,922
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			9.27%
Per Capita Overlapping Tax Supported Debt			\$ 15,724

(1) Includes self-supporting debt (see Table 1 – footnote 1).
(2) Includes the Obligations. Preliminary, subject to change.

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DEBT INFORMATION

TABLE 7 – PRO-FORMA AD VALOREM TAX DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt ⁽¹⁾			The Bonds ⁽²⁾		The Certificates ⁽²⁾		Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Principal	Interest	
	2026	\$ 35,500,000	\$ 21,160,152	\$ 56,660,152	\$ -	\$ -	\$ -	
2027	33,095,000	18,521,983	51,616,983	3,565,000	3,330,000	1,575,000	2,356,592	62,443,574
2028	33,155,000	17,275,030	50,430,030	1,795,000	2,521,750	2,105,000	1,832,000	58,683,780
2029	33,845,000	15,986,682	49,831,682	1,880,000	2,432,000	2,205,000	1,726,750	58,075,432
2030	32,835,000	14,678,983	47,513,983	1,980,000	2,338,000	2,320,000	1,616,500	55,768,483
2031	32,880,000	13,362,693	46,242,693	2,075,000	2,239,000	2,420,000	1,500,500	54,477,193
2032	27,480,000	12,168,716	39,648,716	2,175,000	2,135,250	2,095,000	1,379,500	47,433,466
2033	27,785,000	11,044,936	38,829,936	2,290,000	2,026,500	1,650,000	1,274,750	46,071,186
2034	28,360,000	9,965,896	38,325,896	2,400,000	1,912,000	1,730,000	1,192,250	45,560,146
2035	28,670,000	8,857,279	37,527,279	2,525,000	1,792,000	1,815,000	1,105,750	44,765,029
2036	26,020,000	7,782,054	33,802,054	2,650,000	1,665,750	1,900,000	1,015,000	41,032,804
2037	24,995,000	6,792,397	31,787,397	2,780,000	1,533,250	1,465,000	920,000	38,485,647
2038	23,115,000	5,818,904	28,933,904	2,920,000	1,394,250	1,540,000	846,750	35,634,904
2039	22,050,000	4,894,306	26,944,306	3,065,000	1,248,250	1,615,000	769,750	33,642,306
2040	21,310,000	3,992,831	25,302,831	3,220,000	1,095,000	1,685,000	689,000	31,991,831
2041	22,165,000	3,149,094	25,314,094	3,380,000	934,000	1,780,000	604,750	32,012,844
2042	18,540,000	2,309,869	20,849,869	3,550,000	765,000	1,870,000	515,750	27,550,619
2043	15,720,000	1,534,244	17,254,244	3,730,000	587,500	1,960,000	422,250	23,953,994
2044	12,815,000	865,350	13,680,350	3,910,000	401,000	2,060,000	324,250	20,375,600
2045	6,660,000	310,738	6,970,738	4,110,000	205,500	2,160,000	221,250	13,667,488
2046	-	-	-	-	-	2,265,000	113,250	2,378,250
	\$ 506,995,000	\$ 180,472,135	\$ 687,467,135	\$ 54,000,000	\$ 30,556,000	\$ 38,215,000	\$ 20,426,592	\$ 830,664,726

- (1) Includes \$153,172,716 of self-supporting debt. See Note 9, Long-Term Liabilities – General Obligation Debt, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2025, in “APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT.” The Annual Financial Report summary of General Obligation debt includes debt service that is supported by GEDCO (“Georgetown Economic Development Corporation”) and outstanding Tax Increment Reinvestment Zones. The City includes annual transfers from those accounts to pay debt service, and as such, considers those portions self-supported. There is no guarantee that the discretionary payments relating to such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes.
- (2) Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

TABLE 8 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Ad Valorem Tax Debt Service Requirements, Fiscal Year Ending 9-30-2026 ⁽¹⁾	\$ 56,660,152
Interest and Sinking Fund, 9-30-2025	\$ 5,259,271
Budget Interest and Sinking Fund Tax Levy	42,297,284
Self-Supporting Debt from Electric, Water, Airport and Storm Water	9,248,833
Transfer from the Rivery TIRZ and GEDCO	920,089
Transfer from Type B Corporation ⁽²⁾	<u>7,376,539</u>
Estimated Balance, 9-30-2026	\$ <u>8,441,864</u>

(1) Includes self-supporting debt (see Table 1 – footnote 1). Preliminary, subject to change.

(2) Represents payments made to the City from its Type B Corporation, GTEC, pursuant to an interlocal agreement between such parties with respect to \$109,341,127 of additional self-supporting debt of the City.

TABLE 9 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Authorization Being Used ⁽¹⁾	Unissued Balance
Roads	5/9/2015	\$ 105,000,000	\$ 102,975,000	\$ 1,000,000	\$ 1,025,000
City Building	11/7/2023	56,000,000	7,000,000	49,000,000	-
Parks & Recreation	11/7/2023	49,000,000	-	4,000,000	45,000,000
Animal Service	11/7/2023	15,000,000	3,000,000	-	12,000,000
Joint Use Recreation Center	11/7/2023	10,000,000	-	-	10,000,000
Total		<u>\$ 235,000,000</u>	<u>\$ 112,975,000</u>	<u>\$ 54,000,000</u>	<u>\$ 68,025,000</u>

(1) Preliminary, subject to change.

ANTICIPATED ISSUANCE OF AD VALOREM TAX DEBT . . . The City does not anticipate issuing additional ad valorem tax debt within the next twelve months. The City does anticipate issuing approximately \$375,360,000 of Utility System Revenue Bonds, Series 2026 in May, 2026.

OTHER OBLIGATIONS . . . Other than OPEB obligations described below, the City has no unfunded debt as of February 28, 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’S ANNUAL FINANCIAL REPORT.”

Change In Actuarial Method And Plan Assumptions: In early 2007, TMRS informed each of the member cities that the current actuarial assumptions did not take into account updated services credits or cost of living increases which are granted to retirees. These benefits, which the City adopted on an annually repeating basis beginning in 1992, have been historically funded on a pay-as-you-go basis. This has led to regular increases in member cities’ rates and a decrease in the overall funding of the retirement system. TMRS announced that it intended to study the impact of these benefit components and make potential changes in the way benefits are being funded.

At its December 2007 meetings, the TMRS board approved several changes to the actuarial methods and plan assumptions. The board changed the actuarial method from unit credit to projected unit credit. Projected unit credit will allow the actuaries to consider the future financial impact of updated service credits and cost of living increases, and these benefits will begin to be pre-funded instead of funded on a pay-as-you-go-basis. To mitigate the impact of this change, the board approved an eight year transition period. During this time, cities will be able to phase in the higher contribution rates instead of being required to fund these new rates immediately. Also, the board changed the amortization period from a 25-year open period to a 30-year closed period. Under a closed amortization period, contribution rates are higher, but a greater percentage of the unfunded balance is paid off each year. Finally, the board approved changes to the investment policy. TMRS has historically invested solely in fixed income investments. The board authorized the selection of an investment advisor to begin shifting a portion of investments into equity securities as a way to diversify the portfolio’s holdings and earn higher returns than could be obtained with fixed income investments.

OTHER POST-EMPLOYMENT BENEFITS . . . In addition to the contributions made to TMRS, the City provides other post-employment benefits to its retirees and dependents through its health insurance provider, an agent multiple-employer system. Full time employees of the City are eligible to receive continued health benefits, dental and vision coverage for the person and the person’s dependents unless anyone is eligible for coverage through another employer. Retirees of the City are eligible to continue

with coverage at the same level they had during employment. Retirees are eligible at age 60 with 5 years of services or at any age with 20 years of service. Other post-employment benefit levels for retirees are the same as coverage provided to active City employees in accordance with the terms and conditions of the current City of Georgetown Health Plan. The retirees are responsible for 100% of the monthly premiums.

Other post-employment benefits are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense on the government wide statements. The estimated obligation of providing these benefits was \$3,183,573 as of December 31, 2023, according to a report on the results of the actuarial valuation of assets and benefits values associated with OPEB requirements.

In fiscal year 2009, the City implemented GASB Statement No. 45. The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

The City is under no obligation, statutorily or otherwise, to offer other post-employment benefits to any retirees, or their dependents. Allocation of City funds to make these benefits available is determined on an annual basis by the City Council as part of the budget approval process.

A copy of the Actuarial Valuation Report for the Employee Retirement Benefit Program may be obtained by contacting Gabriel, Roeder, Smith & Company at 5605 North MacArthur Blvd., Suite 870, Irving, Texas 75038-2631. See Note 11, Other Post-Employment Benefits, in the Notes to Financial Statements for the Fiscal Year Ended September 30, 2025, in "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT."

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FINANCIAL INFORMATION

TABLE 10 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
Revenues:					
Taxes	\$ 63,698,236	\$ 60,325,676	\$ 55,933,478	\$ 52,808,791	\$ 46,453,931
Licenses and Permits	-	-	-	-	7,284,069
Charges for Services	17,214,270	17,806,445	27,871,272	27,540,383	21,818,304
Fines and Forfeitures	654,997	578,769	583,368	395,868	270,205
Miscellaneous and Interest	10,199,627	12,105,173	11,250,463	9,168,270	4,831,551
Total Revenues	<u>\$ 91,767,130</u>	<u>\$ 90,816,063</u>	<u>\$ 95,638,581</u>	<u>\$ 89,913,312</u>	<u>\$ 80,658,060</u>
Expenditures:					
General Government	\$ 15,718,666	\$ 15,875,730	\$ 15,200,563	\$ 8,183,267	\$ 9,138,689
Development Services	7,195,532	5,446,318	4,850,483	4,272,405	3,694,077
Parks and Recreation	16,437,516	15,392,263	14,188,891	12,854,601	10,944,061
Fire Services	33,644,309	31,779,911	28,414,442	24,149,250	22,165,873
Police Services	28,911,949	26,425,074	23,235,945	20,596,780	18,617,813
Georgetown Utility Systems/Streets	7,471,848	6,669,037	20,702,518	15,141,625	13,826,236
Capital Outlay	473,593	349,183	1,001,300	670,030	-
Total Expenses	<u>\$ 109,853,413</u>	<u>\$ 101,937,516</u>	<u>\$ 107,594,142</u>	<u>\$ 85,867,958</u>	<u>\$ 78,386,749</u>
Excess (Deficiency) of					
Revenues Over Expenditures	\$ (18,086,283)	\$ (11,121,453)	\$ (11,955,561)	\$ 4,045,354	\$ 2,271,311
Budgeted Transfers In	\$ 20,669,394	\$ 14,539,171	\$ 13,820,098	\$ 10,589,850	\$ 10,017,430
Budgeted Transfers Out	<u>(3,685,501)</u>	<u>(1,191,998)</u>	<u>(3,429,079)</u>	<u>(6,931,401)</u>	<u>(3,673,910)</u>
Net Increase (Decrease)	\$ (1,102,390)	\$ 2,225,720	\$ (1,564,542)	\$ 7,703,803	\$ 8,614,831
Fund Equity at Beginning of Year	<u>38,176,422</u>	<u>35,950,702</u>	<u>37,515,244</u>	<u>29,811,441</u>	<u>21,196,610</u>
Fund Equity at End of Year	<u>\$ 37,074,032</u>	<u>\$ 38,176,422</u>	<u>\$ 35,950,702</u>	<u>\$ 37,515,244</u>	<u>\$ 29,811,441</u>

Source: City's Audited Financial Statements.

TABLE 11 – MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1.0% 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 offices of the Comptroller of Public Accounts of the State of Texas, which remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. The following table summarizes the City's 1.0% sales tax collections for fiscal years 2021-2025.

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2022	\$ 28,335,537	68.48%	\$ 0.2588	\$ 338
2023	28,571,800	57.10%	0.2058	306
2024	30,293,223	51.54%	0.1808	291
2025	31,673,955	49.97%	0.1722	274
2026 ⁽¹⁾	10,964,300	16.06%	0.0559	95

(1) Partial collections as of February 28, 2026.

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%).

Pursuant to elections approved within the City on May 5, 2001, November 5, 2002 and May 7, 2005, the City also levies the following sales and use taxes in addition to the one percent (1%) local sales and use tax referred to above: an additional ½ of 1% sales and use tax within the City pursuant to Chapter 505, Texas Local Government Code, as amended, an additional ¼ of 1% sales and use tax within the City pursuant to Chapter 327, Texas Tax Code, an additional 1/8 cent pursuant to Chapter 504, Texas Local Government Code, as amended, and an additional 1/8 of 1% sales and use tax to be used to reduce the ad valorem property tax rate. The additional ½% sales tax may only be used for certain transportation projects. The additional ¼% sales tax (this tax was re-adopted in November, 2022) may only be used to maintain and repair City streets existing on the date of the election to adopt the tax. None of these voted sales taxes are pledged or available to pay debt service on the Bonds.

FINANCIAL ADMINISTRATION . . . The financial administration of the City is vested in the Department of Finance. The Department of Finance operates under the Chief Financial Officer, who is appointed by the City Manager. Required activities of the Department of Finance are control, custody and disbursement of City funds, City-wide purchasing, annual budget preparation and interim and annual financial reports.

FINANCIAL POLICIES

Basis of Accounting . . . The City's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt.

The accrual basis of accounting is utilized by proprietary funds. 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.

General Fund Balance . . . The City policy is to maintain a General Fund minimum balance of 90 days of budgeted on-going expenditures and a minimum of 75 days City-wide. The ending fund balance at September 30, 2025 was \$37,074,032. This allows the City to avoid interim borrowing pending tax receipts and provides flexibility should actual revenues fall short of budget estimates.

The City established a Revenue Stability Reserve in the General Fund in April of 2016. The reserve after the FY24 budget amendment is funded at \$6.7 million and is 8% of General Fund operating expenditures. Per the City's fiscal policies, the reserve is designated to temporarily offset a decline in any General Fund revenue source compared to projections during the current fiscal year or in planning the future budget year. The reserve will be available to support only existing programs approved in a prior fiscal year. Used funds shall be restored up to the 10% maximum reserve as soon as practical.

Use of Debt Proceeds, Grants, etc . . . The City's policy is to use bond proceeds, grants, revenue sharing or other non-recurring revenues for capital expenditures only.

Budgetary Procedures . . . The Home Rule Charter establishes the City's fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the first of June. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 31. The City Council then holds a public hearing on the budget after giving at least seven days' notice of the hearing in the official newspaper of the City. The Council shall then make any changes in the budget as it deems advisable and adopts a budget not later than the 27th day of the last month of the fiscal year.

During the fiscal year, budgetary control is maintained by the review of departmental appropriation balances with purchase orders prior to their release to vendors.

Departmental appropriations that have not been encumbered, lapse at the end of the fiscal year. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated by the City Council in the ensuing fiscal year's budget.

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INVESTMENTS

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under 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 "PFIA") (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.

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CURRENT INVESTMENTS . . . The City is authorized to invest in certificates of deposit, direct obligations of the United States government, United States government agency securities, fully collateralized direct repurchase agreements, no-load money market funds whose portfolio meet the City’s investment requirements, obligations of Texas or Texas, political subdivisions rated “A” or better and in qualified local government investment pools as approved by the City Council.

As of February 28, 2026 the City’s investable funds (including GTEC/GEDCO Consolidated) were invested in the following categories:

Investments	Market Value	% of Total
TexPool	\$ 76,963,224	7.01%
Money Market Accounts	95,150,320	8.67%
TexSTAR	286,124,592	26.07%
TexasTerm	2,509,950	0.23%
Certificates of Deposit	504,353,683	45.96%
City's Depository Bank	23,198,764	2.11%
Securities	79,963,542	7.29%
SLGs	29,054,321	2.65%
Total	\$ 1,097,318,397	100.00%

Investment pools and money market funds are not categorized since specific securities relating to the government cannot be identified.

None of the state pools are registered with the Securities and Exchange Commission (“SEC”) as investment companies. They operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940.

Interest Rate Risk – In compliance with the City’s Investment Policy, as of September 30, 2019, the City minimized the interest rate risk, related to the decline in market value of securities due to rising interest rates in the portfolio by; limiting the weighted average maturity of security types to no longer than 2 years; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations and capital improvement projects; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in shorter-term securities and similar government investment pools.

Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2023, the City minimized credit risk losses due to default of security issuer or backer by limiting investments to the safest types of securities; pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized. All of the City’s purchased investments in U.S. Agencies were rated “AAA,” “AAA,” and “Aaa” by Standard and Poor’s, Fitch and Moody’s, respectively.

For short term liquidity requirements, the City primarily utilizes the Texas Short Term Asset Reserve Program (“TexSTAR”). JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR board of directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary J.P. Morgan Investor Services Co. provides the custodial, transfer agency, fund accounting, and depository services for this pool.

The City also maintains an account with the Texas Local Government Investment Pool (“TexPool”). Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

The City also maintains an account with TexasTERM Local Government Investment Pool. The TexasTERM Advisory Board has contracted with PFM Asset Management LLC to serve as administrator and investment advisor to the pool. US Bank, NA provides the custodial services to the pool. The City’s account is in their TexasDAILY portfolio, a money market portfolio with daily liquidity.

At year end, balances in TexSTAR and TexPool were rated “AAAm” by Standard & Poor’s

All pools operate on a \$1 net asset value basis. In order to maintain a stable \$1 price of the fund, the pools will sell portfolio holdings if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005. The pools are stated at their measured amortized cost, which is assumed to approximate fair 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 agreements for the benefit of the respective registered and beneficial owners of the Obligations. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Obligations. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the Municipal Securities Rulemaking Board (“MSRB”). The MSRB currently makes this information publicly available on its Electronic Municipal Market Access System (“EMMA”) at <http://emma.msrb.org/>.

ANNUAL REPORTS . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 4, 7 and 9 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, 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) Obligation 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 agreements or from any statement made pursuant to its agreements, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreements.

The City may amend its continuing disclosure agreements 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 agreements, 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 agreements 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 agreements 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 agreements as described in this section, it has agreed to include with the next financial information and operating data provided in accordance with its agreements 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 Comprehensive Annual Financial Report (“Annual Report”), 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 Annual Reports but can be calculated from information in the Annual Reports.

OTHER INFORMATION

RATING . . . The Obligations and the presently outstanding tax supported debt of the City have been rated “AAA” by S&P Global Ratings (“S&P”). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The rating reflects only the respective views of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Obligations.

LITIGATION . . . The City is a defendant in various tort claims and lawsuits involving general liability, civil rights actions, and various contractual matters. In the opinion of the City’s management and the City Attorney’s office, the outcome of the pending litigation will not have a material adverse effect on the City’s financial position or operations of the City.

STATUS OF CITY WATER SUPPLY . . . In 2022, the City began updating its long-term water and wastewater planning to address faster than anticipated growth, modify long-term needs and recommend steps for securing the additional water sources necessary to meet those needs in the coming years and decades. Finalized and released publicly in May 2023, the City’s Integrated Water Resource Plan concluded the total baseline demand for water in the City’s approximately 440-square-mile utility service area—including water used for irrigation—will exceed the City’s current water supply by 2030.

The City’s current water sources are expected to continue to supply the City in the coming decades, but the population in the City’s utility service area is projected to grow significantly. Without a significant new supply, the City’s utility system will not run out of water in 2030, but the City would most likely have to impose system-wide water restrictions on irrigation year-round with even tighter restrictions during periods of drought.

On August 26, 2025, in an effort to better plan for future growth and manage the rising costs of water and infrastructure, the City Council directed City staff to pursue the sale of most of its water service area and water utility system located outside of its city limits and extraterritorial jurisdiction (“ETJ”). The City will retain all of its water service area within its city limits and ETJ, as well as a small portion west of its ETJ that extends to US-183. Out of a total of approximately 74,000 current water customers, the City provides water to an estimated 11,502 water customers (based on meter connections) within the water service territory it is proposing to sell, which includes water service within the ETJs of the cities of Killeen, Salado, Florence, Jarrell, and Liberty Hill.

The City created its municipal water utility to provide water to City residents. Currently, the City’s water utility serves a 440-square-mile service territory that extends far beyond its ETJ all the way into Bell and Burnet Counties. Forty percent of the City’s water customers now live outside of its city limits, with many in fast-growing areas located in other cities’ ETJ. The City has little control over development that occurs outside of its city limits and ETJ but is legally required to provide water to any residential and commercial user within its service area that requests service. Continuing to invest greater amounts to serve future water customers in other cities’ ETJs places an undue burden on the City’s rate payers and taxpayers.

After a competitive RFP process, the City selected National Utility Infrastructure (“NUI”) as the proposed buyer and future water provider for the portion of its water service territory located within the ETJs of Florence, Liberty Hill, and Salado. As required by State law, the City has called an election on May 2, 2026 for the voters within the City to authorize such sale at a price of no less than \$20,000,000. The City has also agreed to transfer the portion of its service territory within the ETJs of Killeen and Jarrell to those cities. The transfers to Killeen and Jarrell do not require voter approval under State law because those areas do not yet have any water customers or infrastructure. In addition to voter approval, the Texas Public Utility Commission (the “PUC”) must also subsequently approve the sale. The City estimates that the PUC approval process will take approximately two years. However, if an appeal to the State Office of Administration Hearings is filed during the PUC approval process, that timeline could be extended. The PUC will continue to regulate water rates regardless of whether the service areas are acquired by a public or private water utility.

The City will retain any areas that cannot be transferred through the sale and will continue to provide water service to all customers in those areas. In such event, the City would increase the rates for customers outside the ETJ significantly to pay for the continued growth and water demand in that area. However, the City currently expects that it will not retain any of the areas it is proposing to sell given that the selected buyer of the CCN territory will more than pay off the debt issued to build infrastructure in the sale area and has considerable utility experience that is expected to be seen favorably at the PUC.

The City also believes that registered voters within the City will view the transfer favorably. With respect to approval by the PUC, the City plans to avoid challenges by prioritizing the needs of transferred customers up front by selecting a utility based on service rather than price alone. Specifically, the City’s primary considerations in selection included, among other factors, (1) the utility’s ability to provide continuous and adequate service, (2) the utility’s experience and qualifications, (3) the utility’s water delivery plan, (4) the utility’s plan to build out infrastructure, and (5) price, including the utility’s ability to offer rate stabilization. By prioritizing these factors in selecting a new utility, the City believes that the sale will be approved by the PUC.

The value of the outstanding debt is less than \$20 million. NUI has agreed to pay the City \$60 million. The City is currently assessing the value of the infrastructure to be transferred as part of the sale process, along with the associated revenues from such areas. The City will use sale proceeds in accordance with all covenants and requirements applicable to the debt used to build the infrastructure transferred, reinvesting any excess amounts into the utility system. The City will also obtain confirmations from each rating agency then maintaining a rating on its utility system revenue bonds that the sale will not cause the rating agency to withdraw or lower its current rating.

At this time, the City can make no guarantees as to the ultimate outcome or timing of the sales described herein. The City believes that the sales will not have a material adverse impact on the City’s ability to operate its combined electric, waterworks and sewer system sufficient to (i) serve the utility needs of its utility customers, (ii) pay all required debt service on the City’s utility system revenue bonds and (iii) comply with all covenants in the ordinances authorizing the City’s utility system revenue bonds.

The City’s sale of a portion of the CCN works in tandem with its efforts to procure new groundwater supplies. If the City were to retain its entire service territory, it would need multiple groundwater deals to supply the 100,000 acre-feet needed by 2070. This would require significantly higher capital costs to transport the groundwater from multiple different sources. With the transfer, however, instead of needing 100,000 acre-feet by 2070, the City anticipates it will need closer to 41,000 acre-feet long-term, allowing the City to pursue only one groundwater contract that will be sufficient to meet long-term demand.

To meet that demand, the City is pursuing multiple water supply options. First, to meet near-term demand by 2030, the City has secured a site in the Circleville area on which to drill up to four wells into the Hosston Aquifer with an approximately 30 mile pipeline to be constructed to transport water to the City. At this same site, the City will also have the ability to treat return flows once the City obtains a Bed and Banks permit from the Texas Commission on Environmental Quality.

Second, the City continues to advance two long-term groundwater supply options, the first of which is with Recharge Water, L.P. (“Recharge”) for up to 34,800 acre-feet per year of water from Lee and Bastrop Counties. This supply option would involve an approximately 35-mile transmission line from the well field to the City’s receiving site in Circleville. In August 2025, the parties entered into a memorandum of understanding outlining the initial deal terms, and since then, the parties have negotiated a detailed term sheet.

At the same time, the City continues to negotiate with the owner of groundwater in Robertson County (“Upwell Water”) for up to 50,000 acre-feet per year of permitted water, which would be needed if the CCN sale does not go through or in the event that it can obtain better pricing than that proposed under the Recharge contract. EPCOR NR Holdings, Inc. originally contracted with Upwell Water to market the water, but after the marketing agreement expired in March 2026, the City began working directly with Upwell Water, cutting out expensive intermediary fees in an effort to explore lower project costs. This project would entail a 55-mile transmission pipeline to the City’s receiving site in Circleville.

In either case, the City expects to sign a final water supply agreement within the year, at which time the City will begin paying reservation fees on the groundwater reserved. The City will only enter into a contract that is best for ratepayers long-term.

Any purchase of assets by the City would be financed through a combination of debt and available cash that is not anticipated to adversely impact operations of the City’s System.

Any one of these projects would diversify the City's raw water sources, which currently rely mostly on surface water. The City can provide no assurances at this time with respect to which alternative or combination thereof the City may ultimately pursue or the final terms of any agreement or amendments executed in connection therewith.

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 . . . Under the Texas Public Security Procedures Act, Chapter 1201, Texas Government Code, as amended, the Obligations (1) are negotiable instruments, (2) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (3) are legal and authorized investments for (a) an insurance company, (b) a fiduciary or trustee, or (c) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Obligations are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2236, Texas Government Code, as amended, the Obligations may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. 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 at least \$1 million of capital, and savings and loan associations. No review has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. The City has made no review of 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 each purchaser to take and pay for the respective Obligations, and of the City to deliver such 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 the Official Statement.

The City will furnish each purchaser a certificate, and dated as of the date of delivery of the respective 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 relied on the opinion of Bond Counsel and 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 within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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. It is important to note that the City's actual results could differ materially from those in 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 PURCHASERS . . . 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.

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 approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Obligations by the respective Purchaser.

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

This Official Statement has been approved by the City Council 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.

Mayor
City of Georgetown, Texas

City Secretary
City of Georgetown, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

LOCATION . . . The City of Georgetown, Texas (the “City”) with a 1980 census population of 9,468, a 1990 census population of approximately 14,842, and a 2026 estimated population of 115,600 is located 26 miles north of Austin, Texas on Interstate Highway 35. The City is the county seat of Williamson County (the “County”), which is bordered by Travis County on the south and Bell County on the north.

ECONOMY . . . Founded in 1848, the City was originally an agricultural trade center for the County and the surrounding area. In recent years the City has become more industrialized and commercially oriented. Along with the commercial growth, the City has successfully promoted tourism in the area which has become a significant economic benefit to the community. Industries in the immediate area include a large crushed stone operation, several electronic manufacturers and agricultural related businesses.

SUN CITY GEORGETOWN . . . The Del Webb Corporation (“Del Webb”) began development in April 1995 of a proposed 9,500 unit; 5,300 acre active retirement community to be called Sun City Texas. The City, through a Development Agreement, and in exchange for payment of Service Improvement Fees (SIP fee - discussed below) provides fire protection, wastewater, water and electric service to Sun City. The project is annexed into the City limits as phases of the project are platted. Home sales began in June 1995 and were expected to average 425 homes per year for 20 years.

In May 2006, the City approved the *Eighth Amendment to the Development Agreement* with Del Webb. The Eighth Amendment set the build out at 7,500 age restricted units at Sun City. Additionally, it escalated the payment of “stranded costs” and addressed the water and wastewater capacity needs to serve the 2,500 age restricted units above the 5,000 units originally defined in the Seventh Amendment. The SIP fee for units 5,001 through 7,500 was also set in this agreement at \$3,292 per unit. All 7,500 units have now been completed.

On August 26, 2014, the City approved annexation of two tracts of land totaling over 1,175 acres for the future expansion of Sun City called Somerset Planned Unit Development and Queen’s Tract Planned Unit Development. This expansion will contain a maximum of 2,600 homes, amenity centers and commercial property and will not be subject to the terms and conditions of the Del Webb Development Agreement. Instead, the expansion will occur under traditional development conditions.

In 2020, there was an addition to Sun City called the RV Tract Planned Unit Development. It will include a small amenity center and will not exceed 50 homes.

CYBER SECURITY RISK MITIGATION AND PREPAREDNESS . . . Georgetown has never experienced a successful cyberattack that has compromised data, allowed inappropriate access to internal IT networks, or disabled City systems. The City experiences regular attempts at smaller, targeted threats such as spoofed emails, fraudulent invoices, and attempts to intercept vendor payments. All attempts have been thwarted through multi-layer protections and controls and have never resulted in a loss.

Beginning with a citywide risk assessment in 2018, the City conducts bi-annual third-party risk audits through technology partners such as Gartner, Inc or in cooperation with the U.S. Department of Homeland Security. In almost a decade since the first audit, IT has led hundreds of large and small cybersecurity projects ranging from highly complex network segmentation to basic user training and phishing awareness. In fiscal year 2026, the City will once again engage with U.S. Homeland Security to perform a general audit and also conduct a PCI audit for financial systems. The assessment results are used to prioritize and fund security measures in future years.

Since that 2018 assessment, the City of Georgetown has engaged in an aggressive program to reduce cybersecurity risk:

- 2020: Implemented a monthly Server Security audit that is reported to City Manager’s office through the City’s Performance Management Program.
- 2020: Drafted and approved a comprehensive Cybersecurity Policy.
- 2020: Leveraged a third (SHI) to conduct a security vulnerability assessment.
- 2020: Enhanced security systems with MS Advanced Threat Protection (ATP).
- 2020: Enhanced email and attachment scanning with Microsoft ATP cloud analytics.
- 2020: Implemented several disaster recovery tools:
 - o Back-up internet connection.
 - o Fully air-gapped secondary data backup system.
 - o Fully redundant disaster recovery datacenter at an alternate location.
- Redundant fiber optic connections to key City facilities.
- 2020: Implemented mandatory cybersecurity awareness for all employees.
- 2020: Engaged CDM Smith engineering to conduct a Water Utility Systems AWIA Risk and Resilience Assessment.
- 2020: Completed and Incident Response Process for cybersecurity incidents.
- 2021 (Jan. & Feb.): Implemented multi-factor authentication (MFA).
- 2021: Acceptable use policy requirements and training
- 2022: Launched a major anti-phishing initiative including training, simulated phishing attempts, and policy-based consequences for users identified as high-risk.
- 2022: Completed further micro-segmentation of the City’s network.
- 2022: Documented 10 additional cybersecurity processes.

- 2022: Began leveraging Security Information and Event Management (SIEM) services through the Texas Department of Information Resources
- 2022: Added two new performance measures that track server vulnerabilities and employee phishing awareness.
- 2022: Initiated a Fiber Optic Master Planning process to plan for additional security and reliability enhancements to the City's fiber optic network.
- 2023: Removed all administrative privileges from end user computers.
- 2023: Continued aggressive implementation of phishing awareness policy.
- 2023: Conducted a city-wide table-top exercise in conjunction with the U.S. Department of Homeland Security
- 2023: Scored "above average" for local governments on three cybersecurity audits conducted by third parties: the U.S. Department of Homeland Security; Gartner, Inc; and Microsoft.
- 2023: Added a second cybersecurity professional to IT staff.
- 2024: Comprehensive implementation of network segmentation to protect assets at the network layer and micro-segmentation to protect specific groups of high value assets.
- 2024: Expansion of two factor authentication on Cloud based third party tools.
- 2025: Completed hiring of staff member specialized in multi-agency incident response.
- 2025: Initiated a project to implement hardware keys (aka UBI keys) as a required authentication method due to the identification nationwide phone app vulnerabilities (To Be Completed in 2026).
- 2025: Initiated the "Datacenter Modernization Project" which will dramatically increase resiliency for on-premise IT assets through the decentralization of key hardware across multiple datacenters.

In 2026, the Georgetown IT Department has multiple cybersecurity projects scheduled including a PCI audit, and a major revision of the IT Department's incident response plan, and implementation of State mandated AI security training for all employees.

ENVIRONMENTAL RISK MITIGATION AND PREPAREDNESS . . . *Extreme Weather.* During mid-February 2021, an unprecedented winter weather event with sub-freezing temperatures and precipitation lasted for an approximately 7-day period. Staff initiated a formal Emergency Operations Center both physically and virtually. It took several weeks to fully recover to normal operations. Since 2021, City staff across every department have worked diligently to improve for extreme weather preparedness and resiliency. All departments have routines for emergency response and continuity of public services.

As a result of an after-action report recommendation in 2021, the City budgeted \$350,000 for emergencies in the General Fund. These funds were used during FY2023 to cover the costs of Winter Storm Mara tree debris removal for City residents, and the funds were replaced in the FY2024 budget development process.

As a result of Winter Storm Uri and in response to Senate Bill 3, the City prepared a TCEQ Emergency Preparedness Plan for water service during periods of extended power outages. Part of this response is to be on the electrical providers critical customer list. The City contacted the electric providers for all of City owned major facilities and each facility has been placed on the electrical providers critical customer list, which prioritizes notifications and restorations. The City has also joined TXWARN which is a statewide city mutual aid service and is entering into emergency service contracts with various neighboring cities. In addition to these measures, we have purchased portable generators for our SCADA/Fiber switches and rented 500 kva portable generators for key facilities while permanent designs are being made. The recently expanded 44 MGD South Lake water treatment plant has complete generator back up and can deliver enough water to meet the service requirements for greater than 24 hours.

The Electric Utility's practices to significantly hedge purchased power during winter and summer months, including targeted winter storm events, has reduced risk and enabled power costs to stay within bounds of the total budget. The Electric utility manages outages due to fallen tree limbs and quickly restore power for residents.

Public Works established standing contracts for clearing tree debris. Sand and de-icer are staged to treat arterial roads.

The July 5, 2025, San Gabriel River Flood Event caused evacuations and significant damage along the river through Georgetown and Williamson County. There was no loss of life in Georgetown, and limited damage to private property. Austin Ave Bridge, already under construction for maintenance, was closed and inspected by a structural engineer. Blue Hole and San Gabriel Parks, located in the flood plain, sustained damage to river crossings, trails, trees, restroom facilities, streetlights and other park amenities. Water and wastewater treatment and transmission systems along the river were also damaged by flood debris and the volume of flood waters.

A small number of customers were without water or had low pressure until repairs were completed a few days later. The City cash funded all event expenses without using below line reserves and continues to work closely with FEMA/TDEM on a reimbursement request and TML on insurance claims

Water System. The Water Utility operates multiple annual system maintenance programs designed to maintain and continuously improve high standards of reliability, resiliency, and water quality. The City contracts for quarterly generator maintenance and load testing to ensure they are fully operational and in good repair when needed. In addition, the City is pursuing maintenance agreements with certified firms for specialized key equipment to ensure proper operation, reliability, and longevity.

The City currently maintains 1,200 miles of waterline, 10,600 fire hydrants, 323 main line PRV stations, 5 water treatment plants, and 13 elevated water towers. Each hydrant is inspected annually to help maintain a positive ISO rating. The utility continues to improve its leakage index and manages water resources responsibly to ensure sustainable, efficient service

ILI (Infrastructure Leakage Index)			
Year	Georgetown	Statewide Median	Statewide Average
2021	2.87	1.96	2.62
2022	2.05	2.27	2.85
2023	1.63	2.37	3.38
2024	1.45	N/A	N/A
2025	In Progress		

The City also conducts annual inspections of water storage tanks to assess conditions, perform necessary repairs, and complete cleaning as needed. The work order management system supports regular inspections of main line PRVs, helping protect the system from high pressure and minimize water loss. The AMI meter system, combined with the meter replacement program, enables the utility to detect customer leaks, improve water consumption accuracy, and provide near real-time system data to guide operational decisions. In addition, the City conducts daily, weekly, and quarterly water quality testing beyond regulatory requirements to ensure safe drinking water and provide advance indicators that allow proactive system management

The City maintains 537 miles of wastewater lines, 34 miles of force mains, 13,900 manholes, 49 lift stations (excluding plant lift stations), and 5 wastewater treatment plants. Two of the City’s oldest plants, 32 and 44 years old respectively, recently underwent rehabilitation to ensure reliable service to the community and long-term environmental protection. As part of the Edwards Aquifer Recharge Zone (EARZ) protection program, the City inspects one-fifth of its wastewater system each year using CCTV to identify and repair any deficiencies. The entire system follows a five-year inspection and repair cycle, and lift stations are placed on a condition assessment schedule to maintain operational reliability.

The Georgetown Water Utility completed the AWIA Risk and Resilience Assessment in 2020 and its subsequent update in 2025, as required by the EPA. The assessment evaluates both environmental risks, such as natural disasters, and system risks, including sabotage or cyber-attacks. It is currently being updated to account for new potential threats, infrastructure additions, and revised regulations. Updated every five years, the assessment methodology provides an inventory of assets, identifies vulnerabilities, evaluates the likelihood of various risks, and documents existing risk mitigation measures. Based on the assessment’s findings, the City will update its Emergency Response Plan to address any newly identified risks. The City employs an Emergency Management Coordinator responsible for emergency planning and training across all departments and for activating the Emergency Operations Center during weather events, large public gatherings, or other risk situations. The City maintains both a primary and secondary Emergency Operations Center to ensure operational continuity.

The City completed the TCEQ Emergency Preparedness Plan as required by Senate Bill 3, which was enacted following Winter Storm Uri to ensure continuous water service during power outages exceeding 24 hours. In response, the City proactively designed the 44-MGD South Lake Water Treatment Plant with full generator backup. The first phase of the plant, including the generator system, came online in June 2025, and the second phase is scheduled for completion by summer 2026. This plant, along with additional generators being installed throughout the distribution system, will maintain service during extended power outages. Generator backup for the 28.6-MGD plant is currently under construction and expected to be completed this year. Generators are also being added to all pressure planes, ensuring the ability to maintain service in every part of the system. The City anticipates that all pressure planes will have generator backup by the end of 2026.

The City completed material assessments of water lines and service connections to comply with Lead and Copper regulations established by the TCEQ and EPA. The GIS department has developed a map that records service materials, as documented by metering staff and field operations, to quickly identify any materials of concern. No lead or copper has been found in City-owned services. A public-facing map is maintained to document system materials and provide ongoing transparency. The City has confirmed that there are no lead or copper lines on the City-owned side of the service system.

The City completed and adopted its Industrial Pretreatment Program in 2025. With increasing requests for industrial connections and evolving regulatory requirements, including closely monitoring EPA guidance on PFAS, the program helps ensure the utility can meet changing environmental and regulatory standards while maintaining effective wastewater treatment.

The City has completed its UCMR-5 testing as required by the EPA. Four of the five treatment plants are below regulatory limits for PFAS. At the one plant where PFAS was detected, a pilot study is currently underway, in coordination with TCEQ approvals, to determine the most effective treatment methods to complement existing processes. Once the study is complete, the City will proceed with design and construction to ensure ongoing compliance with EPA regulations.

Electric System. The electric utility maintains more than 1,000 circuit miles of primary electric lines. Of those, more than 50% are underground lines. Underground electric lines provide enhanced reliability and resilience by reducing exposure to weather-related outages, especially those caused by winter storms or high winds. They also reduce maintenance costs associated with vegetation management. Annually, the utility’s capital improvement budget includes monies dedicated to strategically

undergrounding additional lines. The utility is also pursuing grant funding, both from the federal government and state government, to move overhead lines underground.

The utility has multiple annual system maintenance programs that ensure the high standards of reliability and resiliency are maintained and continuously improved. The electric utility has a 5-year maintenance plans for tree trimming, specialized equipment and infrastructure, underground and pole inspections, meter testing, and infrared testing. In FY2026, the electric utility will spend more than \$1.5 million on maintenance, including more than \$800 thousand on tree trimming. Multiple contractors work throughout the year to ensure vegetation management is completed across the entire system every 3 years, with some circuits cleared annually. The pole and line inspection and maintenance program ensures that the poles and the overhead lines are inspected and maintained to ensure the integrity of the poles and the associated hardware. The Underground asset management program involves inspection and maintenance of the underground system.

Additionally, the electric utility proactively manages our joint use program. When communication companies request to attach to the electric utility's poles, they are required to conduct a pole load analysis. Should their fiber or communication lines exceed what a pole or series of poles can support, they are required to cover the cost of a pole make-ready so those poles can receive their infrastructure safely. Because of Georgetown's rapid population growth, there are many companies actively working to install fiber lines throughout Georgetown. In FY2027, the utility expects over \$2.5 million in make-ready projects, fully funded by these companies. These make ready efforts augment the pole replacement program.

All the efforts identified above help the electric utility system to have excellent reliability and resiliency track record. SAIFI and CAIDI are key reliability metrics used in the electric utility industry to measure how often outages occur and how long outages last, respectively. The utility strives for a SAIFI value of less than 1 outage per customer per year and a CAIDI value of 116 minutes or less. In December 2025, the SAIFI value was 0.766 and the CAIDI was 46.7.

As for safety, the City of Georgetown electric utility achieved diamond-level status in 2025 under the American Public Power Association's Reliable Public Power Provider (RP3) program. The designation recognizes public power utilities that demonstrate proficiency in four key disciplines: reliability, safety, workforce development, and system improvement. Georgetown is one of six public power providers in Texas to receive the diamond designation. In total, only 254 of the more than 2,000 public power utilities nationwide hold the RP3 designation. The City of Georgetown Electric Utility has been a diamond designee since 2019

EMERGENCY PREPAREDNESS ACTIVITIES . . . The City of Georgetown established the local Emergency Management Program by City Ordinance on January 23, 1991, and adopted the National Incident Management System (NIMS) by ordinance in September 2005. The plans, policies, and practices of the City of Georgetown comply with NIMS, as do regional partners. Georgetown Fire Department (GFD) participates in countywide exercises that test all-hazards plans and practices.

The Emergency Management Plan follows the standards established by the Texas Division of Emergency Management (TDEM) and the NIMS while meeting the community's specific needs and capabilities. The City of Georgetown's Emergency Management Plan also summarizes the roles and responsibilities in safeguarding critical infrastructure.

The Georgetown Emergency Management Plan details the roles of various City of Georgetown departments and partner agencies during an emergency response. In scenarios in which local resources are inadequate, the plan also includes procedures for acquiring assistance from county, state, and federal resources. The individual annexes provide additional information on key functions and multi-agency coordination.

The Georgetown Police Department's Emergency Communications Office tracks deployment needs and assignments through its Computer Aided Dispatch (CAD) system. The system allows real-time management of resources and maintains historical records for the police and fire departments, to include Emergency Medical Support (EMS). WebEOC supplements emergency operations conducted at the dispatch center, providing a broader picture, often necessary for community-wide and regional emergencies. WebEOC allows for electronic requests for equipment and personnel as well as information sharing regarding cross-populating calls, weather reports, and significant events. Georgetown Police Department, Fire Department, and Office of Emergency Management participate in intelligence sharing at a regional level through the Austin Regional Intelligence Center, a Department of Homeland Security recognized fusion center.

Key members involved in the City of Georgetown's domestic preparedness, planning, and response program agree that the development of a Continuity of Operations Plan (COOP) would be advantageous to the community. The development of a city-wide Continuity of Operations Plan had begun and was then delayed by the COVID-19 and Winter Weather Disasters. A Hazard Mitigation Plan update, which includes all-hazards risk analysis that will support the development of the COOP, was completed and approved by FEMA. Continuity of Operations Procedures at the city and department level were developed in response to the COVID-19 and Texas Winter Weather disasters. Additional plans the city participates in includes Williamson County's Community Wildfire Protection Plan (CWPP) and Flood Management Plan. The GFD also supports the Firewise Community of Sun City, the largest Firewise community in the United States. The City Council approved and adopted both the City's updated Hazard Mitigation Plan (HMP) and Emergency Management Plan (EMP) in February 2022.

The City's Office of Emergency Management (OEM) brings multiple training and exercise opportunities to city staff, key partner agencies, and the community throughout the year. Since 2024, city employee training has been focused on special event preparedness and response, public information and notification during disasters, and crowd management. Additional courses being

offered in 2026 to include MGT466 Sport and Special Event Enhanced Risk Management and Assessment (rescheduled due to the July Flood Disaster), Annually, OEM partners with the National Weather Service to provide free SkyWarn trainings to our community members. This year, OEM is working with the National Weather Service to host a combined SkyWarn and Flood Aware course to help educate our community on severe weather and flash flood preparedness. Additionally, OEM partnered with Georgetown Independent School District (GISD) to offer a private SkyWarn training for GISD staff.

OEM coordinates with key city departments and partner agencies on exercises and drills, including US Army Corps of Engineers for the North San Gabriel Dam tabletop and tour, CAPCOG’s Annual Regional Wildfire Resiliency Summit and our annual Red Poppy Festival tabletop. Recent regional trainings and exercises include the Capital Area Mass Casualty Attack Response Workshop, Williamson County Hazmat Response Tabletop Exercise, 20205 CAPCOG Regional Warning and Alert Strategy Practicum, AWR-232: Mass Fatalities Planning & Response for Rural Communities, and both in-person and virtual FEMA Public Assistance Trainings.

LABOR MARKET PROFILE . . . The most recent civilian labor force estimates for the metropolitan statistical area of the City of Georgetown, Williamson County and for the State of Texas are as follows:

City of Georgetown		
	January 2026	January 2025
Total Civilian Labor Force	48,796	48,355
Total Employment	46,634	46,376
Total Unemployed	2,162	1,979
Percent Unemployed	4.4%	4.1%

Williamson County		
	January 2026	January 2025
Total Civilian Labor Force	431,659	428,465
Total Employment	415,354	413,059
Total Unemployed	16,305	15,406
Percent Unemployed	3.8%	3.6%

State of Texas		
	January 2026	January 2025
Total Civilian Labor Force	15,838,900	15,769,642
Total Employment	15,126,189	15,109,463
Total Unemployed	712,711	660,179
Percent Unemployed	4.5%	4.2%

Source: Texas Workforce Commission.

MAJOR EMPLOYERS IN THE AREA

Name	Approximate Number of Employees
Georgetown ISD	2,000
Williamson County Government	1,937
City of Georgetown	992
ZT Systems	525
St. David’s Hospital	516
Airborn, Inc.	505
Southwestern University	479
Rock Springs Hospital	257
Chatsworth Products Georgetown	254
Costco	244

Source: City of Georgetown Finance and Administration Division.

EDUCATIONAL FACILITIES . . . Georgetown Independent School District serves the City and the surrounding area, having a current enrollment of approximately 10,400 students. The District operates ten elementary schools, three middle schools, three senior high schools and two alternative education schools. There are also three private schools and two parochial schools in the area.

Southwestern University is located in the City and is the oldest institution of higher learning in Texas, being established in 1843. Present facilities of the University include some 40 buildings located on approximately 700 acres, located approximately 10 blocks from the City’s central business district. The 2024 enrollment of Southwestern University is approximately 1,457.

TRANSPORTATION . . . Interstate Highway 35 and State Highway 29 intersect in the City. Rail transportation includes the MKT Railroad and the Georgetown Railroad. The City also operates an airport with a paved and lighted main runway of 5,000 feet and a crosswind runway of 4,100 feet.

RECREATION AND TOURISM . . . The City offers a wealth of recreation opportunities through its award winning Parks and Recreation program. In the City there are currently 34 city parks, comprising 473 total developed acres. The parks range from a half-acre neighborhood park to the one hundred-acre city wide San Gabriel Park. The park and adjoining property contain a playscape, playground and picnic facilities, a 3½ mile lighted and landscaped granite hike and bike trail, a community center, a tennis center, a high school football stadium, a high school baseball field and numerous softball, baseball, soccer, tennis and basketball facilities. There are almost 9 miles of Hike/Bike Trails throughout the city, three cemeteries, an athletic complex, five swimming pools, downtown pocket parks and tennis center, as well as a wide range of facilities including: softball and baseball fields, soccer fields, playground equipment, individual and group picnic shelters, basketball and tennis courts and disc golf.

There are three golf courses in the City, two being country club operations and one at Sun City Georgetown.

Lake Georgetown, on the North San Gabriel River on the western edge of the City, offers park facilities along with fishing and boating.

Located on the southern borders of the City is Inner Space Cavern, a popular tourist attraction for the area. These facilities, along with three historical districts and many special events, have boosted the City's tourism traffic considerably over the last few years.

MEDICAL SERVICES . . . St. David's Hospital, a 98 bed full service medical facility with over 70 active admitting physicians, provides obstetrical, surgical, diagnostic and emergency services to the local area. Scott & White operates a 34,000 square foot outpatient clinic on the City's northwest side. The Ascension Seton is now opened at Wolf Lakes.

WILLIAMSON COUNTY . . . The County was organized in 1848, is a Central Texas county and has an area of approximately 1,118 square miles. The City is the County seat. The economy is diversified by agribusiness, manufacturing and education. The different cities within the County offer many recreational, historical and cultural opportunities.

APPENDIX B

EXCERPTS FROM THE
CITY OF GEORGETOWN, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2025

The information contained in this APPENDIX consists of excerpts from the City of Georgetown, Texas Annual Financial Report for the 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 Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Georgetown, Texas

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of The City of Georgetown, 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, 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, and the respective budgetary comparison for the general fund 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

The City's 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.

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 the Management's Discussion and Analysis, Texas Municipal Retirement System schedules and ratios, and Other Post-employment Benefits schedules and ratios as listed in table 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.

The Honorable Mayor and
Members of the City Council
City of Georgetown, Texas

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.

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 major and nonmajor fund financial statements and schedules, as listed in the table of contents, and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements

The Combining and Individual Major and Nonmajor Fund Financial Statements and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Major and Nonmajor Fund Financial Statements 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 in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the Introductory Section and Statistical Section, as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

The Honorable Mayor and
Members of the City Council
City of Georgetown, Texas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
February 27, 2026

**CITY OF GEORGETOWN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of the City of Georgetown financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

General Fund

- At the end of the current fiscal year, the fund balance of the General Fund was \$37,074,032 or 2.8% lower than FY 2024 fund balance. The fund had \$20.8 million of committed fund balance, \$23 thousand of non-spendable fund balance and \$16.1 million of unassigned fund balance. Revenues were \$2.1 million more than the original budget estimates.
- General Fund revenues increased \$900 thousand, an increase of 1% from FY 2024. This increase is mainly due to due to continued strength in investment income, a 4.5% increase in sales taxes, and an increase in Franchise tax.
- General Fund expenditures increased by \$7.9 million, an increase of 7.7% over FY 2024. This increase was due to increased public safety costs including market increases. The General Fund also saw increases in new positions, the city-wide salary increases for non-civil service merit and market adjustments, increases in allocation of administrative costs, and increased economic development costs. Additionally, the General Fund transferred \$2.4 million of one time funds for the pedestrian bridge project.

Governmental Activities

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$99.8 million. General revenues and transfers totaled \$158.8 million, resulting in an increase in net position of \$58.9 million.
- As of September 30, 2025, the City's governmental activities reported combined ending net position balances of \$642.7 million. The largest element of this balance is the value of the City's net investment in capital assets which totaled \$515.1 million. Capital assets include the value of streets, parks and facilities, vehicles and equipment.
- During fiscal year ended September 30, 2025, the City issued approximately \$38,235,000 in General Obligation, and \$66,405,000 Certificates of Obligation bonds. Some of the major programs funded in these issues include just over \$90 million for roads and mobility, \$8 million for Parks, trails, and an Animal Shelter Regional partnership. Finally, just over \$6 million was programmed for Public Safety vehicles and equipment. The City's general obligation debt is rated AAA by Standard & Poor's as of September 30, 2025.

Business-Type Activities

- The net position of the City's business-type activities had a current year increase of \$194 million. The growth for the Water Utility is due to an increased number of meters and customer base of the utility systems. The Water, Sewer, and Solid Waste Utility also had rate increases on 10/01. All business type funds had continued increases due to the rapid growth and continued strength in developer contributions. The City received \$101.2 million of infrastructure assets contributed by developers for commercial projects and residential subdivisions.
- The City issued \$315,000 in Certificates of Obligation debt for the Airport. The City also issued \$101.36 million in Utility Revenue Bonds which included \$18.4 million for the Electric Utility, \$33.7 million for the Water Utility and \$54.4 million for the Wastewater utility. The City's Standard & Poor's rating is AA- on the utility system revenue debt as of Sept. 30, 2025.

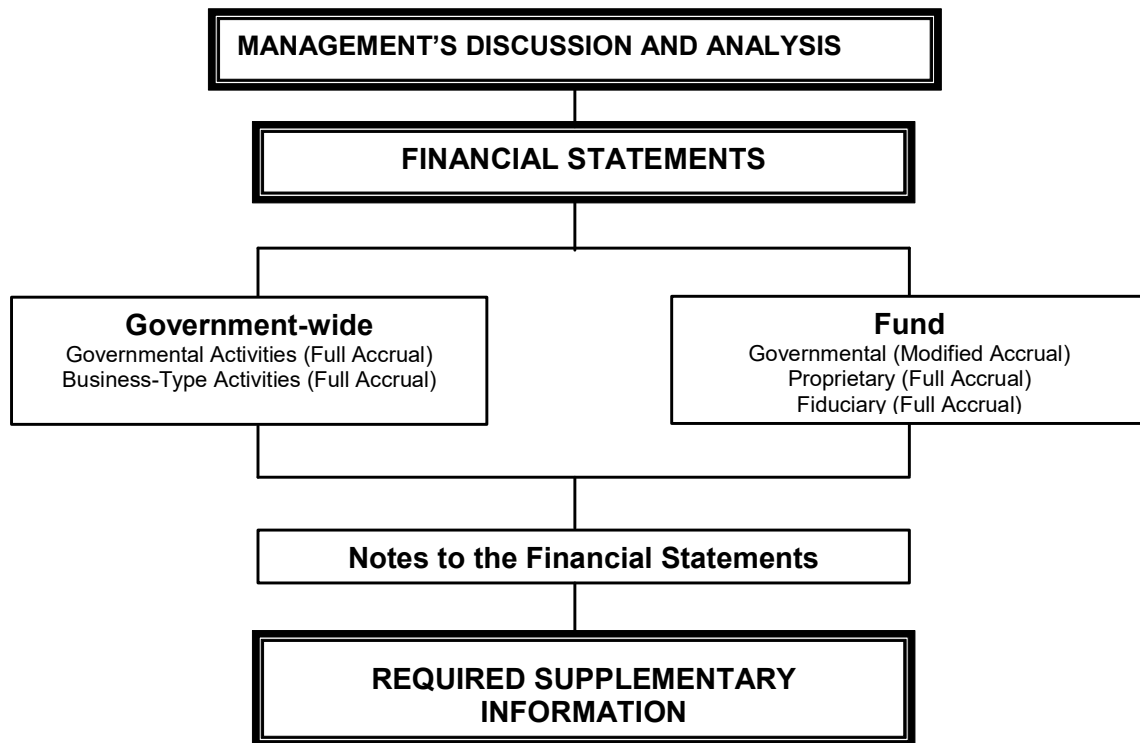
- To address the long-term demands of population growth in our water service area, on August 9, 2023, the City entered into a reservation agreement with EPCOR to secure additional raw-water supply. The City allowed this reservation agreement to expire in August of FY2025 because new opportunities became available. The City is actively negotiating a water supply contract and hopes to reach final agreement this fiscal year. The infrastructure used to transport the groundwater from would also transport water from the Brazos River Authority, along with water stored in the City's future aquifer storage and recovery site and wells drilled into the Hosston and Trinity Aquifers on the same site.
- The City also announced in 2025 that it proposes to sell a portion of its water service territory outside of city limits. This would significantly reduce the amount of new water supply needed in the future.

Entity-Wide

The City's total net position on a government-wide basis was \$1.915 billion at September 30, 2025, an increase of 15.2% over September 30, 2024. Most of this balance is invested in capital assets or restricted for specific purposes.

USING THE FINANCIAL SECTION OF THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report consists of three sections: introductory, financial and statistical. As illustrated in the following chart, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.



Components of the Financial Section

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. The statement of activities accounts for all current year revenues and expenses. Both are reported using full accrual basis of accounting, meaning recognizing events during the accounting period, regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position, which is the difference between the City's assets and deferred outflows and liabilities and deferred inflows, are one way to measure the financial health of the City. Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other non-financial factors such as changes in the City's property tax base and condition of the City's infrastructure.

The government-wide financial statements of the City are divided into two categories:

Governmental Activities – Most of the City's basic services are included here, such as police, fire and other public safety services, parks and recreation, public library, street maintenance, and general administration. Property and sales taxes, return on investment from the City's utility services, and charges for services finance most of these activities.

Business-type Activities – The City's Water Services Fund, which includes water, wastewater and irrigation services, as well as its Electric utility, are reported here. Stormwater Drainage, Solid Waste Services and the City's Airport are also reported in these activities. Rates and fees charged to customers fund the costs of providing these services

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds and will be more familiar to traditional users of government financial statements. The focus is now on major funds rather than fund types.

The City has three types of funds:

Governmental Funds – General Fund, Special Revenue Funds, Capital Projects Funds and the Debt Service Fund are governmental funds, which focus on:

- (1) How cash and other financial assets can readily be converted to cash flow (in and out), and
- (2) Year-end balances readily available for spending.

Consequently, the governmental funds statements provide a short-term view that helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with the governmental fund financial statements that explain the reconciliation between the fund statements and the government-wide statements.

Proprietary Funds – Services for which the City collects fees and rates intended to fully recover the cost of providing the service are reported in proprietary funds. Two types of proprietary funds are allowed in governmental accounting: enterprise funds and internal service funds. These funds, similar to government-wide statements, provide both long-term and short-term financial information. The City's enterprise funds are substantially the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City uses enterprise funds to account for its airport, electric, water services, solid waste, and stormwater drainage activities. The City uses internal service funds to report activities that provide supplies and services for the City's other programs, activities and funds. The City's internal service funds are used in providing facility maintenance, fleet services, joint services (providing administrative functions to the other funds), as well as information technology services and self-funded health insurance.

CITY OF GEORGETOWN, TEXAS

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Fiduciary Funds – The City is the trustee, or fiduciary, for certain amounts held on behalf of others, and for certain pass-through arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The City’s fiduciary activities are reported in a separate statement of fiduciary net position. Assets for assessment collections for the City’s public improvement districts are held in fiduciary funds. These fiduciary activities are excluded from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

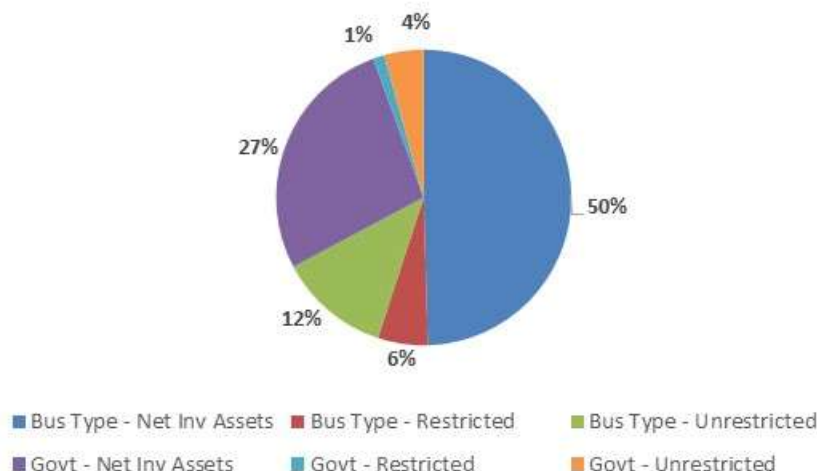
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position (in thousands):

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 511,422	\$ 426,274	\$ 688,938	\$ 680,519	\$ 1,200,360	\$ 1,106,793
Capital assets	698,497	640,816	1,365,046	1,087,441	2,063,543	1,728,257
Total assets	1,209,919	1,067,090	2,053,984	1,767,960	3,263,903	2,835,050
Deferred outflows	16,184	17,488	4,768	4,518	20,952	22,006
Long-term liabilities	528,669	455,108	717,811	629,718	1,246,480	1,084,826
Other liabilities	50,247	43,184	61,206	61,956	111,453	105,140
Total liabilities	578,916	498,292	779,017	691,674	1,357,933	1,189,966
Deferred inflows	4,435	2,486	7,310	2,775	11,745	5,261
Net investment in capital assets	515,173	465,612	938,155	830,107	1,453,328	1,295,719
Restricted	45,805	23,085	103,464	69,205	149,269	92,290
Unrestricted	81,774	95,103	230,806	178,717	312,580	273,820
Total net position	\$ 642,752	\$ 583,800	\$ 1,272,425	\$ 1,078,029	\$ 1,915,177	\$ 1,661,829

Primary Government Net Position - 9/30/2025



CITY OF GEORGETOWN, TEXAS

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Statement of Activities:

The following table reflects the condensed Statement of Activities (in thousands):

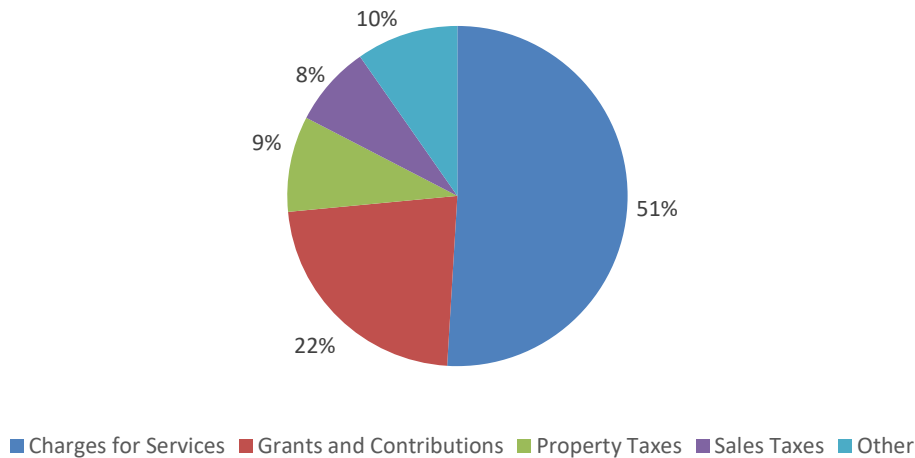
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 25,539	\$ 27,907	\$ 326,123	\$ 260,894	\$ 351,662	\$ 288,801
Operating grants and contributions	25,985	15,226	531	1,144	26,516	16,370
Capital grants and contributions	25,179	18,787	101,195	85,268	126,374	104,055
General revenues						
Property taxes	62,607	59,231	-	-	62,607	59,231
Sales taxes	52,787	50,489	-	-	52,787	50,489
Other taxes	2,885	2,670	-	-	2,885	2,670
Franchise taxes	9,765	8,480	299	-	10,064	8,480
Interest	20,595	19,881	27,501	29,491	48,096	49,372
Other	5,934	11,769	-	-	5,934	11,769
Total revenues	231,276	214,440	455,649	376,797	686,925	591,237
Expenses						
Culture/recreation	27,020	19,763	-	-	27,020	19,763
Development	15,124	6,891	-	-	15,124	6,891
Fire	36,548	34,440	-	-	36,548	34,440
General government	20,956	53,592	-	-	20,956	53,592
Interest on long-term debt	19,630	14,495	-	-	19,630	14,495
Police	30,522	27,367	-	-	30,522	27,367
Streets	26,639	8,826	-	-	26,639	8,826
Environmental services	163	165	-	-	163	165
Electric	-	-	111,463	109,260	111,463	109,260
Water services	-	-	113,864	92,047	113,864	92,047
Airport	-	-	6,357	6,347	6,357	6,347
Stormwater	-	-	8,695	7,680	8,695	7,680
Solid Waste	-	-	16,596	15,718	16,596	15,718
Total expenses	176,602	165,539	256,975	231,052	433,577	396,591
Change in net position before transfers	54,674	48,901	198,674	145,745	253,348	194,646
Transfers	4,278	(1,241)	(4,278)	1,241	-	-
Change in net position	58,952	47,660	194,396	146,986	253,348	194,646
Net position - beginning	583,800	527,767	1,078,029	940,866	1,661,829	1,468,633
Change in accounting principle	-	(778)	-	(672)	-	(1,450)
Adjustment - changes in reporting entity	-	9,151	-	(9,151)	-	-
Net position - beginning, as restated	583,800	536,140	1,078,029	931,043	1,661,829	1,467,183
Net position - ending	\$ 642,752	\$ 583,800	\$1,272,425	\$1,078,029	\$ 1,915,177	\$1,661,829

The City's combined net position increased by \$253.3 million to \$1.915 billion from \$1.662 billion in FY 2024.

- Net position of Governmental Activities was \$642.8 million. Most of these assets are invested in capital assets or restricted for particular purposes, such as \$9 million for Street Maintenance projects or other capital projects, \$3.8 million for Tax Incremental reinvestment Zones (TIRZ), and \$2.3 million for debt service.
- The City's unrestricted net position for governmental activities, which can be used to finance day to day operations, totaled \$81.8 million.
- Net investment in capital assets for governmental activities increased \$49.6 million, primarily due to developer contributions and additions to capital assets.
- Current year net position for business-type activities increased by \$194 million, due to the growth in the customer base, increased water and wastewater rates, developer contributed capital, and capital assets.

- During 2025, the City invested \$ 215 million towards improving and expansion of utility infrastructure, compared to \$182 million in 2024. The recently completed water and wastewater master plan includes projects for new and expanded water treatment plants, rehabilitation for two 30+ year old wastewater treatment plants, transmission lines, and backup power for extreme weather conditions.

Primary Government Revenues



REVENUES

Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues for both governmental and business-type activities are described below.

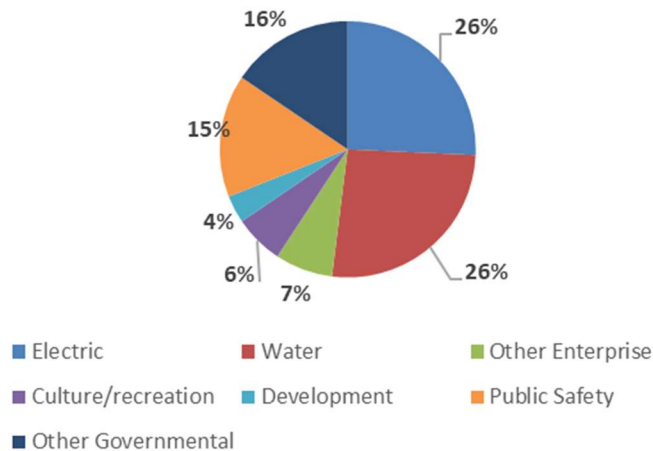
- **Governmental activities program revenue** for the fiscal year ended September 30, 2025 was \$76.7 million. The *Charges for Services* category represents receipts primarily from development and building inspection fees, parks fees, fire billing for services and court fines. *Charges for Services* decreased \$2.4 million. Other governmental program revenues included *operating and capital grants and contributions* for parks, fire and police programs, and streets. Capital grants and contributions totaled \$25.2 million compared to \$18.8 million last fiscal year due to donations from Garey Estate for progress on improvements to Garey Park and Interlocal Agreement with Williamson County for SE Inner Loop.
- **Business-type activities program revenue** totaled \$427.8 million, 23.1% increase over prior year. Capital grants and contributions increased \$15.9 million over the prior year due to increased developer contributions. *Charges for Services*, which represent receipts from utility customers for electric, water, and wastewater, and solid waste services increased \$62.2 million. The Water Utility saw a rate increase in FY2025, effective October 1, 2024. One rate increase for water of 11.75%, and a wastewater rate increase of 11.25%. These rate increases were adopted by Council in order to support operations, infrastructure needs, and fees for new supply. The estimated impact on the average water (6,000 gallons per month) and wastewater customer is approximately \$11.80 per month. Electric charges for services increased due to increased customer growth and some new large load customers who came online in FY2025. Additionally in FY2025, there was a rate increase for solid waste customers of 4.5% for residential, and 9.5% increase for commercial customers. Other program revenues include airport fuel sales, hangar rentals and stormwater drainage fees.
- **General revenues** are revenues from taxes levied on behalf of the general government and other revenues used for general government activities not specific to a program or service. These revenues and notable changes are described below.
- *Property taxes* totaled \$62.6 million. Included in these taxes are real and personal property levies which are assessed October 1, and payable before the following January 31.

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- Certified assessed valuations in FY 2025 increased 12.5% over FY2024. The total growth in assessed valuations is \$2 billion, with over \$1.12 billion attributed to new value.
- The ad valorem tax rate for fiscal year 2025 was \$0.3647 per \$100 of assessed valuation. This is a decrease from the prior year's rate of \$0.374. The adopted tax rate is .000086 below the voter approval rate.
- *Sales taxes*, the City's second largest source of general revenue, totaled \$56.3 million for fiscal year 2025, which was an increase of 4.6% compared to the prior year. This increase is primarily driven by a full-year impact of Costco, the addition of a second HEB at Wolf Lakes, and Lowes coming online in summer of FY2025. Sales tax revenues represented 34% of the general government revenue total in 2025, excluding the payment in lieu of taxes from the utility funds.
- Hotel/motel taxes totaled \$2.181 million compared to \$ 1.942 million in FY 2024 and are included in *other* taxes. This increase is the result of the new hotels in the City and increased tourism City events such as Two Step Inn and Red Poppy Festival.

Primary Government Expenses



Expenses for governmental activities totaled \$176.6 million, versus \$165.5 million in FY 2024. Total governmental expenses increased by \$11.1 million compared to the prior year. Annual salary increases implemented during the fiscal year included significant increases for public safety based on new meet and confer agreements and annual merit and market increases for non-public safety employees effective January 2025. Other explanations for the changes are noted below.

- Inflation for various supplies, vehicles, and other commodities
- Increased capital project spending for parks, roads, and public safety
- Expenses for the new Ask GTX (311-like) call center – full year impact
- Increased debt service payments

Expenses for business-type activities totaled \$256.9 million, a 11.2% increase over the prior year, which provided electric, water, and wastewater services for customers, as well as airport, solid waste services and stormwater drainage programs. Salary increases implemented during the fiscal year included annual merit and market increases for employees effective January 2025. Notable explanations for the changes are explained below.

- Electric increased 14.5%. The increase in expenses for electric is the result of growth in development and the addition of new large load customers
- Water services increased 24.7% mainly due to growth in development and increased debt related expense
- The increased costs in the Solid Waste fund is mainly due to capital expenses for the new transfer station.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds: The City's fund balance is the accumulated difference between assets and liabilities within **governmental funds**, and it allows the City to meet its contractual obligations, fund disaster or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by City Council.

For the fiscal year ended September 30, 2025, the City's governmental funds reflect a combined fund balance of \$412.7 million.

The General Fund had a fund balance of \$37.1 million for FY 2025, an decrease of approximately \$0.9 million from FY 2024. According to the Fiscal and Budgetary Policy of the City, the use of excess fund balance is limited to non-recurring one time only expenses. Excess funds are transferred to the Council Special Revenue fund for future designation.

Along with the increases in property taxes and some sales taxes increases already mentioned above, the General Fund and other funds received the benefit of continued favorable interest rates for investment income in FY2025. Increased staffing due to rapid growth in the General Fund also contributed to some increased costs.

Debt Service fund balance increased from \$4 million to \$5.2 million in FY25 due to investment income of \$1.1 million.

General Capital Project Fund had a fund balance of \$219.4 million for FY2025 compared to \$191.5 million for FY2024 mainly as a result of the additional \$84 million in bond proceeds received for facility, parks, and road projects.

Non-major governmental funds include an increase in fund balance mainly due to increases in tree mitigation fees for development growth along with increased investment income.

Georgetown Transportation Enhancement Corporation (GTEC), the City's blended component unit had a 5.5% increase in fund balance due to bond proceeds of \$44.6 million increased investment income and sales taxes. GTEC contributed \$6.1 million in transportation improvements to facilitate economic development in 2025.

Business-type Activities: The City's **proprietary fund** statements provide the same type of information found in government-wide financial statements, but in more detail.

Total unrestricted net position as of September 30, 2025 totaled \$230.8 million, which included \$97.7 million for Electric, \$123.3 million for Water and \$9.8 million for all other Non-Major funds. The Water fund also has restricted net position of \$103.5 million for funding of future plant expansions. The change in net position for FY 2025 was \$194 million resulting primarily from increased investment income, continued growth in the City's utility systems, and development funded capital improvements. Development growth has greatly impacted the Utilities. Georgetown's population increased 11.6% year over year and the overall number of meters being read increased 9% in FY2025.

CITY OF GEORGETOWN, TEXAS

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GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final budget of the General Fund changed due to budget amendments for increased revenues related to Winter Storm Mara, along with increased costs associated with additional public safety and Ask GTX call center staffing and equipment, and economic development agreements. The variance between the actual ending fund balance at September 30, 2024 of \$38.4 million and the final budgetary fund balance of \$30.6 million is attributed to increased investment income, increased sales taxes, and increased charges for services along with savings from anticipated departmental expenses.

CAPITAL ASSETS

The City's governmental activities (including the internal service funds) had invested \$698.5 million in a variety of capital assets and infrastructure. The City has \$1.365 billion invested in its business-type activities capital assets. The detail is reflected in the following schedule:

(Dollars in thousands)	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 36,790	\$ 27,893	\$ 3,330	\$ 3,329	\$ 40,120	\$ 31,222
Land rights	21,009	21,009	1,723	1,723	22,732	22,732
Buildings	109,037	108,901	13,364	12,873	122,401	121,774
Furniture, machinery, and equipment	53,067	46,011	4,969	4,336	58,036	50,347
Vehicles	42,799	46,427	18,877	99	61,676	46,526
Streets	422,776	382,107	1,339	821	424,115	382,928
Distribution system	15,505	15,252	1,115,878	1,019,815	1,131,383	1,035,067
Bridges	21,287	21,223	-	-	21,287	21,223
Improvements	109,613	99,388	23,361	7,337	132,974	106,725
Right-of-use-asset - leases	3,652	3,652	2,813	-	6,465	3,652
Right-of-use-asset - subscriptions	7,115	8,992	77	104	7,192	9,096
Construction in progress	121,058	85,271	515,778	335,675	636,836	420,946
Accumulated depreciation	(265,211)	(225,310)	(336,463)	(298,671)	(601,674)	(523,981)
Total capital assets	\$ 698,497	\$ 640,816	\$ 1,365,046	\$ 1,087,441	\$ 2,063,543	\$ 1,728,257

In FY2025, the City budgeted approximately \$5.4 million of General Fund revenues for on-going street maintenance projects, along with the staff and maintenance costs of the street department. In addition, the City also budgeted \$13 million of funds received in dedicated 1/4 cent sales tax for street maintenance. The maintenance funds are allocated among various projects identified by the pavement condition analysis and council goals. Total Street Maintenance expenditures for FY2025 were \$16.1 million.

Utility infrastructure maintenance is budgeted within the utility funds. For fiscal year 2025, funding for electric and water services infrastructure maintenance was approximately \$5.2 million.

CITY OF GEORGETOWN, TEXAS

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Major capital assets added in FY 2025 are noted below:

- General Capital Projects:
 - Construction in process projects \$87,473,367
 - DB Wood (SH 29 to Oak Ridge)
 - Downtown Austin Ave Parking Garage
 - Rockride Lane
 - Austin Ave Bridges
 - Southeast Inner Loop – MB21
 - Southern Blvd
 - DB Wood (Oak Ridge to Williams Dr)
 - Leander Rd (Norwood-Swbypass)
 - FM 971 Widening (Gantt-SH130)

- Completed projects:
 - IH35 and Inner Loop \$8,894,882
 - Rabbit Hill Road \$4,183,680
 - Sam Houston Ave Ext/SE1/Wilco Corridor \$3,923,605
 - Downtown Sidewalk Improvements \$2,358,733
 - Intersection Improvements (Lakeway @ Williams Dr) \$1,737,022
 - Old Town Southeast Sidewalk Improvements \$1,065,164
 - FM 1460 @ La Conterra Traffic Signal \$550,747

- Utility Infrastructure and Capital Projects:
 - Electric distribution system expansion (including developers) \$17,890,630
 - Water and Wastewater treatment and distribution system \$497,096,462
 - Solid Waste Transfer Station \$126,642
 - Stormwater improvements \$503,127

For more detailed notes about the City's capital assets, please see Note 5 to the financial statements.

OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 438,045	\$ 364,879	\$ 71,279	\$ 77,436	\$ 509,324	\$ 442,315
Sales tax revenue bonds	1,580	2,320	-	-	1,580	2,320
Special assessment revenue bonds	7,219	7,423	-	-	7,219	7,423
Revenue bonds	-	-	585,780	499,085	585,780	499,085
Premiums	29,817	27,881	41,842	37,597	71,659	65,478
Arbitrage	7,007	3,613	5,618	4,533	12,625	8,146
Compensated absences payable	13,106	12,348	3,819	3,374	16,925	15,722
Net pension liability	23,321	25,593	7,774	7,645	31,095	33,238
Other post-employment benefits	5,105	4,777	1,642	-	6,747	4,777
Lease liabilities	921	1,883	57	-	978	1,883
Subscription liabilities	2,548	4,391	-	48	2,548	4,439
Total long-term liabilities	\$ 528,669	\$ 455,108	\$ 717,811	\$ 629,718	\$ 1,246,480	\$ 1,084,826

- As of September 30, 2025, the City had a total of \$509.3 million in general obligation debt outstanding. This represents a 15.1% increase over prior year. This increase reflects \$38,235,000 of 2025 General Obligation Bonds, \$66,405,000 of 2025 Certificates of Obligation, and \$106,495,000 in 2025 Revenue Bonds being issued.
- The state limits the legal amount of tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City's 2025 debt levy equaled \$0.239592 per \$100 assessed valuation, or 16.% of the maximum allowed.

CITY OF GEORGETOWN, TEXAS

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- Other long-term debts included are compensated absence payable, net pension obligation, arbitrage liability and other post-employment benefits. These experienced an increase from FY 2025 of \$3.2 million due to increased arbitrage liabilities, an increase in GASB 87 lease liabilities, and GASB101 resulting in higher compensated absences. The major driver for the decrease in the Net Pension Liability are changes in investment returns. Subscription Liabilities also increased due to an increased number and dollar amounts on IT subscriptions.
- A detailed analysis of the City's long-term debt is located in Note 9 to the financial statements.

ECONOMIC FACTORS

During FY 2025, the City continued to see some growth in the local and regional economy. Total sales tax receipts grew to \$2.3 million, or 4.5% over FY2024. The growth in residential and commercial development continued in FY2025, while unemployment increased to 4.5% from 4.3% in 2024. The residential growth in the City's utility service area, which includes both the city limits and the City's extra territorial jurisdiction (ETJ), continued at a steady 5% growth rate.

DISCRETELY PRESENTED COMPONENT UNIT

The Georgetown Economic Development Corporation (GEDCO) has been included in the reporting entity as a discretely presented component unit since it provides benefits to other entities aside from the City. Separate audited financial statements are not issued for GEDCO.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is designed to provide City Council, citizens, customers, bond rating agencies, investors and creditors with a general overview of the City's

Finance Division
City of Georgetown
510 W. 9th Street
Georgetown, Texas 78626
(512) 930-6534
www.georgetowntexas.gov
finance@georgetowntexas.gov

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Basic Financial Statements

City of Georgetown, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Georgetown Economic Development Corporation
ASSETS				
Cash and cash equivalents	\$ 76,033,052	\$ 125,720,849	\$ 201,753,901	\$ 5,483,363
Cash and cash equivalents - restricted	167,143,721	175,240,353	342,384,074	-
Investments	98,755,574	163,292,601	262,048,175	10,144,131
Investments - restricted	137,319,042	116,420,088	253,739,130	-
Prepaid items	224,402	15,652,893	15,877,295	-
Accounts receivable				
Services (net of allowance for uncollectibles)	-	41,715,712	41,715,712	-
Taxes and other	26,738,124	4,831,363	31,569,487	561,642
Internal balances	(214,313)	214,313	-	-
Other assets	-	1,689,460	1,689,460	-
Inventories	3,409,982	674,606	4,084,588	-
Long-term receivables	2,012,588	6,285,818	8,298,406	-
Regulatory asset, net	-	37,200,000	37,200,000	-
Capital assets				
Land	36,790,351	3,329,683	40,120,034	-
Land rights	21,009,247	1,723,151	22,732,398	-
Buildings	109,036,899	13,363,993	122,400,892	-
Furniture, machinery, and equipment	53,065,531	4,969,217	58,034,748	-
Vehicles	42,799,104	18,877,121	61,676,225	-
Streets	422,776,303	1,339,317	424,115,620	-
Distribution system	15,504,854	1,115,878,293	1,131,383,147	-
Bridges	21,286,699	-	21,286,699	-
Improvements	109,613,280	23,359,921	132,973,201	139,740
Right-to-use asset - leases	3,652,349	2,813,173	6,465,522	-
Right-to-use asset - subscriptions	7,115,443	76,500	7,191,943	-
Construction in progress	121,057,974	515,778,421	636,836,395	-
Accumulated depreciation and amortization	(265,211,333)	(336,463,039)	(601,674,372)	-
Total assets	1,209,918,873	2,053,983,807	3,263,902,680	16,328,876
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pension	14,304,724	4,768,243	19,072,967	-
Deferred outflow related to OPEB	1,391,306	-	1,391,306	-
Deferred charge on refunding	487,921	-	487,921	-
Total deferred outflows of resources	16,183,951	4,768,243	20,952,194	-
LIABILITIES				
Accounts payable	22,508,679	33,043,714	55,552,393	976,379
Unearned revenue	20,095,869	643,022	20,738,891	-
Accrued interest	3,631,956	4,499,927	8,131,883	6,867
Payable from restricted assets				
Construction contracts and retainages	3,583,373	17,950,364	21,533,737	-
Customer deposits payable from restricted assets	427,119	5,068,459	5,495,578	-
Noncurrent liabilities, due within one year	38,061,789	29,687,654	67,749,443	233,203
Noncurrent liabilities, due in more than one year				
Lease liability	351,899	702,972	1,054,871	-
Subscription liability	1,021,613	31,875	1,053,488	-
Accrued employee benefits	9,175,220	2,392,438	11,567,658	-
Net pension liability	23,321,224	7,773,742	31,094,966	-
Other post employment benefits	5,040,688	-	5,040,688	-
Arbitrage	6,996,667	5,142,145	12,138,812	-
Long-term debt	444,699,839	672,080,354	1,116,780,193	1,747,549
Total liabilities	578,915,935	779,016,666	1,357,932,601	2,963,998
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	2,188,802	729,600	2,918,402	-
Deferred inflows related to OPEB	2,069,405	-	2,069,405	-
Deferred inflows related to leases	177,067	6,580,152	6,757,219	-
Total deferred inflows of resources	4,435,274	7,309,752	11,745,026	-
NET POSITION				
Net investment in capital assets	515,173,019	938,155,295	1,453,328,314	139,740
Restricted for				
Debt service	2,306,985	-	2,306,985	-
Hotel/Motel tax	3,877,331	-	3,877,331	-
Street maintenance tax	9,074,075	-	9,074,075	-
PEG Fees	911,240	-	911,240	-
Municipal court	276,062	-	276,062	-
Police	614,470	-	614,470	-
Public improvement districts	2,207,314	-	2,207,314	-
Tax increment zone improvements	3,852,910	-	3,852,910	-
Sidewalks	160,099	-	160,099	-
Park improvements	22,444,367	-	22,444,367	-
Streetlight maintenance	79,996	-	79,996	-
Capital Projects	-	103,464,695	103,464,695	-
Unrestricted	81,773,747	230,805,642	312,579,389	13,225,138
TOTAL NET POSITION	\$ 642,751,615	\$ 1,272,425,632	\$ 1,915,177,247	\$ 13,364,878

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Georgetown Economic Development Corporation
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities								
Culture / recreation	\$ 27,020,145	\$ 8,042,359	\$ 449,672	\$ 1,346,175	\$ (17,181,939)	\$ -	\$ (17,181,939)	
Development	15,124,445	7,493,087	67,116	-	(7,564,242)	-	(7,564,242)	
Fire	36,547,582	6,028,672	5,979,908	-	(24,539,002)	-	(24,539,002)	
General government	20,956,255	1,194,675	16,644,513	806,653	(2,310,414)	-	(2,310,414)	
Police	30,522,037	966,840	843,827	-	(28,711,370)	-	(28,711,370)	
Streets	26,638,510	485,974	2,000,000	23,025,844	(1,126,692)	-	(1,126,692)	
Environmental services	162,543	1,327,106	-	-	1,164,563	-	1,164,563	
Interest on long-term debt	19,629,830	-	-	-	(19,629,830)	-	(19,629,830)	
Total governmental activities	176,601,347	25,538,713	25,985,036	25,178,672	(99,898,926)	-	(99,898,926)	
Business-type activities								
Electric	111,462,940	114,553,215	393,467	25,998,679	-	29,482,421	29,482,421	
Water	113,864,226	181,588,685	-	56,557,158	-	124,281,617	124,281,617	
Airport	6,356,549	5,678,713	123,000	-	-	(554,836)	(554,836)	
Stormwater	8,695,087	6,455,687	-	18,638,990	-	16,399,590	16,399,590	
Solid Waste	16,595,528	17,846,651	14,042.00	-	-	1,265,165	1,265,165	
Total business-type activities	256,974,330	326,122,951	530,509	101,194,827	-	170,873,957	170,873,957	
TOTAL PRIMARY GOVERNMENT	\$ 433,575,677	\$ 351,661,664	\$ 26,515,545	\$ 126,373,499	(99,898,926)	170,873,957	70,975,031	
COMPONENT UNIT - GEORGETOWN ECONOMIC DEVELOPMENT CORPORATION	\$ 2,668,116	\$ -	\$ -	\$ -				\$ (2,668,116)
				General Revenues				
				Property tax	62,606,779	-	62,606,779	-
				Sales tax	52,786,878	-	52,786,878	3,518,820
				Franchise taxes	9,765,456	299,440	10,064,896	-
				Hotel occupancy tax	2,181,192	-	2,181,192	-
				Mixed beverage tax	393,226	-	393,226	-
				Auto inventory tax	310,741	-	310,741	-
				Investment income	20,594,970	27,500,617	48,095,587	646,194
				Other	5,934,128	-	5,934,128	505,767
				Transfers	4,277,586	(4,277,586)	-	-
				Total general revenues and transfers	158,850,956	23,522,471	182,373,427	4,670,781
				Change in net position	58,952,030	194,396,428	253,348,458	2,002,665
				Net position, beginning of the year	583,799,585	1,078,029,204	1,661,828,789	11,362,213
				NET POSITION, END OF THE YEAR	\$ 642,751,615	\$ 1,272,425,632	\$ 1,915,177,247	\$ 13,364,878

The Notes to the Financial Statements are an integral part of this statement.

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Fund Financial Statements

City of Georgetown, Texas

Balance Sheet – Governmental Funds

September 30, 2025

	General	Georgetown Transportation Enhancement Corporation	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 17,142,062	\$ 3,429,167	\$ -	\$ 10,757,498	\$ 22,288,185	\$ 53,616,912
Cash and cash equiv. - restricted	-	64,637,047	5,257,085	96,414,405	835,184	167,143,721
Investments	22,264,976	4,453,977	-	13,972,382	28,949,022	69,640,357
Investments - restricted	-	28,122,780	-	109,196,262	-	137,319,042
Accounts receivable, net						
Property taxes	376,899	-	593,079	-	16,868	986,846
Sales tax	5,054,781	2,246,570	-	-	1,123,285	8,424,636
Grants	5,934	-	-	4,713,167	22,395	4,741,496
Interest	4,336	-	-	-	-	4,336
EMS	4,975,978	-	-	-	-	4,975,978
Other	939,057	-	-	-	5,608,760	6,547,817
Due from other funds	1,183,349	-	-	758,824	525	1,942,698
Long-term receivables	152,588	-	-	-	-	152,588
Prepaid items	23,392	-	-	-	-	23,392
TOTAL ASSETS	\$ 52,123,352	\$ 102,889,541	\$ 5,850,164	\$235,812,538	\$ 58,844,224	\$ 455,519,819
LIABILITIES						
Accounts payable and accrued liabilities	\$ 6,774,315	\$ 1,068,367	\$ -	\$ 7,009,951	\$ 5,331,611	\$ 20,184,244
Due to other funds	-	-	-	-	1,402,758	1,402,758
Unearned revenue	7,721,039	-	-	11,104,747	1,270,083	20,095,869
Total liabilities	14,495,354	1,068,367	-	18,114,698	8,004,452	41,682,871
DEFERRED INFLOWS OF RESOURCES						
Deferred inflow leases receivables	177,067	-	-	-	-	177,067
Deferred property taxes	376,899	-	593,079	-	16,868	986,846
Total deferred inflows of resources	553,966	-	593,079	-	16,868	1,163,913
FUND BALANCE						
Nonspendable	23,392	-	-	-	-	23,392
Restricted	-	4,815,000	5,257,085	217,697,840	43,497,864	271,267,789
Committed	20,876,742	97,006,174	-	-	7,325,040	125,207,956
Unassigned	16,173,898	-	-	-	-	16,173,898
Total fund balance	37,074,032	101,821,174	5,257,085	217,697,840	50,822,904	412,673,035
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 52,123,352	\$ 102,889,541	\$ 5,850,164	\$235,812,538	\$ 58,844,224	\$ 455,519,819

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2025

Total fund balance - total governmental funds \$ 412,673,035

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

The City uses internal service funds to charge the costs of certain activities, such as capital assets, administrative services and information technology to the City's other funds. The assets and liabilities of the internal service funds are included in governmental functions in the statement of net position. 76,212,805

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 667,750,521

Long-term debt is not due and payable using available resources and is not recorded in the governmental funds balance sheet. The impact of recognizing long-term debt, and related items is as follows:

Bonds payable	(446,844,418)
Premiums on bond issuance	(29,817,135)
Deferred charge on refunding bonds	487,921
Accrued interest	(3,543,179)
Arbitrage liability	(7,006,825)

Other long-term liabilities, and related amounts, are not due and payable using available resources and are not recorded in the governmental funds balance sheet. The impact of recognizing these items is as follows:

Lease liability	(533,040)
Subscription liability	(28,982)
Compensated absences	(12,457,784)
Net pension liability	(23,321,224)
Deferred outflow related to pension	14,304,724
Deferred inflow related to pension	(2,188,802)
Other post-employment benefits	(5,104,749)
Deferred outflow related to other post-employment benefits	1,391,306
Deferred inflow related to other post-employment benefits	(2,069,405)

Revenues from property taxes are deferred in the governmental fund balance sheet until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements. 986,846

Some long-term receivables are not recognized in the governmental fund balance sheet until the funds are considered available to fund current expenditures. 1,860,000

Net position of governmental activities \$ 642,751,615

City of Georgetown, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds For the Fiscal Year Ended September 30, 2025

	General Fund	Georgetown Transportation Enhancement Corporation	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 21,650,945	\$ -	\$ 38,585,752	\$ -	\$ 2,334,135	\$ 62,570,832
Sales tax	31,673,955	14,075,282	-	-	7,037,641	52,786,878
Franchise taxes	9,669,369	-	-	-	96,087	9,765,456
Other taxes	703,967	-	-	-	2,778,299	3,482,266
Charges for service	17,214,270	-	-	746,832	6,729,035	24,690,137
Fines and forfeitures	654,997	-	-	-	193,579	848,576
Donations and grants	7,217,121	-	-	6,713,167	14,095,139	28,025,427
Investment income	1,793,270	2,842,114	1,110,885	9,720,048	2,369,215	17,835,532
Other revenue	1,189,236	-	922	835,846	1,031,593	3,057,597
Total revenues	91,767,130	16,917,396	39,697,559	18,015,893	36,664,723	203,062,701
EXPENDITURES						
Current						
Culture / recreation	16,437,516	-	-	-	2,804,767	19,242,283
Development	7,195,532	1,376,732	-	-	130,406	8,702,670
Fire services	33,644,309	-	-	-	181,043	33,825,352
General government	15,718,666	-	-	-	2,037,935	17,756,601
Highways and streets	7,471,848	-	-	234,614	40,190	7,746,652
Police	28,911,949	-	-	-	191,825	29,103,774
Environmental services	-	-	-	-	162,543	162,543
Capital outlay	473,593	6,127,844	-	55,777,498	22,751,407	85,130,342
Debt service						
Principal retirement	-	740,000	27,048,256	-	151,333	27,939,589
Interest and fiscal charges	-	305,090	15,477,904	677,926	355,333	16,816,253
Total expenditures	109,853,413	8,549,666	42,526,160	56,690,038	28,806,782	246,426,059
Excess (deficiency) of revenues over (under) expenditures	(18,086,283)	8,367,730	(2,828,601)	(38,674,145)	7,857,941	(43,363,358)
OTHER FINANCING SOURCES (USES)						
Transfers in	20,669,394	-	4,032,901	9,396,426	1,090,000	35,188,721
Transfers out	(3,685,501)	(3,309,149)	-	(4,281,710)	(4,334,462)	(15,610,822)
Issuance of bonds	-	42,735,000	-	57,620,000	-	100,355,000
Premiums	-	1,864,020	-	2,123,203	-	3,987,223
Total other financing sources (uses)	16,983,893	41,289,871	4,032,901	64,857,919	(3,244,462)	123,920,122
Net change in fund balances	(1,102,390)	49,657,601	1,204,300	26,183,774	4,613,479	80,556,764
Fund balances, beginning of year	38,176,422	52,163,573	4,052,785	191,514,066	46,209,425	332,116,271
FUND BALANCES, end of year	\$ 37,074,032	\$ 101,821,174	\$ 5,257,085	\$ 217,697,840	\$ 50,822,904	\$ 412,673,035

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Governmental Funds For the Fiscal Year Ended September 30, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 80,556,764
Amounts reported for governmental activities in the statement of activities are different because:	
The City uses internal service funds to charge the costs of certain activities, such as fleet management and information technology to appropriate functions in other funds. The change in net position of internal service funds is recognized in governmental activities in the statement of activities.	(7,334,228)
Current year capital outlays are expenditures in the fund statements, but are shown as increases in capital assets in the government-wide financial statements. The effect of removing the current year capital outlays is to increase net position. Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources.	
Capital outlay	85,130,342
Depreciation	(41,738,766)
Net book value of current year disposals	(57,921)
Capital assets contributed or donated to the City are not recognized in governmental funds since they do not provide current financial resources, but are recognized in the statement of activities as program revenues	23,025,844
Proceeds from issuance of long-term debt are recognized as other financing sources in the governmental funds, but are treated as an increase in liabilities in the governmental activities. Principal payments on long-term debt are recognized as expenditures in the governmental funds, but are treated as reductions of liabilities in the governmental activities. Deferred charges on refunding bonds are recognized in the governmental activities, and amortized with the related long-term debt. Premiums on long-term debt issuances are recognized as other financing sources in the governmental funds, but are presented as a component of long-term debt and amortized in the governmental activities.	
Bond payments	28,132,256
Issuance of bonds	(100,355,000)
Premium on bond issuance	(3,987,223)
Amortization of bond premiums, net	2,050,590
Amortization of deferred charge on refunding, net	(226,009)
Increase in arbitrage liability	(3,393,981)
Interest is accrued on outstanding debt in the governmental activities statement of net position, but in the governmental fund financial statements the expenditure is reported when due.	(1,341,640)
Compensated absences, other post-employment benefit obligations, pension liability, lease liabilities, subscription liabilities, and related deferred inflows and outflows of resources are not recognized in the governmental funds as they will not be settled with current financial resources; however these obligations are recognized in the governmental activities statement of net position. The change in these amounts for the current year is:	
Net pension liability	2,272,160
Deferred outflow related to pension	(820,451)
Deferred inflow related to pension	(2,058,992)
Other post employment benefits	(327,393)
Deferred outflow related to other post-employment benefits	(257,727)
Deferred inflow related to other post-employment benefits	76,370
Compensated absences	(639,645)
Lease liability	322,420
Subscription liability	28,313
Changes to revenue deferred in the governmental funds but recognized in the governmental activities and to long-term note receivables not recorded in the governmental funds for the current year are:	
Long-term receivable	(140,000)
Unavailable property taxes	35,947
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 58,952,030

The Notes to the Financial Statements are an integral part of this statement.

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City of Georgetown, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Budgetary Basis	Variance to Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 22,813,842	\$ 22,813,842	\$ 21,650,945	\$ (1,162,897)
Sales tax	30,304,757	30,304,757	31,673,955	1,369,198
Franchise taxes	9,668,215	9,668,215	9,669,369	1,154
Other taxes	750,000	750,000	703,967	(46,033)
Charges for services	18,847,704	19,012,704	19,440,721	428,017
Fines and forfeitures	522,650	522,650	654,997	132,347
Donations and grants	6,541,657	6,551,657	7,217,121	665,464
Investment income	1,800,000	1,800,000	1,793,270	(6,730)
Miscellaneous	386,136	387,636	1,189,236	801,600
Total revenues	91,634,961	91,811,461	93,993,581	2,182,120
EXPENDITURES				
Culture / recreation	16,697,257	16,731,484	16,437,516	293,968
Development	6,723,480	8,765,636	7,210,290	1,555,346
Fire services	33,449,387	33,956,377	33,801,909	154,468
General government	17,516,439	17,356,450	18,106,608	(750,158)
Highways and streets	7,702,932	8,147,263	7,471,848	675,415
Police services	29,863,778	30,087,068	29,051,693	1,035,375
Total expenditures	111,953,273	115,044,278	112,079,864	2,964,414
Excess (Deficiencies) of revenues over expenditures	(20,318,312)	(23,232,817)	(18,086,283)	5,146,534
OTHER FINANCING SOURCES (USES)				
Transfers in	19,345,950	20,561,167	20,669,394	(108,227)
Transfers out	(2,490,000)	(3,685,501)	(3,685,501)	-
Total other financing sources (uses)	16,855,950	16,875,666	16,983,893	(108,227)
Net change in fund balance	(3,462,362)	(6,357,151)	(1,102,390)	5,254,761
Fund balances, beginning of year	32,219,275	38,427,314	38,176,422	(250,892)
FUND BALANCES, end of year	\$ 28,756,913	\$ 32,070,163	\$ 37,074,032	\$ 5,003,869

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

					Governmental Activities
	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 21,412,090	\$ 100,628,631	3,680,128	\$ 125,720,849	\$ 22,416,140
Cash and cash equivalents - restricted	20,750,725	151,904,177	2,585,451	175,240,353	-
Investments	27,811,106	130,701,559	4,779,936	163,292,601	29,115,217
Investments - restricted	5,088,649	111,331,439	-	116,420,088	-
Prepaid expenses	11,517,812	4,135,081	-	15,652,893	201,010
Accounts receivable, net					
Services	17,454,874	20,865,887	3,394,951	41,715,712	1,057,015
Grants	393,467	-	100,000	493,467	-
Interest receivable	-	-	7,231	7,231	-
Other	888,244	2,613,698	828,723	4,330,665	-
Other assets	1,689,460	-	-	1,689,460	-
Due from other funds	279,576	-	20,005	299,581	14,037
Inventories	603,248	9,743	61,615	674,606	3,409,982
Total current assets	107,889,251	522,190,215	15,458,040	645,537,506	56,213,401
Noncurrent assets					
Long-term receivables	-	120,752	6,165,066	6,285,818	-
Regulatory asset, net	37,200,000	-	-	37,200,000	-
Capital assets					
Land	635,073	1,559,074	1,135,536	3,329,683	695,992
Land rights	153,607	66,006	1,503,538	1,723,151	-
Buildings	24,637	9,483,138	3,856,218	13,363,993	510,121
Furniture, machinery, and equipment	1,866,271	2,463,174	639,772	4,969,217	19,235,488
Vehicles	6,505,412	9,195,448	3,176,261	18,877,121	42,441,001
Streets	-	-	1,339,317	1,339,317	-
Distribution system	276,242,498	690,248,844	149,386,951	1,115,878,293	3,281,970
Improvements	173,421	802,666	22,383,834	23,359,921	1,194,203
Construction in progress	17,890,630	497,096,462	791,329	515,778,421	1,075
Right-to-use asset - leases	-	2,813,173	-	2,813,173	2,072,696
Right-to-use asset - subscriptions	76,500	-	-	76,500	7,000,816
Less accumulated depreciation and amortization	(102,697,682)	(190,566,422)	(43,198,935)	(336,463,039)	(45,687,182)
Total capital assets (net of accumulated depreciation and amortization)	200,870,367	1,023,161,563	141,013,821	1,365,045,751	30,746,180
Total noncurrent assets	238,070,367	1,023,282,315	147,178,887	1,408,531,569	30,746,180
TOTAL ASSETS	345,959,618	1,545,472,530	162,636,927	2,054,069,075	86,959,581
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow related to pension	2,098,027	2,288,756	381,460	4,768,243	-
Total deferred outflows of resources	2,098,027	2,288,756	381,460	4,768,243	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 348,057,645	\$ 1,547,761,286	\$ 163,018,387	\$ 2,058,837,318	\$ 86,959,581

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Net Position – Continued
Proprietary Funds
September 30, 2025

	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
CURRENT LIABILITIES					
Accounts payable	\$ 12,600,983	\$ 18,700,868	\$ 1,741,863	\$ 33,043,714	\$ 5,907,808
Accrued employee benefits	612,117	700,165	114,682	1,426,964	232,689
Due to other funds	-	85,268	-	85,268	768,290
Unearned revenue	133,222	366,482	143,318	643,022	-
Current portion of long-term debt	10,065,168	15,506,213	1,249,622	26,821,003	-
Arbitrage	-	475,358	-	475,358	-
Accrued interest	701,530	3,689,565	108,832	4,499,927	88,777
Current portion of lease liability	-	938,829	-	938,829	387,964
Current portion of subscription liability	25,500	-	-	25,500	1,496,839
Total	24,138,520	40,462,748	3,358,317	67,959,585	8,882,367
Construction contracts and retainages payable	2,712	17,929,872	17,780	17,950,364	-
Customer deposits	4,803,143	251,881	13,435	5,068,459	427,119
Total current liabilities payable from restricted assets	4,805,855	18,181,753	31,215	23,018,823	427,119
Total current liabilities	28,944,375	58,644,501	3,389,532	90,978,408	9,309,486
NONCURRENT LIABILITIES					
Accrued employee benefits	1,057,164	1,139,160	196,114	2,392,438	415,677
Long-term debt	116,169,911	535,597,329	20,313,114	672,080,354	-
Arbitrage	-	5,142,145	-	5,142,145	-
Net pension liability	3,420,446	3,731,396	621,900	7,773,742	-
Lease liability	-	702,972	-	702,972	-
Subscription liability	31,875	-	-	31,875	1,021,613
Total noncurrent liabilities	120,679,396	546,313,002	21,131,128	688,123,526	1,437,290
TOTAL LIABILITIES	149,623,771	604,957,503	24,520,660	779,101,934	10,746,776
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	321,024	350,208	58,368	729,600	-
Deferred inflow related to leases	-	-	6,580,152	6,580,152	-
TOTAL DEFERRED INFLOWS OF RESOURCES	321,024	350,208	6,638,520	7,309,752	-
NET POSITION					
Net investment in capital assets	100,414,575	715,721,964	122,018,756	938,155,295	27,839,764
Restricted for capital projects	-	103,464,695	-	103,464,695	-
Unrestricted	97,698,275	123,266,916	9,840,451	230,805,642	48,373,041
Total net position	198,112,850	942,453,575	131,859,207	1,272,425,632	76,212,805
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 348,057,645	\$ 1,547,761,286	\$ 163,018,387	\$ 2,058,837,318	\$ 86,959,581

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2025

	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES					
Service charges					
Electric	\$ 105,834,126	\$ -	\$ -	\$ 105,834,126	\$ -
Water	-	88,804,861	-	88,804,861	-
Wastewater	-	34,975,307	-	34,975,307	-
Other	5,527,095	9,381,957	29,482,717	44,391,769	73,475,529
Total operating revenues	111,361,221	133,162,125	29,482,717	274,006,063	73,475,529
OPERATING EXPENSES					
Electric	24,222,990	-	-	24,222,990	-
Water	-	39,946,273	-	39,946,273	-
Wastewater	-	2,935,790	-	2,935,790	-
Depreciation and amortization	8,205,517	17,744,833	4,544,680	30,495,030	9,444,410
Utility contracts	75,007,759	13,666,865	-	88,674,624	-
Plant management	-	11,410,519	-	11,410,519	-
Other	-	3,900,553	26,609,910	30,510,463	61,121,129
Total operating expenses	107,436,266	89,604,833	31,154,590	228,195,689	70,565,539
Net operating income (loss)	3,924,955	43,557,292	(1,671,873)	45,810,374	2,909,990
NONOPERATING REVENUES (EXPENSES)					
Investment income	3,792,336	22,603,739	1,104,542	27,500,617	2,759,438
Donations and grants	393,467	-	137,042	530,509	-
Interest and fiscal charges	(4,040,222)	(24,270,329)	(498,494)	(28,809,045)	(95,204)
Gain(loss) on disposed assets	13,548	10,936	5,920	30,404	(13,905)
Franchise taxes	-	-	299,440	299,440	-
Other	3,191,994	48,426,560	498,334	52,116,888	2,293,329
Total nonoperating revenues (expenses)	3,351,123	46,770,906	1,546,784	51,668,813	4,943,658
Income (loss) before contributions and transfers	7,276,078	90,328,198	(125,089)	97,479,187	7,853,648
CONTRIBUTIONS AND TRANSFERS					
Capital contributions	25,998,679	56,557,158	18,638,990	101,194,827	112,437
Transfers in	7,122,164	9,703,753	3,564,949	20,390,866	6,723,952
Transfers out	(6,920,917)	(11,207,137)	(6,540,398)	(24,668,452)	(22,024,265)
Total contributions and transfers	26,199,926	55,053,774	15,663,541	96,917,241	(15,187,876)
Change in net position	33,476,004	145,381,972	15,538,452	194,396,428	(7,334,228)
Net position, beginning of period	164,636,846	797,071,603	116,320,755	1,078,029,204	83,547,033
TOTAL NET POSITION, end of period	\$ 198,112,850	\$ 942,453,575	\$ 131,859,207	\$1,272,425,632	\$ 76,212,805

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Electric Fund	Water Services Fund	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 118,721,833	\$ 175,237,073	\$ 26,178,839	\$ 320,137,745	\$ 76,658,819
Payments to suppliers	(91,916,154)	(69,015,192)	(24,798,348)	(185,729,694)	(43,232,626)
Payments to employees for services	(5,746,589)	(10,940,500)	2,327,204	(14,359,885)	(16,157,750)
Net cash provided by (used in) operating activities	21,059,090	95,281,381	3,707,695	120,048,166	17,268,443
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(6,920,917)	(11,207,137)	(6,540,398)	(24,668,452)	(22,024,265)
Transfers in	7,122,164	4,298,640	2,186,577	13,607,381	6,723,952
Net cash provided by (used in) noncapital financing activities	201,247	(6,908,497)	(4,353,821)	(11,061,071)	(15,300,313)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(5,723,282)	(184,964,889)	(1,555,758)	(192,243,929)	(158,906)
Sale of capital assets	-	-	-	-	(19,868)
Donations and grants	393,467	-	137,042	530,509	-
Proceeds from issuance of long-term debt	17,490,000	83,870,000	1,000,000	102,360,000	-
Principal paid on revenue and certificates of obligation bonds	(9,280,397)	(11,423,487)	(1,152,819)	(21,856,703)	-
Interest paid on revenue and certificates of obligation bonds	(3,914,603)	(17,360,978)	(1,133,789)	(22,409,370)	-
Principal paid on leases	-	(924,551)	-	(924,551)	(639,446)
Interest paid on leases	-	(34,368)	-	(34,368)	-
Principal paid on subscriptions	(67,557)	-	-	(67,557)	(2,290,340)
Interest paid on subscriptions	(6,375)	-	-	(6,375)	(93,003)
Net cash used in capital and related financing activities	(1,108,747)	(130,838,273)	(2,705,324)	(134,652,344)	(3,201,563)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	3,842,309	22,511,650	1,081,849	27,435,808	2,759,438
Change in temporary investments	(6,409,242)	80,770,290	1,814,069	76,175,117	1,388,047
Net cash provided by (used in) investing activities	(2,566,933)	103,281,940	2,895,918	103,610,925	4,147,485
Net change in cash and cash equivalents	17,584,657	60,816,551	(455,532)	77,945,676	2,914,052
CASH AND CASH EQUIVALENTS, beginning of year	24,578,158	191,716,257	6,721,111	223,015,526	19,502,088
CASH AND CASH EQUIVALENTS, end of year	\$ 42,162,815	\$ 252,532,808	\$ 6,265,579	\$ 300,961,202	\$ 22,416,140
CLASSIFIED AS					
Current assets	\$ 21,412,090	\$ 100,628,631	\$ 3,680,128	\$ 125,720,849	\$ 22,416,140
Restricted assets	20,750,725	151,904,177	2,585,451	175,240,353	-
TOTAL	\$ 42,162,815	\$ 252,532,808	\$ 6,265,579	\$ 300,961,202	\$ 22,416,140
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital asset purchases on account (accrued but not paid)	\$ 2,712	\$ 17,929,872	\$ 1,965	\$ 17,934,549	\$ -
Capital asset acquisitions under subscriptions (SBITAs)	76,500	2,574,803	-	2,651,303	474,880
Developer contributions	25,998,679	56,557,158	18,638,990	101,194,827	112,437
OPERATING INCOME (LOSS)	\$ 3,924,955	\$ 43,557,292	\$ (1,671,873)	\$ 45,810,374	\$ 2,909,990
Adjustments to reconcile operating income (loss) to cash provided by operating activities					
Depreciation and Amortization	8,205,517	17,744,833	4,544,680	30,495,030	9,444,410
Regulatory asset	2,400,000	-	-	2,400,000	-
Gain/loss on disposal of asset	13,548	10,936	5,920	30,404	(13,905)
Other income	3,191,994	48,426,560	797,774	52,416,328	2,293,329
Decrease (increase) in prepaid expenses	(2,031,187)	(322,337)	-	(2,353,524)	(1,010)
Decrease (increase) in inventories	-	(7,314)	1,374	(5,940)	(1,092,576)
Decrease (increase) in accounts receivable	4,089,739	(6,362,148)	(4,089,697)	(6,362,106)	476,747
Decrease (increase) in other assets	(47,423)	-	-	(47,423)	-
Increase (decrease) in due to/from other funds	(279,576)	85,268	(20,005)	(214,313)	718,643
Increase (decrease) in accounts payable	990,669	(8,316,123)	251,241	(7,074,213)	1,987,278
Increase (decrease) in customer deposits	255,504	(400)	7,430	262,534	427,119
Increase (decrease) in unearned revenue	(142,750)	-	(25,305)	(168,055)	-
Increase (decrease) in net pension liability	267,078	278,845	3,867,940	4,413,863	-
Increase (decrease) in accrued employee benefits	221,022	185,969	38,216	445,207	118,418
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 21,059,090	\$ 95,281,381	\$ 3,707,695	\$ 120,048,166	\$ 17,268,443

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas
Statement of Fiduciary Net Position
Custodial Fund
September 30, 2025

	Custodial Fund
	<hr/>
ASSETS	
Investments	\$ 659,623
	<hr/>
Total assets	659,623
LIABILITIES	
Accounts payable	362,767
	<hr/>
Total liabilities	362,767
NET POSITION	
Restricted for:	
PID development	296,856
	<hr/>
Total net position	296,856
	<hr/>
TOTAL LIABILITIES AND NET POSITION	\$ 659,623
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

City of Georgetown, Texas

Statement of Changes in Fiduciary Net Position

Custodial Fund

For the Fiscal Year Ended September 30, 2025

	Custodial Fund
ADDITIONS	
Property taxes	\$ 293,616
Total additions	293,616
DEDUCTIONS	
Administrative expenses	336,145
Total deductions	336,145
Net increase (decrease) in fiduciary net position	(42,529)
Net position, beginning of period	339,385
NET POSITION, END OF PERIOD	\$ 296,856

The Notes to the Financial Statements are an integral part of this statement.

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Notes Section

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City of Georgetown, Texas

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Georgetown, Texas, (the City), included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Annual Comprehensive Financial Report.

A. Reporting Entity

The City of Georgetown was incorporated under the laws of the State of Texas in 1848 and operates under a Council-Manager form of government. The City's financial statements include the accounts of all City operations. Generally accepted accounting principles require all funds that are controlled by or are dependent on the City Council to be included in the City's financial statements. The reporting entity is the primary government, or the City, and those component units for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the potential component unit's board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with the data of the primary government. Based upon these considerations, the City's financial statements include the Georgetown Transportation Enhancement Corporation (GTEC) as a blended component unit. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the primary government, and whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these considerations, the City's financial statements include the Georgetown Economic Development Corporation (GEDCO) as a discretely presented component unit.

Blended Component Units

GTEC, the City's 4B economic development corporation, is a legally separate entity from the City that was created in May 2001 by voters approving an additional sales tax. GTEC is governed by a seven-member board appointed by City Council, of which two are Council members. The City Council maintains budgetary control over the corporation. The City Manager serves as the General Manager of the corporation and the City's Finance Director acts as the Financial Manager. For financial reporting purposes, GTEC is presented as a blended component unit within City operations because its sole purpose is to utilize sales tax revenues for the improvement of the City's transportation system. The revenues and expenditures for GTEC are accounted for in a general capital projects fund. The City issues debt on behalf of GTEC in exchange for pledged sales tax revenue that is transferred to the City to reimburse for debt service related to the bonds. GTEC's debt is shown in the Governmental Activities in the Statement of Net Position. Separately issued financial statements are not available.

The Parks at Westhaven Public Improvement District (Westhaven PID) was created in March 2021 for the purpose of financing the development and constructions costs for improvements made within or related to the Parks at Westhaven Development Project. The Westhaven PID meets the financial accountability tests and is considered to be a blended component unit. Specifically, the government body is made up of City Council members and management of the primary government has operational responsibility for the Westhaven PID. Separately issued financial statements are not available.

City of Georgetown, Texas

Notes to the Financial Statements

Discretely Presented Component Unit

GEDCO has been included in the reporting entity as a discretely presented component unit. GEDCO cannot be considered a blended component unit because the revenues are not only for the benefit of the City. GEDCO was created by the City in May 2005, under the Texas Development Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. It is funded through voter authorized sales tax. The seven member Board, which includes two City Council members, is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance, therefore the City can impose its will on GEDCO. In the event of dissolution, net position of GEDCO shall be converted to the City. Accordingly, the City accounts for GEDCO as a discretely presented component unit on the government-wide financial statements. GEDCO is audited as part of the City of Georgetown. Separately issued financial statements are not available.

Related Organizations

The Mayor and City Council are responsible for appointing a voting majority of the members of some local boards and commissions, but the City's accountability for these organizations does not extend beyond making the appointments. This entity is the Georgetown Housing Authority.

B. Basis of Presentation

Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

Government-Wide Financial Statements

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given program or function is offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

The government-wide focus is on the sustainability of the City as an entity and the change in net financial position resulting from the 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. Each presentation provides a different focus, which allows the reader to compare and analyze the information to enhance the usefulness of the statements.

City of Georgetown, Texas

Notes to the Financial Statements

Governmental Fund Types

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses, and balance of current financial resources and include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The individual funds are described as follows:

Major Governmental Funds

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Georgetown Transportation Enhancement Corporation – This capital projects fund is used to account for the City's 4B Corporation activities, created to administer the voter approved half-cent sales tax for transportation improvements that aid in economic development efforts.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

General Capital Projects Fund – This capital projects fund is used to account for financial resources to be used for the acquisition or construction of parks, buildings, and other facilities. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

Nonmajor Governmental Funds

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

Proprietary Fund Types

The Proprietary Fund Types are used to account for the City's organization and activities which are similar to those often found in the private sector. These funds are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered mainly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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 the proprietary funds principal on-going operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Major Proprietary Funds

Electric Fund – This fund accounts for the City's electric utility, including operations, maintenance of the infrastructure and expansion of the system within the City's service territory.

Water Services Fund – This fund accounts for the City's water, sewer and water reuse systems, including operations, contracted maintenance, internal maintenance, expansion of the system within the City's service territory and the costs of environmental mandates that arise.

City of Georgetown, Texas

Notes to the Financial Statements

Non-Major Proprietary Funds

Enterprise Funds – The funds that are operated as enterprise funds within the City but are not considered major funds are the Stormwater Drainage, Airport, and Solid Waste Funds.

Internal Service Funds – The Internal Service Funds, which provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated in the governmental column when presented at the government-wide level. Various operations are accounted for as internal service funds, such as operational costs associated with automobile and heavy equipment owned by the City and made available to various departments, costs related to maintaining and repairing City owned facilities, operational costs associated with the City's computer equipment within various departments, as well as jointly shared administrative departments.

Fiduciary Fund Type – Custodial Fund

The City's fiduciary fund is presented in total in the fund financial statements. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, this fund is not incorporated in the government-wide statements. The City's fiduciary fund accounts for the operations of Cimarron Hills Public Improvement District in which taxes are received from the taxable value in Cimarron Hills and subsequently disbursed to the developer.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in the financial statements.

The government-wide statements and fund financial statements for proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from current available financial resources.

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental Fund Types are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

City of Georgetown, Texas

Notes to the Financial Statements

D. Budgets

At least 30 days prior to the end of each fiscal year, the City Manager submits a proposed budget presenting a complete financial plan for the ensuing fiscal year to the City Council (the Council). Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard. The budget must be legally adopted by the Council through passage of an ordinance no later than the 27th day of the last month of the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund Types. Budgets for all funds were legally adopted for the period. Budgetary control is exercised at the department level. All budgets are prepared on the budgetary basis, recognizing encumbrances outstanding at year-end as expenditures against that year's appropriation. These encumbrances are reconciled to generally accepted accounting principles where appropriate.

The Council may transfer any unencumbered appropriation balance or portion thereof from one department, office, department, or agency to another at any time. The City Manager has authority, without Council approval, to transfer appropriation balances from one expenditure account to another within a single department, office, department, or agency of the City; however, unbudgeted transfers between funds are prohibited.

The Council may authorize by a majority plus one vote, an emergency expenditure as an amendment to the original budget, but only in a case of grave public necessity, to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonable, diligent thought and attention. The governing body may make changes to the budget for other municipal purposes.

Budget amounts are as originally adopted, or as transferred pursuant to authorization of the City Manager or amended by the City Council. Individual amendments were not material in relation to the original appropriations, with the exception of amendments related to capital projects and grant expenditures, whose actual costs were unknown when the budget was adopted. Unencumbered appropriations lapse each year at September 30.

The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are reconciled to the actual results for this comparison.

E. Encumbrances

Encumbrance account is employed as an extension of formal budgetary control in all governmental and proprietary funds. Encumbrance account is a process whereby purchase orders, contracts, and other commitments for the expending of monies are recorded in order to reserve that portion of the applicable appropriation.

F. Cash and Investments

For cash flow purposes, cash and cash equivalents consist of demand deposits, certificates of deposits and deposits in authorized investment pools.

City of Georgetown, Texas

Notes to the Financial Statements

The operating cash balances from all funds are consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments, except for the investment pools, for the City are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Interest earnings are then allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service and bond proceeds reserved for future construction.

G. Restricted Assets

Certain cash and investments are restricted by various legal and contractual obligations. Included in the restricted assets are capital recovery fees (impact fees) restricted by law for future capital improvements, customer deposits, and specific bond proceeds restricted for use.

H. Inventories and Prepaid Items

Inventories consist of electric materials, jet fuel, office and other supplies valued at the weighted average cost method and are recognized as expenditures or expenses when used. The prepaid items consist of required payments made to a vendor for a contract in the following fiscal year. These items are accounted for using the consumption method.

I. Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

J. Note Receivable

Long-term note receivable, which consists of the principal amount of the loan, is reported in the governmental fund statements with an offset to non-spendable fund balance as resources are not available for expenditure. Long-term note receivable reported in the governmental activities on the government-wide statement of net position is not offset by unavailable revenue as it is recorded on an accrual basis at its net realizable value.

K. Interfund Transactions

All legally authorized transfers have been appropriately presented as interfund transfers and are included in the fund financial statements of both Governmental and Proprietary Fund types. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

L. Intergovernmental Revenues

Intergovernmental revenues represent entitlements and shared revenues which are accounted for within the fund financed. Such revenues, received for purposes normally financed through the general government, are accounted for within the Special Revenue Funds.

M. Accrued Employee Benefits

All employees, with the exception of firefighters, may accumulate a maximum of two times their annual vacation, up to a cap of 240 hours, or 30 days paid upon separation. Firefighters who work shift roles may accrue up to a maximum cap of 360 hours and firefighter administration may accrue up to a maximum of 257 hours that can be paid out upon separation.

City of Georgetown, Texas

Notes to the Financial Statements

Full-time employees earn a maximum of 96 hours of sick leave each year. Upon termination, non-Civil Service employees will not receive payment of sick leave, unless they have a balance that originated prior to October 1, 2004. These employees were grandfathered under the old policy of receiving payment for one-half of their balance of sick leave up to 60 days at the rate of pay when the hours were banked. Upon termination, Civil Service employees are paid for the balance of their Civil Service sick leave earned after July 30, 2003 or October 31, 2005 (the effective date of the regulations in the City for fire civil service and police civil service employees, respectively), up to a maximum of 720 hours or 1,080 hours for those Firefighters on a 56 hour a week schedule on an annual basis. Civil Service employees hired prior to the effective date of the adoption of Civil Service regulations are also eligible under city policy to receive payment for one-half of their sick leave up to 60 days at the rate of pay when the hours were banked.

Accumulated vacation leave which is expected to be liquidated with expendable available financial resources, is reported as expenditure and a fund liability of the governmental fund that will pay it. Accumulated sick leave which is more likely than not to be used by employees and expected to be liquidated with expendable available financial resources, is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated vacation and sick leave within governmental funds that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability on the statement of net position. No expenditure is reported for these amounts in the fund financial statements unless the benefits have matured, i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement. Accumulated vacation and sick leave of proprietary fund types are recorded as an expense and liability of those funds as the benefits accrue to employees.

N. Capital Assets

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, have an original cost of \$5,000 or more and an expected useful life of over one year.

Depreciation for assets is computed using the straight-line method on the composite assets based upon the estimated useful lives as follows:

Distribution systems	25 to 50 years
Buildings and improvements	10 to 20 years
Furniture, fixtures, and equipment	3 to 10 years
Streets and drainage	20 to 30 years

The City records capital contributions to proprietary funds as revenue. Total capital contributions to the enterprise funds in fiscal year 2025 totaled \$101,194,827. Contributed capital is not recorded for governmental type funds but is recognized on the government-wide statements and totaled \$23,025,844 for the year ended September 30, 2025.

City of Georgetown, Texas

Notes to the Financial Statements

O. Leases

Lessee

The City is a lessee for a non-cancelable lease of equipment and a facility. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of the a lease, the City initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amounts of the lease liability, adjusted for least payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, (3) lease payments.

- The City uses the interest rate charges by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor

The City is a lessor for non-callable leases of facilities and land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease receivables are reported with other accounts receivable and deferred inflow related to leases are reported with deferred inflows on the statement of net position.

City of Georgetown, Texas

Notes to the Financial Statements

P. Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-of-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Q. Regulatory Asset

Recognizing a regulatory asset is consistent with GASB 62 Regulatory Asset Treatment due to the extraordinary expenses related to Winter Storm Uri in February 2021. This treatment allows for the capitalization of the \$48 million in purchase power costs in the Electric Fund associated with the storm rather than expensing these costs all in one year. This regulatory asset is set up with an amortization schedule to match the expected cost recovery of the capitalized costs, which has been approved by the City Council. The financial impacts of the amortization are included in the electric cost of service study. The council has the flexibility to expedite the amortization of the regulatory asset based on future financial conditions. Fiscal Year 2025 contained purchase power amortization costs of \$2.4 million on the Statement of Revenues, Expenses and Changes in Net Position with a net asset value as of September 30, 2025 of \$37.2 million on the statement of net position for the proprietary funds.

City of Georgetown, Texas

Notes to the Financial Statements

R. Long-term Obligations

The portion of long-term general obligation debt used to finance proprietary fund operations and payable from the revenues of the Enterprise Funds is recorded in such funds. General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual funds. Accordingly, such unmatured obligations of the City are accounted for on the statement of net position and payments of principal and interest relating to the general obligation bonds are recorded as expenditures when they are paid in the fund statements. Self-supporting general obligation debt, which will be repaid from non-general revenue sources, is recorded in the appropriate proprietary fund.

S. Pensions and Other Post-employment Benefits

For purposes of measuring the net pension liability and net OPEB liability, related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the applicable plans and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported. 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. Information regarding the City's Total Pension Liability and OPEB liability for life insurance benefits is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with applicable Governmental Accounting Standards Board (GASB) standards. Information regarding the City's OPEB liability for retiree healthcare benefits is obtained through reports prepared for the City by its consulting actuary, Gabriel Roeder Smith & Company, in compliance with applicable GASB standards.

T. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations used to determine the annual required contributions and related liabilities of the City's retirement plan and post-employment obligations are based on assumptions about the possibility of events far into the future. Accordingly, actual results could differ from those estimates.

U. Risk Financing Activity

The City of Georgetown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During fiscal year 2025, the City purchased general liability and property insurance from Texas Municipal League Intergovernmental Risk Pool (TML-IRP). The City pays an annual premium to TML-IRP for such coverage. TML-IRP purchases reinsurance and the City does not retain risks of loss exceeding deductibles. Settled claims have not exceeded insurance coverage in the past three years.

The workers compensation plan is administered and paid through the Texas Municipal League- Intergovernmental Risk Pool (TML-IRP). Under this plan, the City does not retain risks of loss exceeding the deductibles. TML-IRP also brokers the City's Aviation and Underground Storage Tank Pollution liability insurance, as well as the canine and surgical vet coverage. The City does not retain the risks of loss exceeding the deductibles.

City of Georgetown, Texas

Notes to the Financial Statements

V. Credit Risk

Financial investments which potentially subject the City to concentrations of credit risk consist principally of cash, investments and accounts receivable. At September 30, 2025, there was not a significant risk arising from cash, investments, or accounts receivable.

W. Nature and Purpose of Reservations and Designation of Fund Balance

The City's Fund Balance is the accumulated difference between assets and liabilities within governmental funds, and it allows the City to meet its contractual obligations, fund disaster, or emergency costs, provide cash flow for timing purposes and fund non-recurring expenses appropriated by City Council. The City Council has adopted a financial standard to maintain a General Fund minimum balance of 90 days of budgeted on-going expenditures and 75 days citywide. This policy establishes limitations on the purposes for which Fund Balances can be used in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54.

Five Components of Fund Balance

Non-spendable Fund Balance – includes inherently non-spendable assets that will never convert to cash, as well as assets that will not convert to cash soon enough to affect the current financial period. Assets included in this category are prepaid items, inventory, and non-financial assets held for resale.

Restricted Fund Balance – represents the portion of fund balance that is restricted to specific purposes that are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, such as hotel/motel tax and bond proceeds.

Committed Fund Balance – describes the portion of fund balance that can only be used for specific purposes with constraints imposed by the formal action of the City Council's adoption of an ordinance and remains binding unless the City Council removes the limitation.

Assigned Fund Balance – is that portion of fund balance that reflects the City's *intended* use for a specific purpose but is neither restricted nor committed. Assigned fund balances are determined by City management based on Council direction, in accordance with our financial policies adopted by resolution.

Unassigned Fund Balance – represents funds that have not been assigned to any other fund and cannot be properly classified in one of the other four categories within the general fund.

City of Georgetown, Texas
Notes to the Financial Statements

Below is the fund balance classification for the governmental funds:

	General	Georgetown Transportation Enhancement Corporation	Debt Service	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory/prepays	\$ 23,392	\$ -	\$ -	\$ -	\$ -	\$ 23,392
Restricted for						
Debt service	-	-	5,257,085	-	-	5,257,085
Bond funds	-	-	-	217,697,840	-	217,697,840
Hotel/motel tax	-	-	-	-	3,877,331	3,877,331
Street maintenance tax	-	-	-	-	9,074,075	9,074,075
Municipal court	-	-	-	-	276,062	276,062
Police	-	-	-	-	614,470	614,470
Public Education & Government	-	-	-	-	911,240	911,240
Sidewalk maintenance	-	-	-	-	160,099	160,099
Tax increment zone improvements	-	-	-	-	3,852,910	3,852,910
Public improvement districts	-	-	-	-	2,207,314	2,207,314
Transportation enhancement	-	4,815,000	-	-	-	4,815,000
Park improvements	-	-	-	-	22,444,367	22,444,367
Streetlight maintenance	-	-	-	-	79,996	79,996
Committed for						
Contingency	20,876,742	3,243,057	-	-	-	24,119,799
Other capital projects	-	93,763,117	-	-	-	93,763,117
Nonmajor funds	-	-	-	-	7,325,040	7,325,040
Unassigned	16,173,898	-	-	-	-	16,173,898
Total fund balance	\$ 37,074,032	\$ 101,821,174	\$ 5,257,085	\$217,697,840	\$ 50,822,904	\$ 412,673,035

When both restricted and unrestricted fund balance amounts are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for which amounts in any of those unrestricted fund balance classifications are available. Amounts assigned to encumbrances relate to purchase commitments for future periods that do not yet meet expenditure recognition criteria.

X. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 City has the following items that qualify for reporting in this category:

- Deferred charges on refundings
- Pension and OPEB items:
 - Differences between expected and actual economic experience
 - Changes in actuarial assumptions
 - Difference between projected and actual investment earnings
 - Contributions to pension plan subsequent to the measurement date

City of Georgetown, Texas

Notes to the Financial Statements

In addition to liabilities, the statement of financial 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. Property taxes levied, but not expected to be available to fund obligations in the current period, are recorded as deferred inflows of resources on the balance sheet. Additionally, deferred inflows of resources are recognized related to lease receivable, pension and OPEB changes during the year.

Y. Net Position

Net position represents the difference between assets, liabilities and respective deferred outflow or inflows of resources. A portion of net position represents net investments in capital assets which is the total balance of the City's investment in capital assets less accumulated depreciation and the outstanding balances of any borrowing spent for that acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through (1) the enabling legislation adopted by the City, (2) through external restrictions imposed by grantors, or (3) laws or regulations of other governments.

Note 2. Cash and Investments

For cash flow purposes, cash and temporary investments consist of demand deposits, certificates of deposits, and authorized investment pools. The operating cash balance from all funds is consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments are recorded at cost. Interest earnings are allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service, utility debt reserves, and bond proceeds reserved for future construction.

The investment policies of the City are governed by State statutes and a City Council adopted Investment Policy. Major provisions of the City's investment policy include: responsibility for investments, authorized investments, security dealer selection and qualifying procedures, safekeeping and custodial procedures, statement of investment objectives, and investment reporting requirements.

A. Deposits

Texas Statutes require that all bank deposits be insured or fully collateralized by the U.S. government obligations or obligations of the State of Texas and its agencies. Fair value of the collateral pledged must equal at least 102% of the bank deposits not covered by federal deposit insurance.

At year-end, the carrying amount of the City's bank deposits was \$713,550 and the bank balances were \$748,551, all of which were entirely covered by Federal depository insurance or by collateral held by the City's agent bank in the City's name.

In order to maximize interest earnings, the City utilizes a controlled disbursement account, which allows the City to deposit only as much money as needed to fund checks presented each day.

B. Investments

The City is authorized to invest in certificates of deposit, direct obligations of the U.S. government, U.S. government agency securities, fully collateralized direct repurchase agreements, no-load money market funds whose portfolios meet the City's investment requirements, and in qualified local government investment pools as approved by the City Council. Non-participating interest earning contracts, including certificates of deposit, and money market accounts are reported at cost. Investments in external investment pools are reported at amortized cost.

City of Georgetown, Texas
Notes to the Financial Statements

Interest rate risk is the potential for a decline in market value due to rising interest rates. In compliance with the City's Investment Policy, as of September 30, 2025, the City minimized the interest rate risk in the portfolio by limiting the weighted average maturity of security types to no longer than two years; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations and capital improvement projects; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in shorter-term securities and similar government investment pools.

The City evaluated all of its cash and investment positions, and determined that it had none subject to recurring fair value recognition or disclosures. The City's investment balances and weighted average maturity of such investments as of September 30, 2025 are:

	Primary Government	
	September 30, 2025	Weighted Average Maturity (Days)
Investment pools (at amortized cost)		
Texas local government investment pool (TexPool)	\$ 55,169,094	25
Texas local government investment pool (Texas Range)	-	
Texas short-term asset reserve program (TexSTAR)	339,279,486	26
Investments (at cost)		
Money market accounts	79,691,144	1
Certificates of deposit	460,299,052	221
Securities	121,911,793	137
Total investments	1,056,350,569	
Portfolio weighted average maturity		126
Carrying amount - cash	3,574,711	
Total cash and investments	\$ 1,059,925,280	

C. Credit Risk

Credit risk is the possibility that the issuer of a security will fail to make timely payments of interest or principal. In general, the lower the credit quality of a security, the higher the yield, with all other factors being equal. 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 types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities were minimized.

For short-term liquidity requirements, the City primarily utilizes the Texas Short-Term Asset Reserve Program (TexSTAR). JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexSTAR board of directors to provide investment and participant services for this pool. JPMorgan Chase Bank or its subsidiary J.P. Morgan Investor Services Co. provides the custodial, transfer agency, fund accounting, and depository services for this pool.

City of Georgetown, Texas

Notes to the Financial Statements

The City also maintains an account with the Texas Local Government Investment Pool (TexPool). Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State of Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

At year end, balances in TexSTAR and TexPool were rated AAAM by Standard & Poor's. All pools operate on a \$1 net asset value basis. In order to maintain a stable \$1 price of the fund, the pools will sell portfolio holdings if the ratio of the fair value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005. The pools are stated at their measured amortized cost, which is assumed to approximate fair value.

Note 3. Taxes

A. Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1 of each year. Taxes are levied on and payable the following October 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. Under an agreement which began August 1, 2000, Williamson County Tax Office collects the City's taxes. In the fund financial statements, City property tax revenues are recognized when levied to the extent that they are collected in the current year. Taxes collected prior to the levy date to which they apply are recorded as unearned revenues and recognized as revenue of the period to which they apply.

All collections from prior year levies are considered delinquent tax revenue for reporting purposes in the year collected. The allowance for uncollectible taxes at September 30, 2025 was \$17,207.

The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2025, was \$0.365 per \$100 of assessed valuation.

The Williamson Central Appraisal District (Appraisal District) is responsible for the recording and appraisal of property for all taxing units in Williamson County. The Appraisal District is required to assess property at 100% of its appraised value. Real property must be reappraised at least every four years. The City may, at its own expense, require annual reviews by the Appraisal District through various appeals and, if necessary, legal action. Under this system, if the rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 3.5%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to an increase of no more than 3.5%.

In September 2004, voters approved an initiative to freeze property taxes for homeowners over the age of 65 or disabled. This measure mirrors the State of Texas Constitutional Amendment Proposition 13, which passed overwhelmingly statewide in 2003. Prop 13 gives local governments the option of "freezing" taxes for the elderly and disabled.

City of Georgetown, Texas
Notes to the Financial Statements

B. Sales Taxes

The City has adopted the provisions of Article 1066C, Vernon's Texas Civil Statutes, as amended, which grant the City the power to impose and levy a 1% Local Sales and Use Tax within the City. Proceeds of the tax are credited to the General Fund except for sales taxes generated at the airport which are credited to the Airport (Enterprise) Fund. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits to the City monthly the proceeds of the tax, after deduction of a 2% service fee.

On October 1, 2001, the City began collecting an additional half-cent sales tax for its component unit, GTEC, to fund transportation improvements that promote economic development. These funds are reported in the GTEC General Capital Projects Fund, a blended component unit of the City.

On April 1, 2003, the City began collecting an additional quarter-cent sales tax in accordance with Texas House Bill 445 to fund maintenance on streets that were in existence at the time the sales tax was adopted by the voters. In November 2014, 2018, and 2022, the citizens readopted this quarter-cent sales tax option. The sunset provision will expire in March 2027. These funds are reported in the Streets Special Revenue Fund.

On October 1, 2005, the City began collecting an additional eighth-cent sales tax in accordance with the Texas Development Corporation Act of 1979, Article 5190.6, Section 4A Texas Revised Civil Statutes for the promotion and development of new and expanded business enterprises. This sales tax is administered through GEDCO.

On October 1, 2005, the City began collecting an additional eighth-cent sales tax to be used toward the reduction of ad valorem property taxes. Proceeds are credited to the City's General Fund.

Note 4. Transfers

Transfers Out	Transfers In								Total Transfers Out
	Governmental Funds					Enterprise Funds			
	Major Funds		Major Funds			Major Funds		Nonmajor Enterprise Funds	
General Fund	Debt Service	General Capital Projects	Nonmajor Special Revenue	Internal Services	Electric	Water			
Governmental funds									
Major funds									
General fund	\$ -	\$ -	\$ 2,517,555	\$ 1,090,000	\$ 77,946	\$ -	\$ -	\$ -	\$ 3,685,501
GTEC	-	3,309,149	-	-	-	-	-	-	3,309,149
General capital projects	-	-	-	-	4,281,710	-	-	-	4,281,710
Nonmajor funds	1,820,261	723,752	1,566,371	-	135,572	88,506	-	-	4,334,462
Internal service funds	1,482,055	-	-	-	239,850	7,033,658	9,703,753	3,564,949	22,024,265
Enterprise funds									
Major funds									
Electric	6,890,917	-	-	-	30,000	-	-	-	6,920,917
Water services	9,307,013	-	-	-	1,900,124	-	-	-	11,207,137
Nonmajor funds	1,169,148	-	5,312,500	-	58,750	-	-	-	6,540,398
	<u>\$20,669,394</u>	<u>\$ 4,032,901</u>	<u>\$ 9,396,426</u>	<u>\$1,090,000</u>	<u>\$ 6,723,952</u>	<u>\$ 7,122,164</u>	<u>\$ 9,703,753</u>	<u>\$ 3,564,949</u>	<u>62,303,539</u>
									Transfers eliminated in government-wide statements
									(58,025,953)
									Net transfers - statement of activities
									<u>\$ 4,277,586</u>

The net transfers between the governmental types and business types total \$1,240,846. Per the City's fiscal and budgetary policy, utility operations transfer seven percent of gross billings for utility services to the General fund as a payment in lieu of taxes. Other types of transfers include grant matching, fire hydrant testing, equipment purchases, and capital project funding.

City of Georgetown, Texas
Notes to the Financial Statements

Note 5. Capital Assets

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

	Balance September 30, 2024	Additions	Deletions and Transfers	Balance September 30, 2025
Governmental activities				
Capital assets not being depreciated or amortized				
Land	\$ 27,892,664	\$ 8,897,687	\$ -	\$ 36,790,351
Land rights	21,009,247	-	-	21,009,247
Construction in progress	85,271,471	86,481,758	(50,695,255)	121,057,974
Total capital assets not being depreciated or amortized	134,173,382	95,379,445	(50,695,255)	178,857,572
Capital assets being depreciated or amortized				
Buildings	108,900,564	136,335	-	109,036,899
Furniture, machinery, and equipment	46,010,359	7,260,122	(204,950)	53,065,531
Vehicles	46,426,743	15,872,505	(19,500,144)	42,799,104
Streets	382,107,358	40,668,945	-	422,776,303
Distribution system	15,252,116	252,738	-	15,504,854
Bridges	21,223,299	63,400	-	21,286,699
Right-to-use asset - buildings	3,280,071	-	-	3,280,071
Right-to-use asset - equipment	372,278	-	-	372,278
Right-to-use asset - operational software	8,992,061	605,462	(2,482,080)	7,115,443
Improvements	99,387,519	10,225,761	-	109,613,280
Total capital assets being depreciated or amortized	731,952,368	75,085,268	(22,187,174)	784,850,462
Less accumulated depreciation and amortization for				
Buildings	(30,816,862)	(2,307,490)	-	(33,124,352)
Furniture, machinery, and equipment	(34,709,001)	(4,181,239)	192,950	(38,697,290)
Vehicles	(26,849,451)	(4,614,848)	8,858,801	(22,605,498)
Streets	(74,823,064)	(27,784,864)	-	(102,607,928)
Distribution system	(1,597,694)	(388,739)	-	(1,986,433)
Bridges	(5,709,773)	(485,955)	-	(6,195,728)
Right-to-use asset - buildings	(1,583,731)	(940,100)	-	(2,523,831)
Right-to-use asset - equipment	(199,493)	-	-	(199,493)
Right-to-use asset - operational software	(3,448,535)	(2,815,250)	2,230,321	(4,033,464)
Improvements	(45,572,625)	(7,664,691)	-	(53,237,316)
Total accumulated depreciation and amortization	(225,310,229)	(51,183,176)	11,282,072	(265,211,333)
Total capital assets being depreciated or amortized, net	506,642,139	23,902,092	(10,905,102)	519,639,129
Governmental activities capital assets, net	\$ 640,815,521	\$ 119,281,537	\$(61,600,357)	\$ 698,496,701
Electric activities				
Capital assets not being depreciated or amortized				
Land	\$ 635,073	\$ -	\$ -	\$ 635,073
Land rights	153,607	-	-	153,607
Construction in progress	8,828,333	21,789,841	(12,727,544)	17,890,630
Total capital assets not being depreciated or amortized	9,617,013	21,789,841	(12,727,544)	18,679,310
Capital assets being depreciated or amortized				
Buildings	24,637	-	-	24,637
Furniture, machinery, and equipment	1,643,981	45,435	176,855	1,866,271
Vehicles	13,346	730,460	5,761,606	6,505,412
Distribution system	257,796,579	18,445,919	-	276,242,498
Right-to-use asset - operational software	104,230	76,500	(104,230)	76,500
Improvements	173,421	-	-	173,421
Total capital assets being depreciated or amortized	259,756,194	19,298,314	5,834,231	284,888,739
Less accumulated depreciation and amortization for				
Buildings	(24,637)	-	-	(24,637)
Furniture, machinery, and equipment	(1,622,526)	(18,110)	(176,855)	(1,817,491)
Vehicles	(13,346)	(155,764)	(2,259,111)	(2,428,221)
Distribution system	(90,222,269)	(8,012,518)	-	(98,234,787)
Right-to-use asset - operational software	(39,585)	(19,125)	39,585	(19,125)
Improvements	(173,421)	-	-	(173,421)
Total accumulated depreciation and amortization	(92,095,784)	(8,205,517)	(2,396,381)	(102,697,682)
Total capital assets being depreciated or amortized, net	167,660,410	11,092,797	3,437,850	182,191,057
Electric activities capital assets, net	\$ 177,277,423	\$ 32,882,638	\$ (9,289,694)	\$ 200,870,367

City of Georgetown, Texas
Notes to the Financial Statements

	Balance September 30, 2024	Additions	Deletions and Transfers	Balance September 30, 2025
Water services activities				
Capital assets not being depreciated or amortized				
Land	\$ 1,559,074	\$ -	\$ -	\$ 1,559,074
Land rights	66,006	-	-	66,006
Construction in progress	310,387,146	189,159,611	(2,450,295)	497,096,462
Total capital assets not being depreciated or amortized	312,012,226	189,159,611	(2,450,295)	498,721,542
Capital assets being depreciated or amortized				
Buildings	8,992,038	491,100	-	9,483,138
Furniture, machinery, and equipment	2,112,248	381,206	(30,280)	2,463,174
Vehicles	77,592	579,733	8,538,123	9,195,448
Distribution system	631,270,819	58,978,025	-	690,248,844
Right-to-Use Asset - equipment	-	651,600	-	651,600
Right-to-Use Asset - building	-	1,923,203	238,370	2,161,573
Improvements	802,666	-	-	802,666
Total capital assets being depreciated or amortized	643,255,363	63,004,867	8,746,213	715,006,443
Less accumulated depreciation and amortization for				
Buildings	(3,780,521)	(703,277)	-	(4,483,798)
Furniture, machinery, and equipment	(1,724,495)	(124,540)	30,280	(1,818,755)
Vehicles	(37,499)	(244,274)	(3,133,010)	(3,414,783)
Distribution system	(163,610,448)	(15,674,532)	-	(179,284,980)
Right-to-Use Asset - equipment	-	(341,487)	-	(341,487)
Right-to-Use Asset - building	-	(596,237)	(238,370)	(834,607)
Improvements	(327,526)	(60,486)	-	(388,012)
Total accumulated depreciation and amortization	(169,480,489)	(17,744,833)	(3,341,100)	(190,566,422)
Total capital assets being depreciated or amortized, net	473,774,874	45,260,034	5,405,113	524,440,021
Water services activities capital assets, net	\$ 785,787,100	\$ 234,419,645	\$ 2,954,818	\$ 1,023,161,563
Other nonmajor business-type activities				
Capital assets not being depreciated or amortized				
Land	\$ 1,135,536	\$ -	\$ -	\$ 1,135,536
Land rights	1,503,538	-	-	1,503,538
Construction in progress	16,459,046	832,411	(16,500,128)	791,329
Total capital assets not being depreciated or amortized	19,098,120	832,411	(16,500,128)	3,430,403
Capital assets being depreciated or amortized				
Buildings	3,856,218	-	-	3,856,218
Furniture, machinery, and equipment	579,795	53,477	6,500	639,772
Vehicles	8,350	-	3,167,911	3,176,261
Streets	820,671	518,646	-	1,339,317
Distribution system	130,747,961	18,638,990	-	149,386,951
Improvements	6,360,228	16,023,606	-	22,383,834
Total capital assets being depreciated or amortized	142,373,223	35,234,719	3,174,411	180,782,353
Less accumulated depreciation and amortization for				
Buildings	(2,537,054)	(49,160)	-	(2,586,214)
Furniture, machinery, and equipment	(284,025)	(34,808)	(6,500)	(325,333)
Vehicles	(8,350)	(71,434)	(1,552,678)	(1,632,462)
Streets	(53,592)	(43,865)	-	(97,457)
Distribution system	(28,421,272)	(4,196,837)	-	(32,618,109)
Improvements	(5,790,784)	(148,576)	-	(5,939,360)
Total accumulated depreciation and amortization	(37,095,077)	(4,544,680)	(1,559,178)	(43,198,935)
Total capital assets being depreciated or amortized, net	105,278,146	30,690,039	1,615,233	137,583,418
Other nonmajor business-type activities capital assets, net	\$ 124,376,266	\$ 31,522,450	\$ (14,884,895)	\$ 141,013,821

City of Georgetown, Texas
Notes to the Financial Statements

	Balance September 30, 2024	Additions	Deletions and Transfers	Balance September 30, 2025
Total business-type activities				
Capital assets not being depreciated or amortized				
Land	\$ 3,329,683	\$ -	\$ -	\$ 3,329,683
Land rights	1,723,151	-	-	1,723,151
Construction in progress	335,674,525	211,781,863	(31,677,967)	515,778,421
Total capital assets not being depreciated or amortized	340,727,359	211,781,863	(31,677,967)	520,831,255
Capital assets being depreciated or amortized				
Buildings	12,872,893	491,100	-	13,363,993
Furniture, machinery, and equipment	4,336,024	480,118	153,075	4,969,217
Vehicles	99,288	1,310,193	17,467,640	18,877,121
Streets	820,671	518,646	-	1,339,317
Distribution system	1,019,815,359	96,062,934	-	1,115,878,293
Right-to-use asset - operational software	104,230	76,500	(104,230)	76,500
Right-to-Use Asset - equipment	-	651,600	-	651,600
Right-to-Use Asset - building	-	1,923,203	238,370	2,161,573
Improvements	7,336,315	16,023,606	-	23,359,921
Total capital assets being depreciated or amortized	1,045,384,780	117,537,900	17,754,855	1,180,677,535
Less accumulated depreciation and amortization for				
Buildings	(6,342,212)	(752,437)	-	(7,094,649)
Furniture, machinery, and equipment	(3,631,046)	(177,458)	(153,075)	(3,961,579)
Vehicles	(59,195)	(471,472)	(6,944,799)	(7,475,466)
Streets	(53,592)	(43,865)	-	(97,457)
Distribution system	(282,253,989)	(27,883,887)	-	(310,137,876)
Right-to-use asset - operational software	(39,585)	(19,125)	39,585	(19,125)
Right-to-Use Asset - equipment	-	(341,487)	-	(341,487)
Right-to-Use Asset - building	-	(596,237)	(238,370)	(834,607)
Improvements	(6,291,731)	(209,062)	-	(6,500,793)
Total accumulated depreciation and amortization	(298,671,350)	(30,495,030)	(7,296,659)	(336,463,039)
Total capital assets being depreciated or amortized, net	746,713,430	87,042,870	10,458,196	844,214,496
Total business-type activities capital assets, net	\$1,087,440,789	\$ 298,824,733	\$ (21,219,771)	\$ 1,365,045,751

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities	
Culture / recreation	\$ 7,512,978
Development	6,260,815
Fire	2,086,938
General government	6,260,815
Highways and streets	18,782,445
Police	834,775
Internal service funds	9,444,410
Total depreciation and amortization expense governmental activities	\$ 51,183,176
Business-type activities	
Electric	\$ 8,205,517
Water services	17,744,833
Nonmajor	4,544,680
Total depreciation and amortization expense business-type activities	\$ 30,495,030

City of Georgetown, Texas
Notes to the Financial Statements

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets			
Total capital assets (net of accumulated depreciation)	\$ 698,496,701	\$1,365,045,751	\$2,063,542,452
Less: capital-related liabilities	(8,144,375)	(17,950,364)	(26,094,739)
Less long-term debt and related charges	(479,642,069)	(700,600,533)	(1,180,242,602)
Add unspent bond proceeds	304,462,762	291,660,441	596,123,203
Net long-term debt	(175,179,307)	(408,940,092)	(584,119,399)
Net investment in capital assets	\$ 515,173,019	\$ 938,155,295	\$1,453,328,314

Note 6. Leases

A. Lease Receivable

During the fiscal year 2022, the City began leasing a portion of the public library to a third party. The lease is for 8 years and the City will receive monthly payments of \$1,624. The City recognized \$16,709 in lease revenue and \$4,177 in interest revenue during the current fiscal year related to this lease. As of September 30, 2025, the City's receivable for lease payments was \$80,135. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was \$75,843.

The City leases a facility to a third party at the solid waste collection station. The lease is for 10 years and the City will receive annual payments of \$20,000. The City recognized \$16,871 in lease revenue and \$5,386 in interest revenue during the current fiscal year related to this lease. As of September 30, 2025, the City's receivable for lease payments was \$104,843. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was \$101,224.

The Airport leases hangar space to various lessees. These leases are non-cancellable and terminate no later than October 2033. These leases are being presented in aggregate. The City recognized \$292,117 in lease revenue and \$32,140 in interest revenue during the current fiscal year related to these leases. As of September 30, 2025, the City's receivable for lease payments was \$2,459,474. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was \$2,420,612.

The Airport leases land to various lessees. These leases are non-cancellable and terminate no later than February 2050. These leases are being presented in aggregate. The City recognized \$259,293 in lease revenue and \$63,191 in interest revenue during the current fiscal year related to these leases. As of September 30, 2025, the City's receivable for lease payments was \$4,277,270. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was \$4,159,540.

Lease receivables are reported with other accounts receivables on the statement of net positions. And deferred inflow related to leases are reported with deferred inflows on the statement of net position.

City of Georgetown, Texas
Notes to the Financial Statements

Principal and interest requirements to maturity for the lease receivable at September 30, 2025, are as follows:

Fiscal Years Ending September 30,	General Governmental		
	Principal	Interest	Total
2026	\$ 32,390	\$ 7,097	\$ 39,487
2027	33,699	5,789	39,488
2028	35,059	4,429	39,488
2029	36,475	3,013	39,488
2030	28,122	1,622	29,744
2031 - 2035	19,233	769	20,002
	<u>\$ 184,978</u>	<u>\$ 22,719</u>	<u>\$ 207,697</u>

Fiscal Years Ending September 30,	Airport Fund		
	Principal	Interest	Total
2026	\$ 571,678	\$ 80,079	\$ 651,757
2027	558,778	66,649	625,427
2028	555,526	53,249	608,775
2029	488,649	40,754	529,403
2030	356,699	32,594	389,293
2031 - 2035	1,347,278	107,717	1,454,995
2036 - 2040	1,148,972	54,465	1,203,437
2041 - 2045	911,404	8,509	919,913
2046 - 2050	447,210	1,660	448,870
2051 - 2055	350,550	-	350,550
	<u>\$6,736,744</u>	<u>\$ 445,676</u>	<u>\$ 7,182,420</u>

Fiscal Years Ending September 30,	Total		
	Principal	Interest	Total
2025	\$ 604,068	\$ 87,176	\$ 691,244
2026	592,477	72,438	664,915
2027	590,585	57,678	648,263
2028	525,124	43,767	568,891
2029	384,821	34,216	419,037
2030 - 2034	1,366,511	108,486	1,474,997
2035 - 2039	1,148,972	54,465	1,203,437
2040 - 2044	911,404	8,509	919,913
2045 - 2049	447,210	1,660	448,870
2050	350,550	-	350,550
	<u>\$6,921,722</u>	<u>\$ 468,395</u>	<u>\$ 7,390,117</u>

City of Georgetown, Texas
Notes to the Financial Statements

B. Lease Liabilities

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-use equipment and buildings over the term of the lease. The City is required to make both monthly and annual payments at its incremental borrowing rate or interest rate stated or implied within the leases. The City recorded right-of-use assets for Governmental Activities of \$3,652,349, which are recorded in capital assets on the statement of net position. These assets had \$2,723,324 in accumulated amortization for the fiscal year of 2025. The City recorded right-of-use assets for Business Activities of \$2,813,713, which are recorded in capital assets on the statement of net position. These assets has \$1,176,094 in accumulated amortization for the fiscal year of 2025.

The lease payables are reported with other long-term liabilities on the statement of net position. In the fiscal year 2025, the City reduced these payables by \$961,866. At the ending balance of these payables at September 30, 2025 was \$921,004.

The lease payables for business activities are reported with other long-term liabilities on the statement of net position. In the fiscal year 2025, the City reduced these payables by \$924,552. At the ending balance of these payables at September 30, 2025 was \$1,641,801.

The lease rate, term and ending lease liability are as follows:

Governmental activities	Interest Rate	Lease term years	Balance at year end
Buildings	1.6% - 2.7%	3-10	\$ 892,897
Equipment	0.13 - 3.33%	4-6	28,107
Total governmental activities			\$ 921,004

Business-type activities	Interest Rate	Lease term years	Balance at year end
Equipment	0.13 - 3.33%	3-10	\$ 307,700
Infrastructure	0.13 - 3.33%	4-6	1,334,101
Business-type activities			\$ 1,641,801

Principal and interest requirements to maturity for the lease payables at September 30, 2025, are as follows

Fiscal Years Ending September 30, 2025	Governmental activities		
	Principal	Interest	Total
2026	\$ 569,105	\$ 11,239	\$ 580,344
2027	85,662	5,402	91,064
2028	87,204	3,860	91,064
2029	78,776	2,288	81,064
2030	80,045	1,019	81,064
2031	20,212	54	20,266
	\$ 921,004	\$ 23,862	\$ 944,866

Fiscal Years Ending September 30, 2025	Business-type Activities		
	Principal	Interest	Total
2026	\$ 938,829	\$ 20,091	\$ 958,920
2027	702,972	5,628	708,600
	\$ 1,641,801	\$ 25,719	\$ 1,667,520

City of Georgetown, Texas
Notes to the Financial Statements

Note 7. Subscription Based Information Technology Arrangements (SBITA)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term and ending subscription liability are as follows:

Governmental activities	Interest Rate	Lease term years	Balance at year end
Operational Software	2.36 - 3.31%	1-4	\$ 2,547,434
Total governmental activities			\$ 2,547,434
Business-type activities	Interest Rate	Lease term years	Balance at year end
Operational Software	3.24%	2	\$ 57,375
Total Business-type activities			\$ 57,375

The future principal and interest SBITA payments as of fiscal year end are as follows:

Fiscal Years Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 1,525,821	\$ 7,363	\$ 1,533,184
2027	1,021,613	2,325	1,023,938
	\$ 2,547,434	\$ 9,688	\$ 2,557,122
Fiscal Years Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2026	\$ 25,500	\$ -	\$ 25,500
2027	25,500	-	25,500
2028	6,375	-	6,375
	\$ 57,375	\$ -	\$ 57,375

The value of the subscription assets for governmental activities as of the end of the current fiscal year was \$7,115,443 and had accumulated amortization of \$4,033,464. The value of the subscription assets for business-type activities as of the end of the current fiscal year was \$76,500 and had accumulated amortization of \$19,125.

City of Georgetown, Texas
Notes to the Financial Statements

Note 8. Regulatory Asset

The City is amortizing its regulatory asset over the period which future rates are expected to recover the cost which is through 2042. Future amortization is expected to be:

Year Ending September 30,	
2026	\$ 2,400,000
2027	2,400,000
2028	2,400,000
2029	2,400,000
2030	2,400,000
Thereafter	<u>25,200,000</u>
	<u>\$ 37,200,000</u>

Note 9. Long-Term Liabilities

A. Overview

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

	Balance as of September 30, 2024	Additions	Retirements	Balance as of September 30, 2025	Due within One Year
Governmental activities					
General obligation bonds	\$ 364,878,674	\$ 100,355,000	\$(27,188,256)	\$ 438,045,418	\$28,940,237
Sales tax revenue bonds	2,320,000	-	(740,000)	1,580,000	775,000
Special assessment revenue bonds	7,423,000	-	(204,000)	7,219,000	212,000
Premiums	27,880,502	3,987,223	(2,050,590)	29,817,135	2,034,477
Arbitrage	3,612,844	3,532,138	(138,157)	7,006,825	10,158
Compensated absences	12,348,087	758,063	-	13,106,150	3,930,930
Net pension liability	25,593,384	26,473,646	(28,745,806)	23,321,224	-
Other post employment benefits	4,777,356	644,009	(316,616)	5,104,749	64,061
Subscription liability	4,391,207	474,880	(2,318,653)	2,547,434	1,525,821
Lease liability	1,882,870	-	(961,866)	921,004	569,105
Total governmental activities	<u>455,107,924</u>	<u>136,224,959</u>	<u>(62,663,944)</u>	<u>528,668,939</u>	<u>38,061,789</u>
Business-type activities					
Revenue bonds	499,085,000	101,360,000	(14,665,000)	585,780,000	17,760,000
General obligation bonds	77,435,854	1,000,000	(7,156,276)	71,279,578	7,329,763
Premiums	37,597,454	6,213,973	(1,969,648)	41,841,779	1,731,240
Arbitrage	4,532,623	2,191,948	(1,107,068)	5,617,503	475,358
Compensated absences	3,374,195	2,238,213	(1,793,006)	3,819,402	1,426,964
Subscription liability	48,432	76,500	(67,557)	57,375	25,500
Net pension liability	7,644,778	9,710,899	(9,581,935)	7,773,742	-
Lease liability	-	2,566,352	(924,551)	1,641,801	938,829
Total business-type activities	<u>629,718,336</u>	<u>125,357,885</u>	<u>(37,265,041)</u>	<u>717,811,180</u>	<u>29,687,654</u>
Total long-term debt	<u>\$ 1,084,826,260</u>	<u>\$ 261,582,844</u>	<u>\$(99,928,985)</u>	<u>\$ 1,246,480,119</u>	<u>\$67,749,443</u>

City of Georgetown, Texas
Notes to the Financial Statements

Liabilities for compensated absences, net pension liability, and other post-employment benefits that are included in governmental activities are expended primarily in the General Fund as benefits are used by the employees.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly, a liability could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the Internal Revenue Service's rules and regulations. The City recognized an arbitrage liability of \$12,624,330 as of September 30, 2025.

At September 30, 2025, there was \$122,025,000 of authorized but unissued general obligation bonds. There are no authorized but unissued revenue bonds. The City is in compliance with all bond ordinances.

Fiscal Years Ending September 30,	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 29,927,237	\$ 48,804,202	\$ 25,089,763	\$ 30,426,064	\$ 55,017,000	\$ 79,230,266
2027	27,291,974	43,633,987	26,528,025	28,755,100	53,819,999	72,389,087
2028	25,701,186	41,488,047	27,346,810	27,733,868	53,047,996	69,221,915
2029	26,286,021	40,988,159	28,364,980	26,665,135	54,651,001	67,653,294
2030	25,506,000	39,106,872	29,050,000	25,546,414	54,556,000	64,653,286
2031-2035	128,701,000	52,256,696	136,805,000	110,414,209	265,506,000	162,670,905
2036-2040	107,745,000	28,541,564	142,655,000	78,941,108	250,400,000	107,482,672
2040 - 2044	74,827,000	12,069,935	136,030,000	43,551,019	210,857,000	55,620,954
2045 - 2049	859,000	52,530	65,980,000	19,769,106	66,839,000	19,821,636
2050 - 2054	-	-	39,210,000	3,632,062	39,210,000	3,632,062
	<u>\$ 446,844,418</u>	<u>\$ 306,941,992</u>	<u>\$657,059,578</u>	<u>\$ 395,434,085</u>	<u>\$ 1,103,903,996</u>	<u>\$ 702,376,077</u>

During the year ended September 30, 2025, the City issued \$63,790,000 in Combination Tax & Revenue Certificates of Obligation, \$37,565,000 in General Obligation bonds and \$101,360,000 in Utility System Revenue bonds.

City of Georgetown, Texas
Notes to the Financial Statements

General Obligation Debt

A summary of tax-supported general obligation debt outstanding at September 30, 2025:

General Obligation - Tax Supporting	Maturity Date	Interest Rates	Original Issue Amount	Outstanding Amount
Series 2012 General Obligation Refunding Bonds	08/15/2029	3.000% - 4.000%	\$ 1,016,532	\$ 190,260
Series 2013 General Obligation Bonds	08/15/2032	3.000% - 3.375%	9,500,000	2,985,000
Series 2014 Combination Tax and Revenue Certificates of Obligation	08/15/2026	3.000% - 3.625%	1,825,450	96,048
Series 2014 General Obligation Bonds	08/15/2034	3.000% - 3.600%	4,800,000	2,685,000
Series 2014A General Obligation Refunding Bonds	08/15/2027	4.000%	9,709,525	1,459,395
Series 2015 Combination Tax and Revenue Certificates of Obligation - Rivery TIRZ	08/15/2035	3.000% - 4.150%	6,470,000	4,140,000
Series 2015 General Obligation Bonds	08/15/2035	3.000% - 4.000%	4,345,000	2,555,000
Series 2015A Combination Tax and Revenue Certificates of Obligation	08/15/2035	3.000% - 5.000%	3,170,000	970,000
Series 2015A General Obligation Bonds	08/15/2035	3.000% - 3.300%	11,785,000	6,820,000
Series 2015B General Obligation Refunding Bonds	08/15/2028	3.000% - 3.125%	4,042,416	311,444
Series 2016 Combination Tax and Revenue Certificates of Obligation	08/15/2036	2.000% - 5.000%	3,495,000	1,405,000
Series 2016 Combination Tax and Revenue Certificates of Obligation	08/15/2036	2.000% - 5.000%	2,980,000	1,860,000
Series 2016 General Obligation Bonds	08/15/2036	2.000% - 4.000%	12,585,000	7,885,000
Series 2016-1 Combination Tax and Revenue Certificates of Obligation - Rivery TIRZ	08/15/2036	2.000% - 5.000%	1,255,000	1,030,000
Series 2016A General Obligation Refunding Bonds	08/15/2027	2.500% - 3.000%	4,014,846	224,532
Series 2017 Combination Tax and Revenue Certificates of Obligation	08/15/2037	3.000% - 5.000%	8,655,000	4,745,000
Series 2017 General Obligation Bonds	08/15/2037	3.125% - 5.000%	8,555,000	6,090,000
Series 2017A General Obligation Refunding Bonds	08/15/2030	2.125% - 5.000%	12,375,000	6,190,000
Series 2018 Combination Tax and Revenue Certificates of Obligation	08/15/2038	3.000% - 4.000%	10,695,000	2,700,000
Series 2018 General Obligation Bonds	08/15/2038	3.000% - 5.000%	23,555,000	17,635,000
Series 2019 Combination Tax and Revenue Certificates of Obligation	08/15/2039	3.000% - 5.000%	13,785,000	9,655,000
Series 2019 General Obligation Bonds	08/15/2039	3.000% - 5.000%	4,920,000	3,910,000
Series 2020 Combination Tax and Revenue Certificates of Obligation	08/15/2035	2.240%	5,815,000	2,085,000
Series 2020 General Obligation Bonds	08/15/2035	2.290%	9,080,000	6,420,000
Series 2020A General Obligation Refunding Bonds	08/15/2031	1.200%	5,385,000	3,025,000
Series 2021 Combination Tax and Revenue Certificates of Obligation	08/15/2041	2.000% - 4.000%	9,485,000	6,880,000
Series 2021 General Obligation Bonds	08/15/2041	1.500% - 4.000%	7,520,000	6,325,000
Series 2021A General Obligation Bonds	08/15/2041	2.000% - 5.000%	25,295,000	19,545,000
Series 2021B General Obligation Refunding Bonds	08/15/2037	2.000% - 5.000%	16,437,500	13,340,000
Series 2022 Combination Tax and Revenue Certificates of Obligation	08/15/2042	3.125% - 5.000%	5,685,000	4,935,000
Series 2022 General Obligation Bonds	08/15/2042	3.600% - 5.000%	42,625,000	33,935,000
Series 2022 Limited Tax Notes	08/15/2029	3.010%	4,055,000	2,410,000
Series 2023 Combination Tax and Revenue Certificates of Obligation	08/15/2043	4.000% - 5.000%	20,680,000	18,020,000
Series 2023 General Obligation Bonds	08/15/2043	4.000% - 5.000%	30,530,000	25,095,000
Series 2024 Combination Tax and Revenue Certificates of Obligation	08/15/2044	4.000% - 5.000%	56,140,000	54,710,000
Series 2024 General Obligation Bonds	08/15/2044	4.000% - 5.000%	29,205,000	24,655,000
Series 2025 Certificates of Obligation (Appropriation)	08/15/2045	4.500% - 5.000%	20,055,000.00	20,055,000
Series 2025 General Obligation	08/15/2045	4.000% - 5.250%	34,680,000.00	34,680,000
Series 2025A General Obligation	08/15/2044	5.000%	2,885,000.00	2,885,000
Total tax supported debt				\$ 364,541,679

City of Georgetown, Texas
Notes to Financial Statements

A summary of self-supporting general obligation debt outstanding at September 30, 2025:

General obligation - self-supporting	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding Amount</u>
Series 2012 General Obligation Refunding Bonds	08/15/2029	3.000% - 4.000%	\$ 7,398,468	\$ 1,384,740
Series 2013 Combination Tax and Revenue Certificates of Obligation	08/15/2033	3.000% - 3.250%	4,065,000	1,945,000
Series 2014 Combination Tax and Revenue Certificates of Obligation	08/15/2034	3.000% - 3.625%	474,550	273,948
Series 2014A General Obligation Refunding Bonds	08/15/2027	4.000%	2,565,475	385,605
Series 2015A Combination Tax and Revenue Certificates of Obligation	08/15/2035	3.000% - 5.000%	3,820,000	2,250,000
Series 2015B General Obligation Refunding Bonds	08/15/2028	3.000% - 3.125%	2,317,584	178,556
Series 2016 Combination Tax and Revenue Certificates of Obligation	08/15/2036	2.000% - 5.000%	10,960,000	6,870,000
Series 2016A General Obligation Refunding Bonds	08/15/2027	2.500% - 3.000%	3,495,154	195,468
Series 2017 Combination Tax and Revenue Certificates of Obligation	08/15/2037	3.000% - 5.000%	5,750,000	4,000,000
Series 2017A General Obligation Refunding Bonds	08/15/2029	2.125% - 5.000%	565,000	260,000
Series 2018 Combination Tax and Revenue Certificates of Obligation	08/15/2038	3.000% - 4.000%	145,000	110,000
Series 2019 Combination Tax and Revenue Certificates of Obligation	08/15/2039	3.000% - 5.000%	6,530,000	5,155,000
Series 2020 Combination Tax and Revenue Certificates of Obligation	08/15/2035	2.240%	5,395,000	3,815,000
Series 2021 Combination Tax and Revenue Certificates of Obligation	08/15/2041	2.000% - 4.000%	12,915,000	11,035,000
Series 2021A Combination Tax and Revenue Certificates of Obligation	08/15/2041	2.000% - 5.000%	21,015,000	17,895,000
Series 2021A Combination Tax and Surplus Revenue Public Property Finance Contractual Obligation	02/15/2031	1.730%	48,025,000	29,990,000
Series 2021B General Obligation Refunding Bonds	08/15/2032	2.000% - 5.000%	537,500	345,000
Series 2022 Combination Tax and Revenue Certificates of Obligation	08/15/2042	3.125% - 5.000%	4,765,000	4,560,000
Series 2023 Combination Tax and Revenue Certificates of Obligation	08/15/2043	4.000% - 5.000%	5,135,000	4,805,000
Series 2024 Combination Tax and Revenue Certificates of Obligation	08/15/2044	4.000% - 5.000%	5,715,000	5,595,000
Series 2025 Certificates of Obligation (Appropriation)	08/15/2045	4.500% - 5.000%	43,735,000	43,735,000
Total self-supported debt				<u>144,783,317</u>
Grand total outstanding general obligation debt as of September 30, 2025				<u>\$ 509,324,996</u>
This amount is reported in the government-wide statements of activities as:				
Governmental activities				\$ 438,045,418
Business-type activities				<u>71,279,578</u>
				<u>\$ 509,324,996</u>

City of Georgetown, Texas
Notes to the Financial Statements

B. Sales Tax Revenue Debt – Georgetown Transportation Enhancement Corporation

A summary of sales tax revenue debt outstanding at September 30, 2025 follows:

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding Amount</u>
Sales tax revenue debt				
Series 2015 Senior Lien Sales Tax Revenue Refunding Bonds	08/15/2027	4.000% - 5.000%	7,755,000	\$ 1,580,000
Total outstanding sales tax revenue debt				<u>\$ 1,580,000</u>

C. Special Assessment Revenue Debt – Parks at Westhaven Public Improvement District

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding Amount</u>
Special assessment revenue debt				
Series 2022 Special Assessment Revenue Bonds	09/15/2047	3.625% - 4.250%	7,681,000	\$ 7,219,000
Total special assessment revenue debt				<u>\$ 7,219,000</u>

D. Discretely Presented Component Unit

Georgetown Economic Development Corporation (GEDCO) participated in the City's issuance of \$18,690,000 Combination Tax and Revenue Certificates of Obligation, Series 2016 and is obligated to pay the City its portion of the principal and interest for the certificates, through 2036. Additionally, GEDCO has received a loan from the Water Services Fund as part of a tri-party agreement for economic development.

Repayment of GEDCO's outstanding long-term liabilities is as follows at September 30, 2025:

Fiscal Years Ending September 30,	GEDCO	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 221,392	\$ 58,736
2027	199,360	52,728
2028	155,000	47,581
2029	160,000	43,900
2030	160,000	39,900
2031-2035	890,000	116,350
2036	195,000	5,850
	<u>\$ 1,980,752</u>	<u>\$ 365,045</u>

City of Georgetown, Texas
Notes to the Financial Statements

E. Revenue Debt

A summary of revenue bonds outstanding at September 30, 2025:

Utility revenue debt	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding Amount</u>
Series 2014 Utility System Revenue Refunding Bonds	08/15/2027	3.000% - 4.000%	\$ 11,855,000	\$ 1,185,000
Series 2014A Utility System Revenue Bonds	08/15/2031	3.000% - 3.200%	5,350,000	2,250,000
Series 2014B Utility System Revenue Bonds	08/15/2023	2.750% - 4.000%	13,000,000	4,070,000
Series 2015 Utility System Revenue Bonds	08/15/2035	3.000% - 3.750%	10,920,000	6,425,000
Series 2016 Utility System Revenue Bonds	08/15/2036	2.000% - 4.000%	9,620,000	6,045,000
Series 2016A Utility System Revenue Refunding Bonds	08/15/2028	4.000%	6,925,000	1,460,000
Series 2017 Utility System Revenue and Refunding Bonds	08/15/2037	3.000% - 5.000%	27,915,000	17,735,000
Series 2018 Utility System Revenue Bonds	08/15/2038	3.000% - 4.000%	6,510,000	4,780,000
Series 2020 Utility System Revenue Bonds	08/15/2035	1.950%	14,430,000	10,120,000
Series 2020A Utility System Revenue Refunding Bonds	08/15/2029	1.350%	6,225,000	2,930,000
Series 2022A Utility System Revenue Bonds	08/15/2052	4.250% - 5.250%	220,380,000	210,330,000
Series 2023 Utility System Revenue Bonds	08/15/2053	5.000% - 5.250%	105,195,000	100,145,000
Series 2024 Utility System Revenue Bonds	08/15/2054	4.000% - 5.000%	117,450,000	116,945,000
Series 2025 Utility System Revenue Bonds	08/15/2055	5.000% - 5.250%	101,360,000	101,360,000
		Total	<u>\$ 657,135,000</u>	<u>\$ 585,780,000</u>

All net revenues of the electric and water services system are pledged for the payment of debt service for the revenue bonds. Net revenues, as defined by the various bond ordinances, include income and revenues derived from the operation of the system, after deduction of the amount necessary to pay all operating, maintenance, replacement, and betterment charges of the system.

These bond ordinances require that the net revenues, as defined, equal at least 1.35 times the average annual debt service on all revenue bonds. The City complied with this requirement at September 30, 2025.

Note 10. Defined Benefit Pension Plan

A. Plan Description

The City participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency 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 municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

B. 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.

City of Georgetown, Texas
Notes to the Financial Statements

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating
Annuity Increase to retirees	30% of CPU Repeating

C. Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	322
Inactive employees entitled to but not yet receiving benefits	420
Active employees	927
	1,669

D. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, 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 consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Georgetown were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Georgetown were 13.2% and 12.47% calendar years 2025 and 2024 respectively. The City’s contributions to TMRS for the year ended September 30, 2025 were \$11,671,683 and were equal to the required contributions.

E. 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 Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

City of Georgetown, Texas

Notes to the Financial Statements

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 MP2021 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 (APRs) 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 real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global public equity	35.0%	7.10%
Core fixed income	6.0%	5.00%
Non-core fixed income	6.0%	6.80%
Hedge funds	5.0%	6.40%
Private equity	13.0%	8.50%
Private debt	13.0%	8.20%
Real estate	12.0%	6.70%
Hedge funds	6.0%	6.00%
Other public and private markets	4.0%	7.30%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee 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 employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Georgetown, Texas
Notes to the Financial Statements

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2023	\$ 246,394,103	\$ 213,155,941	\$ 33,238,162
Changes for the year			
Service cost	13,850,310	-	13,850,310
Interest	16,855,698	-	16,855,698
Difference between expected and actual experience	5,333,174	-	5,333,174
Contributions - employer	-	10,323,478	(10,323,478)
Contributions - employee	-	5,795,109	(5,795,109)
Net investment income	-	22,209,156	(22,209,156)
Benefit payments, including refund of employee contributions	(7,210,432)	(7,210,432)	-
Administrative expense	-	(142,043)	142,043
Other changes	-	(3,322)	3,322
Net changes	<u>28,828,750</u>	<u>30,971,946</u>	<u>(2,143,196)</u>
Balance at December 31, 2024	<u><u>\$ 275,222,853</u></u>	<u><u>\$ 244,127,887</u></u>	<u><u>\$ 31,094,966</u></u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 73,040,115	\$ 31,094,966	\$ (3,262,328)

F. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

City of Georgetown, Texas
Notes to the Financial Statements

G. 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 pension expense of \$12,848,535.

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
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 9,796,368	\$ 58,744
Changes in actuarial assumptions	164,184	-
Difference in projected and actual investment earnings	-	2,859,658
Contributions subsequent to the measurement date	<u>9,112,415</u>	<u>-</u>
Total	<u><u>\$ 19,072,967</u></u>	<u><u>\$ 2,918,402</u></u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$9,112,415 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e., recognized in the city's financial statements September 30, 2025). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Years Ended December 31,	
<u> </u>	
2025	\$ 2,473,107
2026	4,539,157
2027	(902,799)
2028	319,136
2029	<u>613,549</u>
	<u><u>\$ 7,042,150</u></u>

City of Georgetown, Texas
Notes to the Financial Statements

Note 11. Other Post-Employment Benefits (OPEB)

A. Post-Employment Healthcare Plan

Plan Description and Benefits Provided

In addition to the pension benefits described in the previous note, the City has established a medical insurance benefit plan for retirees, which is a single employer defined benefit medical plan (the Retiree Medical Plan). The Retiree Medical Plan does not issue a publicly available financial report. Eligible retirees will be provided medical insurance benefits at a set premium rate annually. Eligible retirees may also cover their eligible dependents. Retirees are responsible for paying the premiums. A retiree is defined as someone who retires from the City and receives benefit payments. The City will stop insurance coverage on the retiree and dependent on the last day of the month when one of the following occurs:

1. The retiree reaches age 65; or
2. The retiree fails to submit the required set premium rate.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following employees were covered by the benefit terms as of December 31, 2024.

Retirees or beneficiaries	6
Inactive employees, nonretired members	-
Active members	857
	863

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2024 actuarial valuation, measured as of December 31, 2024, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Individual entry-age normal
Discount rate	4.08%
Inflation	2.5% per year
Salary increases	3.6% to 11.85%, including inflation
Demographic assumptions	Based on the December 31, 2022 experience study conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the
Health care trend rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	25% for retirees with age at least 50 at retirement;0% for retirees with age less than 50 at retirement;20% of retirees were assumed to elect two-person coverage.

City of Georgetown, Texas
Notes to the Financial Statements

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at December 31, 2023	\$ 3,183,573
Changes for the year	
Service cost	357,160
Interest	126,170
Difference between expected and actual experience	(27,793)
Changes of assumptions	(106,377)
Benefit payments	(30,946)
Net changes	318,214
Balance at December 31, 2024	\$ 3,501,787

Changes of Assumptions

Changes of assumptions reflect a change in the discount rate from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, 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 rate.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	\$ 3,855,865	\$ 3,501,787	\$ 3,181,205

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease in Healthcare Cost Rate	Healthcare Cost Rate	1% Increase in Healthcare Cost Rate
Total OPEB liability	\$ 3,042,060	\$ 3,501,787	\$ 4,049,851

City of Georgetown, Texas
Notes to the Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense	Fiscal Year Ended September 30, 2025
Service cost	\$ 357,160
Interest	126,170
Recognition of Current Year Inflow	(13,435)
Amortization of Prior Year Inflow	(18,696)
Expense	\$ 451,199

As of September 30, 2025, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 455,556	\$ 473,766
Changes in actuarial assumptions	473,764	927,537
Contributions subsequent to the measurement date	51,504	-
Total	\$ 980,824	\$ 1,401,303

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year Ending September 30,	
2026	\$ (32,131)
2027	(32,131)
2028	(35,663)
2029	(39,269)
2030	(44,148)
Thereafter	(288,641)
	\$ (471,983)

B. Life Insurance Benefits

Plan Description and Benefits Provided

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 participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. It is considered to be a single-employer plan. The City elected, by ordinance, to provide group-term life insurance coverage 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.

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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). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. 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).

Inactive employees currently receiving benefits	242
Inactive employees entitled to but not yet receiving benefits	132
Active employees	927
	1,301
	1,301

Contributions

Valuation. The rate is equal to the cost of providing one-year term life insurance. 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 employee's entire careers. The contribution rates for the City of Georgetown were 0.21% in calendar year 2024 and 0.17% in calendar year 2025 respectively. The City's contributions to the TMRS SDBF for the year ended September 30, 2025 were \$161,172, which equaled the required contributions.

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The City's total OPEB liability in the December 31, 2024 valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.60% to 11.85%, including inflation
Discount rate	4.08%
Retirees' share of benefit related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 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.

City of Georgetown, Texas
Notes to the Financial Statements

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period December 31, 2018 to December 31, 2022.

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at December 31, 2023	\$ 1,593,783
Changes for the year	
Service cost	99,345
Interest	61,334
Difference between expected and actual experience	(19,050)
Changes of assumptions	(99,335)
Benefit payments	(33,115)
Net changes	9,179
Balance at December 31, 2024	\$ 1,602,962

Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees. Changes in assumptions are a result of the change in municipal bond index rate from the previous year.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (3.08%) or one percentage-point higher (5.08%) than the current rate:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	\$ 1,955,292	\$ 1,602,962	\$ 1,331,779

OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2025, the City recognized OPEB expense of \$116,769.

City of Georgetown, Texas
Notes to the Financial Statements

At September 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,361	\$ 41,134
Changes in actuarial assumptions	280,049	626,968
Contributions subsequent to the measurement date	118,072	-
Total	\$ 410,482	\$ 668,102

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$118,072 will be recognized as a reduction of the OPEB liability for the measurement year ending December 31, 2024 (i.e., recognized in the County's financial statements September 30, 2025). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending September 30,	
2025	\$ (52,918)
2026	(45,349)
2027	(68,880)
2028	(98,756)
2029	(94,932)
Thereafter	(14,857)
	\$ (375,692)

The City's total OPEB liability, expense, and related deferred outflows of resources and deferred inflows of resources for both plans for the year ended September 30, 2025 were as follows:

OPEB liability	\$ 5,104,749
Deferred outflows of resources	1,391,306
Deferred inflows of resources	2,069,405
OPEB expense	567,968

Note 12. Tax Abatements

The City of Georgetown has two programs for property tax abatements – a Property Tax Abatement Program and a Historic Tax Exemption Program.

Property Tax Abatement Program

Effective in December 2021, the City council approved a Property Tax Abatement Policy to negotiate certain tax abatements for Economic Development purposes as allowable under Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code 312 as amended.

City of Georgetown, Texas

Notes to the Financial Statements

This act allows certain jurisdictions to provide property tax abatements for economic purposes including business relocation, retention, and expansion. The City must designate the property project area as a reinvestment zone by ordinance following the notice and public hearing required by law. The City Council will adopt an ordinance to designate the required reinvestment zone and a resolution to approve terms and conditions of a tax abatement. The City Council will then enter into a tax abatement agreement with the owner and/or tenant of the applicable property pursuant to Chapter 312 of the Texas Tax Code. The agreement shall contain the terms and conditions required by law and will provide for the repayment or recapture of abated taxes in the event of termination by the City for an uncured breach or default of the tax abatement agreement. No tax abatement agreement shall exceed ten (10) years. For the fiscal year ended September 30, 2025, \$412,143 in taxes were abated under this program.

Historic Tax Exemption Program

Effective Sept. 26, 2023, the City Council approved this program by authority under Article 8, Section 1-f of the Texas Constitution and Section 11.24 of the Texas Tax Code as amended. The City Council has designated the Downtown Overlay District and Old Town Overlay District as historically significant sites for this program. The Program is effective beginning Jan. 1, 2024 and expires Jan. 1, 2027 unless extended by ordinance by the City Council. This tax exemption only applies to the City's portion of property taxes by reducing the value of the historic property.

This Program is to encourage preservation of historically significant structures as part of the City of Georgetown's stewardship of the Historic Overlay Districts, provide a link to the past through preservation of the built environment and maintain the look and feel that makes the City of Georgetown an attractive place to live, and recognize the investments made by historic homeowners in the City of Georgetown, who have additional design requirements for home improvement projects under the Historic District Design Guidelines to preserve the unique character of these neighborhoods.

Properties must meet the eligibility criteria and follow all procedures outlined in the ordinance in order to receive the property tax exemption. This includes completing the application process, submitting the completed Williamson Central Appraisal District (WCAD) exemption application, demonstrating completion of the project and compliance with program requirements, and receiving a final inspection of the historic property by authorized City staff. City staff will take a list of recommended eligible properties to the City Council for approval in June each year. Upon approval by Council, City staff will provide the list to the WCAD by the July 1 deadline and notify property owners of the approval. Property owners must then enter into an agreement with the City that sets out the terms and conditions of the exemption. Thereafter, the property owner must complete the appropriate documentation and make the annual exemption application to the WCAD in order to be entitled to the exemption for that tax year.

For the fiscal year ended September 30, 2025, \$1,246 were abated under this program.

Note 13. Risk Management

Health Benefits – On January 1, 2014, the City began a self-funded insurance program for provision of employee health insurance. In fiscal year 2019, the City made contributions to cover 83% of the employees' costs for medical plan premiums. The employees authorized payroll withholdings to pay the remainder contributions for themselves, and their family members, if elected.

City of Georgetown, Texas
Notes to the Financial Statements

In accordance with state statute, the City maintains a catastrophic loss insurance policy (stop-loss policy), which reimburses the City for annual claims totaling over \$150,000 per covered individual. For the fiscal year ended 2025, \$1,218,799 in stop-loss payments were received by the City. The City made no significant reductions in insurance coverage and no settlements have exceeded insurance coverage for the 2025 fiscal year. The City's contributions for the self-insurance during the year totaled \$13,554,808. Estimates of claims payable and of claims incurred but not reported at September 30, 2025 are reflected as accrued expenses of the fund. The liabilities include an amount for claims that have been incurred but were not reported until after September 30, 2025. Because actual claims liabilities depend on such complex factors such as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate that could materially change when the claims are ultimately finalized.

Analysis of claims liability for the fiscal year 2025 is as follows:

Unpaid claims, beginning of year	\$	744,276
Incurred claims		12,550,287
Claim payments		<u>(12,249,563)</u>
Unpaid claims, end of year	\$	<u>1,045,000</u>

Note 14. Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

Note 15. Commitments and Contingencies

A. Wholesale Power Agreements

The City of Georgetown currently has the following Wholesale Power Purchase Agreements with the following counter parties:

- American Electric Power (AEP), through January 7, 2029
- Boralex US Energy/Spinning Spur Three LLC, through 2035
- Clearway Energy, Inc /Buckthorn Westex LLC, through 2043

B. Brazos River Authority (BRA) Water Contracts

Effective September 1, 2001, the City revised its previous water availability agreements with the BRA to further plan for future water needs and to standardize the pricing to a system-wide rate. The effective system-wide rate for Lake Georgetown Water and Lake Stillhouse Hollow Water fiscal year beginning September 1, 2025, is \$106.00 per acre-foot and for Colorado River Basin for fiscal year beginning September 1, 2025, is \$103.13 per acre-foot. The City paid a total of \$4,968,698 for water during the fiscal year. The City has three separate agreements with the BRA as follows:

Lake Georgetown Water – This agreement, effective September 1, 2001, and expiring August 31, 2050, requires BRA to make available to the City 6,720 acre-feet of water per year at BRA's system wide rate. The City paid \$712,320 for water under this agreement in fiscal year 2025.

City of Georgetown, Texas

Notes to the Financial Statements

Lake Stillhouse Hollow Water – This agreement, effective September 1, 2001, and expiring August 31, 2040, requires BRA to make available to the City 38,987 acre-feet of water per year at BRA's system wide rate. The City paid \$4,132,622 for water under this agreement in fiscal year 2025.

Colorado River Basin – This agreement, effective July 1, 2020, and expiring August 31, 2030, requires BRA to make available to the City 1,200 acre-feet of water per calendar year based on the Total LCRA Water Rate under the LCRA contract with the BRA. The City paid \$123,756 for water under this agreement in fiscal year 2025.

C. Brazos River Authority – Williamson County Regional Raw Water Line Agreement

The City is a party to an agreement dated June 30, 1986, with the Brazos River Authority (BRA), City of Round Rock, Jonah Water Special Utility District, and Chisholm Trail Special Utility District (CTSUD). The Brazos River Authority designed, constructed, owns, and operates a pipeline to transport water from Lake Stillhouse Hollow to Lake Georgetown to benefit the parties in the agreement. Total project construction cost for the raw water line was approximately \$40,000,000. In 2007, BRA refunded a portion of the original \$89,000,000 in debt, leaving approximately \$69,000,000 outstanding debt, including principal and interest. Each participant agreed to pay for the annual cost of debt and operations of the line. The City's obligation is \$50,500,000, including principal and interest, to be repaid annually through 2032. The amount for fiscal year 2025 was \$2,038,489.

The following schedule reflects the principal and interest portion of the City's obligation:

Years Ending September 30,		
2026	\$	2,030,105
2027		2,015,618
2028		2,011,450
2029		2,016,185
2030		2,010,597
2031-2032		1,014,564
	\$	<u>11,098,519</u>

As part of the CTSUD acquisition that occurred on September 12, 2014, the City assumed the ownership interest and related obligations of CTSUD's portion of this project.

D. EPCOR Groundwater Reservation Agreement

In August of 2023, the City of Georgetown entered into an agreement with EPCOR to reserve 39,399 acre-feet per year of EPCOR's existing permitted groundwater rights. The City also contracted to secure rights for up to an additional 30,601 acre-feet per year of groundwater. The reservation fee rate is \$155 per acre-feet. While this agreement expired during fiscal year 2025, the City paid \$3 million under this agreement.

E. Georgetown Village Public Improvement District

In 1999, the City of Georgetown created the Georgetown Village Public Improvement District No. 1, pursuant to Chapter 372 of the Texas Local Government Code. The City is required to construct and provide operation, repair, and maintenance of parks, recreational facilities, alleyways, lighting, landscaping and related improvements to the district that are above the standards that are met elsewhere in the City. Property owners are assessed an annual maintenance assessment of \$0.12 per \$100 valuation. Assessment revenue of \$558,801 was recognized for 2025. As of September 30, 2025, \$528,594 of costs associated with the Georgetown Village Public Improvement District have been reimbursed.

City of Georgetown, Texas

Notes to the Financial Statements

F. Cimarron Hills Public Improvement District

In May 2000, the City and Paloma Cimarron Hills, L.P. entered into a development agreement for a 606 home, 813-acre subdivision within the City's Extraterritorial Jurisdiction (ETJ). As part of this agreement, the City created the Cimarron Hills PID to reimburse the developer for costs of certain infrastructure improvements. Each lot within the development is assessed an annual fee based on its type of usage. The City also collects a per unit transportation fee which will be used to fund necessary roadway improvements and bridge crossings in the area. PID assessment collection began in 2002. In 2025, PID assessments were \$293,616. Administrative expenses related to the collection of assessments were \$9,900 and paid from current year collections. The assessments and related disbursements are recorded in the Custodial Fund.

G. Parks at Westhaven Public Improvement District

In March 2021, the City of Georgetown created the Parks at Westhaven PID, pursuant to Chapter 372 of the Texas Local Government Code, and concurrently approved a Financing and Reimbursement Agreement relating to the construction of authorized improvements, the levy of assessments, the reimbursement of Landowner for the actual costs of the authorized improvements directly from the assessments or from proceeds of special revenue bonds secured by the assessments. A Service and Assessment Plan was also approved which includes the "Assessment Roll" outlining the annual installment for each assessment to begin being collected in fiscal year 2022. For the year ending September 30, 2025, total revenues were \$649,314 primarily made up of PID assessments of \$597,107. Total expenditures were \$550,825 primarily made up of administrative fees of \$44,160 and debt service costs of \$506,665.

H. Bluffview Public Improvement District (PID)

On March 22, 2022, the City of Georgetown created the Bluffview PID, pursuant to Chapter 372 of the Texas Local Government Code. For the year ending September 30, 2025, total revenues were \$0.00 primarily made up of PID assessments. Total expenditures were \$0.00 primarily made up of administration fees.

I. Gateway Tax Increment Reinvestment Zone (TIRZ)

This was established in November 2006 to fund improvements needed for redevelopment of the Williams Drive gateway area. A master plan for the area was developed in 2006, with implementation planned for future years. For the year ending September 30, 2025, total revenues were \$141,852 with total expenditures of \$467,051.

J. Downtown Tax Increment Reinvestment Zone (TIRZ)

This was established in 2004 to fund improvements in the downtown overlay district to assist in funding the downtown master plan. For the year ending September 30, 2025, total revenues were \$739,777 with total expenditures of \$320,068.

K. Rivery Park Tax Increment Reinvestment Zone (TIRZ)

This was established in 2008 to fund a convention center/hotel complex, as well as an expansion to Rivery Park. In January 2014, the City entered into agreements for a 220-room Sheraton hotel and conference center at the 32-acre Rivery site for the development of the Summit at Rivery Park (Rivery) project. This project includes a 16,000 square-foot conference center that can accommodate up to 4,500 people and a public parking garage. The project includes retail stores, restaurant sites, single-family homes, and multifamily residences for a total project investment of \$150,000,000 including \$65,000,000 for the hotel, conference center, and parking garage. Private investors funded most of the project costs.

City of Georgetown, Texas

Notes to the Financial Statements

A total of \$16,800,000 in future City and County property taxes generated at the site is being used to reimburse the City and the developer for the cost of the hotel and conference center, parking garage, and other public improvements. This includes \$12,500,000 of investments by the City and its related entities including GEDCO and GTEC.

The City and Williamson County agreed to reimburse up to \$25,000,000 for the project. The City will contribute 100% and Williamson County will contribute 80% of their respective incremental ad valorem tax valuation generated at the 32-acre site to fund the project. The City will remit half of the 1% City sales tax generated at the site to Williamson County as part of the agreement. The City received and verified additional improvement costs allowable for reimbursement per Section 5.4.3 of the first amended and restated master development agreement. The City has acknowledged the \$3,500,000 obligation to the developer for these improvements and has included this reimbursement in future cash flows. For the year ending September 30, 2025, total revenues were \$1,120,932 with total expenditures of \$1,117,811.

L. Wolf Lakes Tax Increment Reinvestment Zone (TIRZ)

In December 2018, the City created the Wolf Lakes TIRZ on 164 acres located at the northwest corner of Interstate 35 and University Ave (SH29), bounded by Wolf Ranch Parkway to the west and the River Hills subdivision to the north. The purpose of the TIRZ is to provide economic and qualitative benefits by facilitating a program of public improvements. The development includes a grocery store, medical facility, and apartments.

The City and Williamson County agreed to reimburse up to \$130,000,000 for public improvement projects in the TIRZ. The City will contribute 70% of their respective incremental ad valorem tax valuation generated up to \$100,000,000 and Williamson County will contribute 50% of their respective incremental ad valorem tax valuation generated up to \$30,000,000. For the year ending September 30, 2025, total revenues were \$504,826 with expenditures of \$0.00.

M. North Georgetown Tax Incremental Reinvestment Zone (TIRZ)

In December 2021, the City created the North Georgetown TIRZ consisting of 224 acres located along IH35, north of the Highway 195 intersection. The purpose of the TIRZ is to finance public infrastructure needed to develop the site for industrial and commercial use in partnership with the Developer over a fifteen (15) year period. Beginning in 2024, the City will contribute 60% of the incremental tax increase in years 1-5, 55% in years 2-10, and 50% in years 11-15. The last contribution will be in 2038. The maximum reimbursement to the developer is \$8.5 million or the end of the 15 year period, whichever comes first. For the year ending September 30, 2025, total revenues were \$73,136 with expenditures of \$0.00.

N. Chapter 552 Infrastructure Financing Reimbursement Agreement

In August 2014, the City entered into a Chapter 552 Infrastructure Financing/Reimbursement Agreement for the Hillwood Wolf Ranch Development Project. This agreement is one of several associated with this project which included the City's consent to the creation of an In-City Municipal Utility District (MUD) to finance the costs of various improvements. This Chapter 552 agreement, allowable under Chapter 552 of the Local Government Code, facilitates the reimbursement of up to \$25,000,000 to the MUD for construction of specified public improvements within the Hillwood Wolf Ranch development. The annual repayment amount is funded from City ad valorem tax revenues received by the City for property within the MUD at a rate of \$0.15 /per \$100 assessed valuation. The terms of this Chapter 552 Agreement continue until dissolution of the MUD or the date on which the City pays the maximum reimbursement amount of \$25,000,000, whichever occurs first. Reimbursements were made in FY2025 totaling \$1,389,204.

City of Georgetown, Texas

Notes to the Financial Statements

O. Economic Development Agreements

Citigroup

In November 2019, the City entered into a 380 economic development retention agreement with Citigroup Technology, Inc for Retention Electric Rate Grant for the retention of an all-inclusive electric rate not subject to periodic adjustments for energy used. This agreement begins November 1st, 2019 and ended November 1st, 2024.

In November 2019, the City also entered into a 380 economic development expansion agreement with Citigroup Technology, Inc to provide both Property Tax Grant and Sales Tax Grants. The Property Tax Grant provides 50% of the City's ad-valorem taxes in excess of the required \$275,000,000 assessed improvement value, not to exceed 5 tax years. The Sales Tax Grant shall be equal to 25% of the general fund 1% sales tax receipts in excess of the base sales tax requirements of \$1,250,000 per year. There were not any payments to Citigroup by the City in FY2025.

Costco

In December 2019, the City, GEDCO and GTEC entered into economic development agreements with Costco Wholesale Corporation to encourage the capital investment of at least \$20,000,000 and to offset the costs of the development and construction of the improvements.

In December 2019, the City also entered into a 380 economic development agreement with Costco Wholesale Corporation. The Sales Tax Grant for the 380 agreement provides reimbursement of 50% of the general fund 1% sales tax generated by Costco Wholesale Corporation up to a maximum of \$2,000,000 or 10 years whichever comes first. Costco was paid \$187,017 in FY2025.

Cellink

In March 2022, GEDCO entered into a ten (10) year economic development agreement with Cellink Corporation for Infrastructure and employment grants. This agreement was amended in Sept. 2023 for clarification regarding certain dates in the original agreement. The Maximum Infrastructure grants shall not exceed \$2,500,000 for capital investments by Cellink of \$80 million by the fifth anniversary date of the Commencement date. The Maximum Employment grants shall not exceed \$525,000. There were not any infrastructure grant payments in FY2025. Cellink was paid the employment grant of \$47,000 in FY2025.

Also in March 2022, the City, Titan Gateway35, and Cellink entered into a ten (10) year tax abatement agreement to abate fifty percent (50%) of Titan Gateway35's taxable value of the land and improvements and seventy-five percent (75%) of Cellink's tangible personal property for the ten-year period. The tax abatement begins 2024. There were not any payments to Titan Gateway35 or Cellink in FY2025.

GAF Energy

In July 2022, GEDCO entered into a ten (10) year economic development agreement with GAF Energy LLC for employment grants. The maximum employment grants shall not exceed \$395,000. No employment grants were paid in FY2025.

Also, in July 2022, the City, Longhorn Junction Owner LP, and GAF Energy LLC entered into a ten (10) year tax abatement agreement to abate fifty percent (50%) of Longhorn Junctions' taxable value of the land and improvements and seventy-five percent (75%) of GAF Energy's tangible personal property for the ten-year period. The tax abatement begins 2024. No payments were made in FY2025.

Jackson Shaw

In January 2022, GTEC and JSACQ Georgetown LP entered into an economic development agreement to extend FM972, a major arterial westward from IH35. The total capital investment by JSACQ will be \$24 million. The maximum infrastructure grants shall not exceed \$4,600,000. Construction shall commence on or before March 2023 and should complete within twenty-four months. No infrastructure grant installments were paid in FY2025.

City of Georgetown, Texas

Notes to the Financial Statements

In January 2022, the City and JSACQ Georgetown LP entered into an economic development agreement for infrastructure improvement grants to be located in the North Georgetown TIRZ. JSACQ intends to make capital investments of \$24 million. The maximum reimbursement for the infrastructure is \$8.5 million. With 2024 being the first-year incremental tax increases are to be made to the TIRZ, no payments were made in FY2025.

Loram Technologies

In March of 2021, GEDCO entered a ten (10) year economic development agreement with Loram Technologies, Inc., for employment grants. The maximum employment grants shall not exceed \$300,000. The company is open for business. No employment grants were paid in FY25.

In March of 2021 GEDCO entered into an economic development agreement with Loram Technologies, Inc., to encourage the capital investment of at least \$12,000,000 and to offset the actual costs incurred and paid by the company for design and construction of the infrastructure and shall not exceed \$500,000. Commencement of construction of the project shall occur on or before July 1, 2023, to cause completion of construction of the project to occur within twenty-four (24) months thereafter. The company is open for business. Paid \$500,000 Infrastructure Grant payment FY2025 for work completed in FY2025.

August 2022 GTEC entered into economic development agreements with Loram Technologies, Inc., to encourage the capital investment of at least \$12,000,000 and to offset the costs of the design and construction of Austin Avenue adjacent to the Land; and (ii) right-hand and left-hand turn lanes at the driveway from Austin Avenue into the Land, as required by TXDOT, and shall not exceed \$600,000. Construction shall commence on or before May 31, 2023, and should be completed within twenty-four months. The company is open for business. The City paid \$520,774 Infrastructure Grant payment for work completed FY2025.

P. Garey Park Trust

In June 2014, the City entered into a memorandum of understanding (MOU) whereby Alan Jack Garey donated his 525-acre ranch and home, on the conditions that the property shall be used exclusively as a public park and recreational facility for the benefit of all residents of the City of Georgetown and surrounding areas. The Garey's deeded 321.45 acres of land to the Texas Parks and Recreation Foundation, in trust for the benefit of the City. All the land is now in the City of Georgetown's name. We have accepted operations and maintenance for the park. Garey Park opened in June 2018. With the passing of Mr. Garey in 2022, the City received an additional \$1,000,000 from his estate for a Memorial Pavilion in Garey Park. Additional improvements to Garey Park in the future are also included in Mr. Garey's will and will be reimbursed by the estate in accordance with that document.

Q. Grants

Amounts received or receivable from grantor agencies, principally the federal government, are subject to audit and adjustment by the agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

R. Litigation

The City is involved in various legal actions in which claims of varying amounts are being asserted against the City. The City follows the practice of providing for these claims only when they become probable and reasonably determinable in amount.

City of Georgetown, Texas

Notes to the Financial Statements

In November 2024, the City of Georgetown and PLW Waterworks, LLC entered into a settlement agreement and general release to resolve any and all claims regarding the ongoing dispute between the two parties concerning additional compensation and schedule relief. In the settlement agreement, the parties agreed to a confidential monetary settlement which has been recorded as a liability as of September 30, 2024. Payment to PLW Waterworks, LLC pursuant to this settlement was made in December 2024.

In the opinion of City management, no other lawsuit outcomes will have a material adverse effect on the City's financial position.

S. Construction Contracts

Encumbrances on construction projects in progress as of September 30, 2025, are approximately \$78,965,214 for Governmental Funds and approximately \$105,944,398 for Enterprise Fund.

Note 16. Energy Risk Management

The City of Georgetown's Energy Risk Management (ERM) Policy supports the advancement of its strategic business plan and management of its energy risks. This Policy governs all energy and basis (congestion) hedging activities. The Energy Risk Management Policy, along with the supporting policies (Credit policy, Hedge policy, Trading Authority policy, and Trading Sanctions policy), outline specific responsibilities and guidelines to manage the financial risk related to volumetric and congestion exposure to spot market energy prices associated with serving its load obligations.

Consistent with the ERM, the City has entered into power supply agreements with counterparties to hedge against volumetric and congestion exposure to spot market energy prices. These contracts meet the definition of a derivative instrument as defined by GASB Statement No. 53, Accounting and Reporting for Derivative Instruments (GASB 53). However, these contracts meet the normal purchases and sales exemption of GASB 53 as the City intends to use the physical commodity in its normal utility operations to supply energy to its customers. Accordingly, these contracts are not within the scope of GASB 53 and are not recorded on the City's Statement of Net Position.

A. Risks

Credit Risk. The City's over-the-counter agreements for natural gas and energy expose the City to credit risk. In the event of default, the City's operations will not be materially affected. However, the City does not expect the counterparties to fail to meet their obligations. The City maintains contracts with contractual provisions under the EEI (Edison Electric Institute) and EPC (Energy Procurement Contract) agreements.

Termination Risk. Termination risk is the risk that a derivative will terminate prior to its scheduled maturity date due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. The City's exposure to termination risk for over-the counter agreements is minimal due to the high credit rating of the counterparties, and the contractual provisions under the EEI and EPC agreements applied to these contracts. Termination risk is associated with all of the City's derivatives up to their fair value of the instrument.

Netting Arrangements. The City enters into netting arrangements whenever it has entered into more than one derivative transaction with counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transaction's fair values so that a single sum will be owed by or owed to the non-defaulting party.

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Required Supplementary Information

City of Georgetown, Texas

Required Supplementary Information

For the Fiscal Year Ended September 30, 2025

Texas Municipal Retirement System – Schedule of Changes in Net Pension Liability and Related Ratios

	Measurement 2024	Measurement 2023	Measurement 2022	Measurement 2021	Measurement 2020	Measurement 2019	Measurement 2018	Measurement 2017	Measurement 2016	Measurement 2015
Total pension liability										
Service cost	\$ 13,850,310	\$ 12,124,068	\$ 10,257,378	\$ 9,188,441	\$ 8,420,259	\$ 7,773,892	\$ 7,418,271	\$ 6,897,077	\$ 6,387,917	\$ 5,660,967
Interest	16,855,698	15,021,715	13,607,232	12,549,653	11,539,794	10,571,618	9,700,878	8,852,731	8,051,567	7,402,393
Difference between expected and actual experience	5,333,174	5,865,638	2,932,938	(97,013)	221,322	(273,287)	(511,751)	231,554	486,906	903,470
Changes of assumptions	-	180,454	-	-	-	529,624	-	-	-	1,980,757
Benefit payments	(7,210,432)	(6,559,330)	(6,991,840)	(6,023,584)	(5,185,596)	(3,977,775)	(3,792,957)	(3,560,669)	(3,063,090)	(2,491,010)
Net change in total pension liability	28,828,750	26,632,545	19,805,708	15,617,497	14,995,779	14,624,072	12,814,441	12,420,693	11,863,300	13,456,577
Total pension liability - beginning	246,394,103	219,761,558	199,955,850	184,338,353	169,342,574	154,718,502	141,904,061	129,483,368	117,620,068	104,163,491
Total pension liability - ending (a)	\$ 275,222,853	\$ 246,394,103	\$ 219,761,558	\$ 199,955,850	\$ 184,338,353	\$ 169,342,574	\$ 154,718,502	\$ 141,904,061	\$ 129,483,368	\$ 117,620,068
Plan fiduciary net position										
Contributions - employer	\$ 10,323,478	\$ 9,021,358	\$ 7,800,790	\$ 6,966,809	\$ 6,220,242	\$ 5,912,566	\$ 5,725,188	\$ 5,323,953	\$ 4,630,015	\$ 4,371,324
Contributions - employee	5,795,109	5,171,754	4,375,481	3,917,118	3,589,635	3,384,157	3,229,347	3,009,880	2,798,414	2,592,095
Net investment income	22,209,156	21,385,818	(14,133,018)	21,769,442	11,455,944	19,503,600	(3,736,957)	14,606,240	6,398,399	132,967
Benefit payments	(7,210,432)	(6,559,330)	(6,991,840)	(6,023,584)	(5,185,596)	(3,977,775)	(3,792,957)	(3,560,669)	(3,063,089)	(2,491,010)
Administrative expense	(142,043)	(135,681)	(122,037)	(100,533)	(74,002)	(110,028)	(72,138)	(75,638)	(72,218)	(80,978)
Other	(3,322)	(947)	145,626	690	(2,887)	(3,307)	(3,767)	(3,833)	(3,891)	(4,000)
Net change in plan fiduciary net position	30,971,946	28,882,972	(8,924,998)	26,529,942	16,003,336	24,709,213	1,348,716	19,299,933	10,687,630	4,520,398
Plan fiduciary net position - beginning	213,155,941	184,272,969	193,197,967	166,668,025	150,664,689	125,955,476	124,606,760	105,306,827	94,619,197	90,098,799
Plan fiduciary net position - ending (b)	244,127,887	213,155,941	184,272,969	193,197,967	166,668,025	150,664,689	125,955,476	124,606,760	105,306,827	94,619,197
Net pension liability - ending (a) - (b)	\$ 31,094,966	\$ 33,238,162	\$ 35,488,589	\$ 6,757,883	\$ 17,670,328	\$ 18,677,885	\$ 28,763,026	\$ 17,297,301	\$ 24,176,541	\$ 23,000,871
Plan fiduciary net position as a percentage of total pension liability	88.70%	86.51%	83.85%	96.62%	90.41%	88.97%	81.41%	87.81%	81.33%	80.44%
Covered payroll	\$ 82,787,266	\$ 73,882,195	\$ 62,506,871	\$ 55,958,835	\$ 51,280,503	\$ 48,345,099	\$ 46,133,526	\$ 42,892,268	\$ 39,775,322	\$ 37,121,089
Net pension liability as a percentage of covered payroll	37.56%	44.99%	56.78%	12.08%	34.46%	38.63%	62.35%	40.33%	60.78%	61.96%

City of Georgetown, Texas

Required Supplementary Information – Continued
For the Fiscal Year Ended September 30, 2025

Texas Municipal Retirement System – Schedule of Contributions

	September 30, 2025	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016
Actuarially determined contribution	\$ 11,671,683	\$ 10,061,635	\$ 8,690,069	\$ 7,816,986	\$ 6,220,243	\$ 5,912,566	\$ 5,900,133	\$ 5,682,270	\$ 5,172,343	\$ 4,519,980
Contributions in relation to the actuarially determined contribution	11,671,683	10,061,635	8,690,069	7,816,986	6,220,243	5,912,566	5,900,133	5,682,270	5,172,343	4,519,980
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 89,977,780	\$ 81,079,056	\$ 70,823,263	\$ 62,674,395	\$ 51,280,503	\$ 48,345,099	\$ 48,020,769	\$ 45,293,424	\$ 39,775,322	\$ 37,121,089
Contributions as a percentage of covered payroll	12.97%	12.41%	12.27%	12.47%	12.13%	12.23%	12.29%	12.55%	13.00%	12.18%

City of Georgetown, Texas

Required Supplementary Information – Continued

For the Fiscal Year Ended September 30, 2025

Notes to TMRS Schedules

TMRS schedules are intended to show information for ten years, and future years' information will be displayed as it becomes available.

Valuation Date

Actuarial determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 Years (longest amortization ladder)
Asset valuation method	10 year smoothed market, 12.00% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

There were no benefit changes during the year.

City of Georgetown, Texas

Required Supplementary Information – Continued

For the Fiscal Year Ended September 30, 2025

Post-employment Healthcare Plan – Schedule of Changes in the OPEB Liability and Related Ratios*

	Measurement 2024	Measurement 2023	Measurement 2022	Measurement 2021	Measurement 2020	Measurement 2019	Measurement 2018	Measurement 2017
Total OPEB liability								
Service cost	\$ 357,160	\$ 332,119	\$ 359,751	\$ 259,569	\$ 207,540	\$ 154,054	\$ 144,760	\$ 128,392
Interest	126,170	131,047	67,437	63,940	76,619	84,088	73,344	74,997
Difference between expected and actual experience	(27,793)	(554,506)	2,621	672,121	2,910	65,680	4,261	-
Changes of assumptions	(106,377)	251,201	(732,856)	(434,670)	223,522	286,037	(90,006)	106,325
Benefit payments	(30,946)	(91,919)	(132,958)	(153,062)	(98,425)	(95,554)	(77,104)	(63,836)
Net change in total OPEB liability	318,214	67,942	(436,005)	407,898	412,166	494,305	55,255	245,878
Total OPEB liability - beginning	3,183,573	3,115,631	3,551,636	3,143,738	2,731,572	2,237,267	2,182,012	1,936,134
Total OPEB liability - ending	\$ 3,501,787	\$ 3,183,573	\$ 3,115,631	\$ 3,551,636	\$ 3,143,738	\$ 2,731,572	\$ 2,237,267	\$ 2,182,012
Covered-employee payroll	\$ 85,018,162	\$ 73,882,195	\$ 62,506,871	\$ 60,184,157	\$ 51,280,503	\$ 48,345,099	\$ 46,133,526	\$ 40,193,300
Total OPEB liability as a percentage of covered-employee payroll	4.12%	4.31%	4.98%	5.90%	6.13%	5.65%	4.85%	5.43%

*Schedules will include 10 years of information as it becomes available.

Note: There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

City of Georgetown, Texas

Required Supplementary Information – Continued

For the Fiscal Year Ended September 30, 2025

Life Insurance Benefits – Schedule of Changes in the OPEB Liability and Related Ratios*

	Measurement 2024	Measurement 2023	Measurement 2022	Measurement 2021	Measurement 2020	Measurement 2019	Measurement 2018	Measurement 2017
Total OPEB liability								
Service cost	\$ 99,345	\$ 88,659	\$ 150,016	\$ 134,301	\$ 107,689	\$ 72,518	\$ 83,040	\$ 64,338
Interest	61,334	57,992	39,281	38,215	41,334	41,595	37,420	34,993
Difference between expected and actual experience	(19,050)	(10,194)	20,041	(7,653)	(19,570)	(6,941)	(25,887)	-
Changes of assumptions	(99,335)	84,543	(854,304)	75,056	278,682	262,118	(93,944)	100,531
Benefit payments	(33,115)	(29,553)	(25,003)	(22,384)	(5,128)	(4,835)	(4,613)	(4,289)
Net change in total OPEB liability	9,179	191,447	(669,969)	217,535	403,007	364,455	(3,984)	195,573
Total OPEB liability - beginning	1,593,783	1,402,336	2,072,305	1,854,770	1,451,763	1,087,308	1,091,292	895,719
Total OPEB liability - ending	\$ 1,602,962	\$ 1,593,783	\$ 1,402,336	\$ 2,072,305	\$ 1,854,770	\$ 1,451,763	\$ 1,087,308	\$ 1,091,292
Covered payroll	\$ 82,787,266	\$ 75,762,072	\$ 68,267,213	\$ 55,958,835	\$ 51,280,503	\$ 48,345,099	\$ 46,133,526	\$ 42,892,268
Total OPEB liability as a percentage of covered payroll	1.94%	2.10%	2.05%	3.70%	3.62%	3.00%	2.36%	2.54%

*Schedules will include 10 years of information as it becomes available.

Note: There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75

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 GEORGETOWN, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$54,000,000***

AS BOND COUNSEL FOR THE CITY OF GEORGETOWN, 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 28, 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 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.

* Preliminary, subject to change.



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.

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.

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 GEORGETOWN, TEXAS,
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$38,215,000***

AS BOND COUNSEL FOR THE CITY OF GEORGETOWN, 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 28, 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 representations, the accuracy of which we have not independently verified, and assume compliance

* Preliminary, Subject to Change.



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.

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.

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.

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 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,