
**ORDINANCE NO. 1599-11-2025
OF THE CITY OF GAINESVILLE, TEXAS**

AUTHORIZING THE ISSUANCE OF

**CITY OF GAINESVILLE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025**

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ORDINANCE NO. 1599-11-2025

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF UP TO \$10,000,000 OF CITY OF GAINESVILLE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025 FOR STREET AND UTILITY SYSTEM IMPROVEMENTS; LEVYING AN ANNUAL AD VALOREM TAX FOR THE PAYMENT OF SAID CERTIFICATES; ENGAGING BOND COUNSEL; APPROVING A PAYING AGENT/REGISTRAR AGREEMENT AND AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

STATE OF TEXAS §
COUNTY OF COOKE §
CITY OF GAINESVILLE §

WHEREAS, the City Council of the City of Gainesville, Texas (the "Issuer") deems it advisable to issue Certificates of Obligation in the amount of \$9,255,000 for the purpose of paying all or a portion of the Issuer's contractual obligations incurred in connection with (i) acquiring, constructing, and installing additions, improvements, extensions, and equipment for the Issuer's waterworks and sewer system, including treatment facilities, storage facilities, drainage facilities, lines, wells, pumps, valves, lift stations, manholes, fire hydrants, service connections, electrical improvements, SCADA, and related infrastructure improvements, including the acquisition of land and interests in land therefor; (ii) constructing and improving streets, roads, alleys, bridges and sidewalks, including culverts and related storm drainage, utility relocation, signalization, traffic safety and operational improvements, landscaping, screening walls, lighting and signage, and including the acquisition of land and interests in land therefor; and (iii) legal, fiscal and engineering fees in connection with such projects; and

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Local Government Code and Chapter 1502, Government Code, as amended; and

WHEREAS, the City Council has heretofore passed a resolution authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation; and

WHEREAS, said notice has been duly published in a newspaper of general circulation in said City, said newspaper being a "newspaper" as defined in §2051.044, Texas Government Code; and

WHEREAS, the City received no petition from the qualified electors of the City protesting the issuance of such Certificates of Obligation; and

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

WHEREAS, it is considered to be to the best interest of the City that said interest bearing Certificates of Obligation be issued.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GAINESVILLE:

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATES. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The certificates of the City of Gainesville, Texas (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$9,255,000 for the purpose of paying all or a portion of the Issuer's contractual obligations incurred in connection with (i) acquiring, constructing, and installing additions, improvements, extensions, and equipment for the Issuer's waterworks and sewer system, including treatment facilities, storage facilities, drainage facilities, lines, wells, pumps, valves, lift stations, manholes, fire hydrants, service connections, electrical improvements, SCADA, and related infrastructure improvements, including the acquisition of land and interests in land therefor; (ii) constructing and improving streets, roads, alleys, bridges and sidewalks, including culverts and related storm drainage, utility relocation, signalization, traffic safety and operational improvements, landscaping, screening walls, lighting and signage, and including the acquisition of land and interests in land therefor; and (iii) legal, fiscal and engineering fees in connection with such projects (collectively, the "Project").

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES OF CERTIFICATES AND INTEREST RATES. Each certificate issued pursuant to this Ordinance shall be designated: "CITY OF GAINESVILLE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2025", and initially there shall be issued, sold, and delivered hereunder one fully registered certificate, without interest coupons, dated as of December 4, 2025, in the principal amount stated above and in the denominations hereinafter stated, numbered T-1, with certificates issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial certificate being made payable to the initial purchaser as described in Section 18 hereof), or to the registered assignee or assignees of said certificates or any portion or portions thereof (in each case, the "Registered Owner"). The Certificates shall mature on February 15 in the years and in the principal amounts and interest rates set forth below, interest on each Certificate accruing on the basis of a 360-day year of twelve 30-day months from the date of initial delivery of the Certificates or the most recent interest payment date to which interest has been paid or provided for at the per annum rates of interest, payable semiannually on August 15 and February 15 of each year until the principal amount shall have been paid or provision for such payment shall have been made, commencing February 15, 2026, as follows:

| Year | Principal Amount | Interest Rate | Year | Principal Amount | Interest Rate |
|------|------------------|---------------|------|------------------|---------------|
| 2026 | \$ 30,000 | 5.000% | 2036 | \$470,000 | 5.000% |
| 2027 | 300,000 | 5.000 | 2037 | 495,000 | 5.000 |
| 2028 | 315,000 | 5.000 | 2038 | 520,000 | 5.000 |
| 2029 | 330,000 | 5.000 | 2039 | 545,000 | 5.000 |
| 2030 | 350,000 | 5.000 | 2040 | 575,000 | 5.000 |
| 2031 | 365,000 | 5.000 | 2041 | 605,000 | 5.000 |
| 2032 | 385,000 | 5.000 | 2042 | 630,000 | 4.000 |

| | | | | | |
|------|---------|-------|------|---------|-------|
| 2033 | 405,000 | 5.000 | 2043 | 660,000 | 4.000 |
| 2034 | 425,000 | 5.000 | 2044 | 685,000 | 4.000 |
| 2035 | 450,000 | 5.000 | 2045 | 715,000 | 4.000 |

Section 3. CHARACTERISTICS OF THE CERTIFICATES. (a) Registration, Transfer, Conversion and Exchange; Authentication. The Issuer shall keep or cause to be kept at the corporate trust office of U.S. Bank Trust Company, National Association, Dallas, Texas, the "Paying Agent/Registrar"), books or records for the registration of the transfer, conversion and exchange of the Certificates (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in this Ordinance. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate.

Except as provided in Section 3(c) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign said Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates in the manner prescribed herein, and said Certificates shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Government Code, and particularly Subchapter D thereof, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates that initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(b) Payment of Certificates and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 35 days prior to any such redemption date), (iii) may be converted and exchanged for other Certificates, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Certificates shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in this Ordinance. The Certificate initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in conversion of and exchange for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE.

(d) Book-Entry Only System. The Certificates issued in exchange for the Certificate initially issued to the initial purchaser specified herein shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or

obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown on the Registration Books, of any notice with respect to the Certificates, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Certificates, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal and interest with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the Registered Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Certificates to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the Registered Owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(e) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representations letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate certificated Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

(f) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Certificate and all notices with respect to such Certificate shall be made and given, respectively, in the manner provided in the representations letter of the Issuer to DTC.

(g) Cancellation of Initial Certificate. On the closing date, one initial Certificate representing the entire principal amount of the Certificates, payable in stated installments to the purchaser designated in Section 18 or its designee, executed by manual or facsimile signature of the Mayor and City Secretary of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the initial Certificate, the Paying Agent/Registrar shall cancel the initial Certificate and deliver to the Depository Trust Company on behalf of such purchaser one registered definitive Certificate for each year of maturity of the Certificates, in the aggregate principal amount of all of the Certificates for such maturity.

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

Section 4. FORM OF CERTIFICATES. The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

(a) [Form of Certificate]

| | | | |
|----------------------|---|--------------------------------|------------------|
| NO. R- | UNITED STATES OF AMERICA STATE OF TEXAS CITY OF GAINESVILLE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2025 | PRINCIPAL AMOUNT \$_____ | |
| <u>Interest Rate</u> | <u>Date of Initial Delivery</u> | <u>Maturity Date</u> | <u>CUSIP No.</u> |
| ____% | December 4, 2025 | February 15, 20__ | 363046 ____ |

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the City of Gainesville, in Cooke County, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Date of Initial Delivery set forth above at the Interest Rate per annum specified above. Interest is payable on February 15, 2026 and semiannually on each August 15 and February 15 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity, or upon the date fixed for its redemption prior to maturity, at the corporate trust office of U.S. Bank Trust Company, National Association in Dallas, Texas, which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the "Certificate Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared at the close of business on the last day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Certificate appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Certificate prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for redemption and payment at the corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal payment date, interest payment date, and accrued interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Certificate Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

IF THE DATE for the payment of the principal of or interest on this Certificate shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS CERTIFICATE is one of a series of Certificates dated as of December 4, 2025, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$9,255,000 for the purpose of paying all or a portion of the Issuer's contractual obligations incurred in connection with (i) acquiring, constructing, and installing additions, improvements, extensions, and equipment for the Issuer's waterworks and sewer system, including treatment facilities, storage facilities, drainage facilities, lines, wells, pumps, valves, lift stations, manholes, fire hydrants, service connections, electrical improvements, SCADA, and related infrastructure improvements, including the acquisition of land and interests in land therefor; (ii) constructing and improving streets, roads, alleys, bridges and sidewalks, including culverts and related storm drainage, utility relocation, signalization, traffic safety and operational improvements, landscaping, screening walls, lighting and signage, and including the acquisition of land and interests in land therefor; and (iii) legal, fiscal and engineering fees in connection with such projects.

THE CERTIFICATES OF THIS SERIES having stated maturities on and after February 15, 2035 may be redeemed prior to their scheduled maturities, at the option of the Issuer, on February 15, 2034 or on any date thereafter, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Certificates, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Certificate may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

AT LEAST 30 days prior to the date fixed for any redemption of Certificates or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the registered owner of each Certificate to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or

mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Certificate. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Certificates or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Certificate shall be redeemed, a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Certificate Ordinance.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered certificates, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Certificate Ordinance, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered certificates, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Certificate Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Certificate Ordinance

that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Certificates.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Certificate have been performed, existed and been done in accordance with law; that this Certificate is a general obligation of said Issuer, issued on the full faith and credit thereof; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a pledge of the revenues of the System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are payable from all or part of said revenues, all as provided in the Certificate Ordinance.

BY BECOMING the registered owner of this Certificate, the registered owner thereby acknowledges all of the terms and provisions of the Certificate Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Certificate Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Certificate and the Certificate Ordinance constitute a contract between each registered owner hereof and the Issuer.

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

(signature)
City Secretary

(signature)
Mayor

(SEAL)

(b) [Form of Paying Agent/Registrar's Authentication Certificate]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Certificate is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Certificate has been issued under the provisions of the Certificate Ordinance described in the text of this Certificate; and that this Certificate has been issued in conversion or replacement of, or in exchange for, a certificate, certificates, or a portion of

a certificate or certificates of a series that originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____

U.S. Bank Trust Company, National Association
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

(c) [Form of Assignment]

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____.

Please insert Social Security or Taxpayer Identification Number of Transferee _____

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

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

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

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

(d) [Form of Registration Certificate of the Comptroller of Public Accounts]

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Certificate has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and that this Certificate has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(e) [Initial Certificate Insertions]

(i) The initial Certificate shall be in the form set forth in paragraph (a) of this Section, except that:

A. immediately under the name of the Certificate, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF GAINESVILLE, TEXAS (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|

(Insert information from Section 2)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Date of Initial Delivery shown above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2026 and semiannually on each August 15 and February 15 and thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Certificate is required to be authenticated and the date of its authentication is later than the first

Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full."

C. The Initial Certificate shall be numbered "T-1."

Section 5. DEFINITIONS. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates herein authorized, and the levy of taxes and appropriation of Surplus Revenues therefor, the following words or terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

(a) The term "Additional Obligations" shall mean tax and revenue obligations hereafter issued which by their terms are payable from ad valorem taxes and additionally payable from and secured by a lien on and pledge of the Net Revenues of the System of equal rank and dignity with the lien and pledge securing the payment of the Certificates.

(b) The term "Certificates" shall mean the "City of Gainesville, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2025" authorized by this Ordinance.

(c) The term "Certificate Fund" shall mean the special Fund created and established under the provisions of Section 6 of this Ordinance.

(d) The term "Collection Date" shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the Issuer become delinquent.

(e) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Certificates.

(f) The term "Fiscal Year" shall mean the annual financial accounting period for the System ending September 30th of each year; provided, however, the Issuer, by ordinance, may change the Fiscal Year to another period of not less than twelve calendar months if such change is found and determined to be necessary for budgetary or other fiscal purposes.

(g) The term "Net Revenues" shall mean the gross revenues of the System, less expenses of operation and maintenance, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the Issuer and the inhabitants thereof, or such as might be

necessary to meet some physical accident or condition which would otherwise impair any bonds payable from and secured by a first lien on the Net Revenues of the System shall be deducted in determining "Net Revenues".

(h) The term "Outstanding" when used in this Ordinance with respect to Certificates means, as of the date of determination, all Certificates theretofore issued and delivered under this Ordinance, except:

(1) those Certificates cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Certificates for which payment has been duly provided by the Issuer in accordance with the provisions of Section 14 hereof; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in Section 15 hereof.

(i) The term "Prior Lien Obligations" shall mean all revenue bonds or other obligations heretofore or hereafter issued payable from and secured by a lien on and pledge of the Net Revenues of the System, with such pledge being senior in right to the pledge of the Surplus Revenues that secures the Certificates.

(j) The term "Surplus Revenues" shall mean the revenues of the System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are payable from all or part of the Net Revenues of the System.

(k) The term "System" shall mean the Issuer's combined Waterworks and Sewer System, including all present and future additions, extensions, replacements and improvements thereto.

Section 6. CERTIFICATE FUND. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption and retirement of the Certificates, there shall be and is hereby created a special account or fund on the books and records of the Issuer known as the "SPECIAL SERIES 2025 TAX AND REVENUE CERTIFICATE OF OBLIGATION FUND", and all moneys deposited to the credit of such Fund shall be kept and maintained in a special banking account at the Issuer's depository bank. The Mayor, Mayor Pro Tem, City Manager, Finance Director and City Secretary of the Issuer, individually or jointly, are hereby authorized and directed to make withdrawals from the Certificate Fund sufficient to pay the principal of and interest on the Certificates as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest falling due on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be

deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Certificates.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Fund may, at the option of the Issuer, be invested in obligations identified in, and in accordance with the provisions of the "Public Funds Investment Act" (V.T.C.A., Government Code, Chapter 2256) relating to the investment of "bond proceeds"; provided that all such investments shall be made in such a manner that the money required to be expended from the Certificate Fund will be available at the proper time or times. All interest and income derived from deposits and investments in the Certificate Fund shall be credited to, and any losses debited to, the Certificate Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

Section 7. TAX LEVY. To provide for the payment of the "Debt Service Requirements" on the Certificates being (i) the interest on the Certificates and (ii) a sinking fund for their payment at maturity or redemption or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied for the current year and each succeeding year thereafter while the Certificates or any interest thereon shall remain Outstanding, a sufficient tax on each one hundred dollars' valuation of taxable property in the Issuer, within the limitations prescribed by law, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing and available taxing authority of the Issuer for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

Excess premium received from the purchasers of the Certificates that is not needed for paying the costs of construction of the Projects shall be deposited to the Certificate Fund as a capitalized interest deposit. In addition, any surplus proceeds from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in the Certificate Fund from ad valorem taxes.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Certificates shall be determined and accomplished in the following manner:

(a) Prior to the date the Council establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the Council shall determine:

(1) The amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied and (b)

adding thereto the amount of the Surplus Revenues, together with any other lawfully available revenues of the Issuer, appropriated and allocated to pay such Debt Service Requirements prior to the Collection Date for the ad valorem taxes to be levied.

(2) The amount of Surplus Revenues, together with any other lawfully available revenues of the Issuer, appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(3) The amount of Debt Service Requirements to become due and payable on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(b) The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificates shall be the amount established in paragraph (3) above less the sum total of the amounts established in paragraphs (1) and (2), after taking into consideration delinquencies and costs of collecting such annual taxes.

Section 8. PLEDGE OF SURPLUS REVENUES. The Issuer hereby covenants and agrees that, subject to the prior lien on and pledge of the Net Revenues of the System to the payment and security of Prior Lien Obligations, the Surplus Revenues are hereby irrevocably pledged, equally and ratably, to the payment of the principal of and interest on the Certificates and Additional Obligations, if issued, and the pledge of the Surplus Revenues herein made for the payment of the Certificates shall constitute a lien on the Surplus Revenues in accordance with the terms and provisions hereof. Furthermore, such lien on and pledge of the Surplus Revenues securing the payment of the Certificates shall be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer or transfer of control of the Surplus Revenues, the filing of this Ordinance or any other act; all as provided in Chapter 1208 of the Texas Government Code ("Chapter 1208").

Chapter 1208 applies to the issuance of the Certificates and the limited pledge of the Surplus Revenues granted by the Issuer under this Section 8, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are Outstanding such that the pledge of the Surplus Revenues granted by the Issuer under this Section 8 is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 9. SYSTEM FUND. The Issuer covenants and agrees that all gross revenues of the System (excluding earnings from the investment of money held in any special funds or accounts

created for the payment and security of the Prior Lien Obligations) shall be deposited as collected into a fund maintained at an official depository of the Issuer and known on the books of the Issuer as the "System Fund" (hereinafter called the "System Fund"). All moneys deposited to the credit of the System Fund shall be allocated, dedicated and disbursed to the extent required for the following purposes and in the order of priority shown, to wit:

First: To the payment of all necessary and reasonable maintenance and operating expenses of the System as defined herein or required by statute to be a first charge on and claim against the revenues thereof.

Second: To the payment of all amounts required to be deposited in the special Funds created and established for the payment, security and benefit of Prior Lien Obligations in accordance with the terms and provisions of the ordinances authorizing the issuance of Prior Lien Obligations.

Third: To the payment, equally and ratably, of the amounts pledged to the payment of the Certificates.

Any revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other Issuer purpose now or hereafter permitted by law.

Section 10. DEPOSITS TO CERTIFICATE FUND. (a) Subject to the provisions of Section 9 hereof, the Issuer hereby covenants and agrees to cause to be deposited in the Certificate Fund from the pledged Surplus Revenues in the System Fund, the amount of Surplus Revenues pledged to the payment of the Certificates, subject to the provisions of Section 10(b), below.

(b) The Issuer covenants and agrees that the amount of pledged Surplus Revenues, together with other lawfully available revenues appropriated by the Issuer for payment of the debt service requirements on the Certificates and ad valorem taxes levied, collected, and deposited in the Certificate Fund for and on behalf of the Certificates, will be an amount equal to one hundred percent (100%) of the amount required to fully pay the interest and principal due and payable on the Certificates. In addition, any surplus proceeds from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in the Certificate Fund from ad valorem taxes and the Surplus Revenues.

Section 11. SECURITY OF FUNDS. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

Section 12. POWER TO PLEDGE THE SURPLUS REVENUES. The Issuer hereby further covenants that it has the lawful power to pledge the Surplus Revenues to the payment of the Certificates in the manner herein contemplated and has lawfully exercised such power under the Constitution and laws of the State of Texas, including said power existing under V.T.C.A., Government Code, Sections 1502.56 and 1502.58, as amended, and V.T.C.A., Local Government Code, Sections 271.041, et seq., as amended.

Section 13. ISSUANCE OF PRIOR LIEN OBLIGATIONS AND ADDITIONAL PARITY OBLIGATIONS. The Issuer hereby expressly reserves the right to hereafter issue Prior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions or restrictions applicable thereto under law or otherwise, payable, in whole or in part, from the Net Revenues (without impairment of the obligation of contract with the Holders of the Certificates) upon such terms and conditions as the Council may determine. Additionally, the Issuer reserves the right to issue Additional Obligations payable, in whole or in part, from the Surplus Revenues and, to the extent provided, secured by a lien on and pledge of the Surplus Revenues of equal rank and dignity with the lien and pledge securing the payment of the Certificates.

Section 14. DEFEASANCE OF CERTIFICATES. (a) Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section 14, when payment of the principal of such Certificate, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable. At such time as a Certificate shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter the Issuer will have no further responsibility with respect to amounts available to the Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Certificates, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Certificates that is made in conjunction with the payment arrangements specified in subsection 7(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Certificates immediately following the

making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 7(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Defeased Certificates, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(d) In the event that the Issuer elects to defease less than all of the principal amount of Certificates of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Certificates by such random method as it deems fair and appropriate.

Section 15. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES. (a) Replacement Certificates. In the event any outstanding Certificate is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new certificate of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

(b) Application for Replacement Certificates. Application for replacement of damaged, mutilated, lost, stolen or destroyed Certificates shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Certificate, the registered owner applying for a replacement certificate shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft or destruction of a Certificate, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft or destruction of such Certificate, as the case may be. In every case of damage or mutilation of a Certificate, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Certificate shall have matured, and no default has occurred that is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Certificate, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Certificate) instead of issuing a replacement Certificate, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Certificates. Prior to the issuance of any replacement certificate, the Paying Agent/Registrar shall charge the registered owner of such Certificate with all legal, printing, and other expenses in connection therewith. Every replacement certificate issued pursuant to the provisions of this Section by virtue of the fact that any Certificate is lost, stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen or destroyed Certificate shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates duly issued under this Ordinance.

(e) Authority for Issuing Replacement Certificates. In accordance with Subchapter D of Chapter 1201, Government Code, this Section 15 of this Ordinance shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates in the form and manner and with the effect, as provided in Section 3(a) of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

Section 16. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES; BOND COUNSEL'S OPINION AND ENGAGEMENT; ATTORNEY GENERAL FILING FEE; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. (a) The Mayor of the Issuer is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Certificates issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Certificates. If the Certificates are insured by a policy of municipal bond insurance, the Certificates may bear an appropriate legend as provided by the issuer of such policy.

(b) The obligation of the initial purchaser to accept delivery of the Certificates is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst &

Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Certificates to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Certificates is hereby approved and confirmed. The execution and delivery of an engagement letter between the Issuer and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor or City Manager of the Issuer and the Mayor and the City Manager are each hereby authorized to execute such engagement letter.

(c) In accordance with the provisions of Section 1202.004, Tex. Gov't Code Ann., in connection with the submission of the Certificates by the Attorney General of Texas for review and approval, a statutory fee (an amount equal to 0.1% principal amount of the Certificates, subject to a minimum of \$750 and a maximum of \$9,500) is required to be paid to the Attorney General upon the submission of the transcript of proceedings for the Certificates. The Issuer hereby authorizes the Issuer's Bond Counsel to remit said filing fee to the Public Finance Division of the Office of the Attorney General of Texas in the name of an on behalf of the Issuer, and further authorizes reimbursement to Bond Counsel for said payment.

Section 17. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CERTIFICATES. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Certificates as Obligation described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Certificates (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Certificates or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Certificates (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action that would otherwise result in the Certificates being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Certificates being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Certificates, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Certificates, other than investment property acquired with --

(1) proceeds of the Certificates invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Certificates or refunding bond are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the rules and regulations of the United States Department of the Treasury ("Treasury Regulations"), and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Certificates;

(g) to otherwise restrict the use of the proceeds of the Certificates or amounts treated as proceeds of the Certificates, as may be necessary, so that the Certificates do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(h) to refrain from using the proceeds of the Certificates or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Certificates in contravention of the requirements of section 149(d) of the Code (relating to advance refundings);

(i) to refrain from using the proceeds of the Certificates or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Certificates in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(j) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Certificates have been

paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code;

(k) to file or cause to be filed with the Secretary of the Treasury, not later than the fifteenth (15th) day of the second calendar month after the close of the calendar quarter in which the Certificates are issued, an information statement concerning the Certificates, all under and in accordance with section 149(e) of the Code and the applicable Treasury Regulations promulgated thereunder;

(l) to assure that the proceeds of the Certificates will be used solely for new money projects; and

(m) to establish reasonable expectations to prevent using the proceeds of the Certificates in contravention of the requirements of section 149(g) of the Code (relating to hedge bonds).

In order to facilitate compliance with the above covenant (h), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the certificateholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

For purposes of the foregoing (a) and (b), the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Certificates. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Certificates, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Certificates, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor and City Manager to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

Section 18. SALE OF CERTIFICATES; APPROVAL OF OFFICIAL STATEMENT (a) The Certificates are hereby sold and shall be delivered to Robert W. Baird & Co., Incorporated (the "Purchaser"), at a price of \$9,912,397.50, which is calculated as follows: the par amount of the

Certificates of \$9,255,000.00 plus a cash premium of \$657,397.50. The Certificates shall initially be registered in the name of the Purchaser.

(b) It is hereby officially found, determined and declared that the Certificates have been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to a Notice of such and Bidding Instructions. It is further officially found, determined and declared that the Certificates have been offered pursuant to a Preliminary Official Statement dated October 28, 2025, prepared and distributed in connection with the sale of the Certificates. Said Notice of Sale and Bidding Instructions, Preliminary Official Statement, the Official Statement dated November 4, 2025, and any addenda, supplement or amendment thereto, have been and are hereby approved by the City Council of the Issuer and its use in the offer and sale of the Certificates is hereby approved. It is further officially found, determined and declared that the statements and representations contained in said Official Statement are true and correct in all material respects, to the best knowledge and belief of the City Council.

Section 19. ALLOCATION OF CERTIFICATE PROCEEDS. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Certificates or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Certificates, or (2) the date the Certificates are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Certificates or the interest thereon. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 20. DISPOSITION OF PROJECT. The Issuer covenants that the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Certificates. For purpose of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 21. INTEREST EARNINGS ON CERTIFICATE PROCEEDS; USE OF PREMIUM. (a) The proceeds of sale of the Certificates, excluding the amounts to pay costs of issuance and amounts deposited to the Certificate Fund, shall be deposited in a construction fund maintained at the City's depository bank. Pending expenditure for authorized projects and purposes,

such proceeds of sale may be invested in authorized investments in accordance with the provisions of V.T.C.A., Government Code, Chapter 2256, as amended, including specifically guaranteed investment contracts permitted in V.T.C.A., Section 2256.015, et seq., and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the City Council of the Issuer. All surplus proceeds of sale of the Certificates, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund. It is further provided, however, that any interest earnings on certificate proceeds that are required to be rebated to the United States of America pursuant to Section 17 hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

(b) The cash premium received from the sale of the Certificates, in the amount of \$657,397.50 shall be applied to pay costs of issuance of the Certificates in the amount of \$132,397.50, and the sum of \$525,000.00 shall be deposited to the construction fund (along with the principal in the amount of \$9,255,000.00, for a total construction fund deposit of \$9,780,000.00).

Section 22. COMPLIANCE WITH RULE 15c2-12.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports. (i) The Issuer shall provide annually to the MSRB, in the electronic format prescribed by the MSRB, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by this Ordinance, being the information described in Exhibit A attached hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in the financial statements of the Issuer appended to the Official Statement, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited. Such financial and operating data and financial statements shall be filed within the time lines specified in Exhibit A.

(ii) If the Issuer changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any documents available to the public on the MSRB's internet website or filed with the SEC.

(c) Event Notices. The Issuer shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Certificates:

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

For these purposes, (i) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer 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 Issuer., and (ii) the Issuer intends the words used in the immediately preceding

paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

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

(d) Limitations, Disclaimers, and Amendments. (i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes the Certificates no longer to be outstanding.

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

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

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) The provisions of this Section may be amended by the Issuer 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 Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any

amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

Section 23. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and which shall not materially adversely affect the interests of the holders, (v) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (iv) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and which shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Certificates aggregating in principal amount 51% of the aggregate principal amount of then outstanding Certificates which are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto which may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Certificates, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Certificates so as to:

- (1) Make any change in the maturity of any of the outstanding Certificates;
- (2) Reduce the rate of interest borne by any of the outstanding Certificates;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates;

(4) Modify the terms of payment of principal or of interest or redemption premium on outstanding Certificates or any of them or impose any condition with respect to such payment; or

(5) Change the minimum percentage of the principal amount of any series of Certificates necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to each registered owner of the affected Certificates a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Certificates.

(d) Whenever at any time within one year from the date of publication of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Certificates then outstanding which are required for the amendment, which instrument or instruments shall refer to the proposed amendment and which shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all holders of such affected Certificates shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Certificate pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Certificate during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Certificates then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

For the purposes of establishing ownership of the Certificates, the Issuer shall rely solely upon the registration of the ownership of such Certificates on the registration books kept by the Paying Agent/Registrar.

Section 24. INCONSISTENT PROVISIONS. All indentures, ordinances or resolutions, or parts thereof, that are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

Section 25. GOVERNING LAW. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 26. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 27. EVENTS OF DEFAULT. Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an event of default (an "Event of Default"):

(i) the failure to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the Registered Owners, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the Issuer.

Section 28. REMEDIES FOR DEFAULT. (a) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the may proceed against the Issuer or the Board of Trustees of the Issuer, as appropriate for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

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

Section 29. REMEDIES NOT EXCLUSIVE. (a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.

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

(c) By accepting the delivery of a Certificate authorized under this Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Issuer or the Board of Trustees of the Issuer.

Section 30. DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS. The Issuer hereby designates the Certificates as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"), conditioned upon the Purchaser certifying that the aggregate initial offering price of the Certificates to the public (excluding any accrued interest) is no greater than \$10 million (or such other amount permitted by such section 265 of the Code). Assuming such condition is met, in furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Certificates are issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Certificates, will result in more than \$10,000,000 (or such other amount permitted by such section 265 of the Code) of "qualified tax-exempt obligations" being issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year in which the Certificates are issued, by the Issuer (or any subordinate entities) will not exceed \$10,000,000 (or such other amount permitted by such section 265 of the Code); and, (c) that the Issuer will take such action or refrain from such action as necessary, and as more particularly set forth in Section 17, hereof, in order that the Certificates will not be considered "private activity bonds" within the meaning of section 141 of the Code.

Section 31. EFFECTIVE DATE. In accordance with the provisions of V.T.C.A., Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

Exhibit A

Continuing Disclosure Information

The following information is referred to in Section 22(a) of this Ordinance:

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Section are as specified (and included in the Appendices of the Official Statement referred to) below:

The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in the Official Statement under Tables numbered 1 through 6 and 8 through 14 (the "Annual Operating Report"). The Issuer will additionally provide financial statements of the Issuer (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described below and shall be in substantially the form included in Appendix B of the Official Statement and (ii) audited, if the Issuer commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The Issuer will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2025. The Issuer may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the Issuer shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements that are attached to the Official Statement as Appendix B, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

Combination Tax and Revenue Certificates of Obligation, Series 2025



November 4, 2025

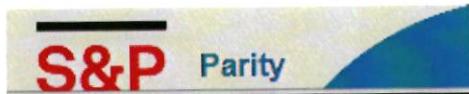


CONTACT:

Marti Shew

Marti.shew@hilltopsecurities.com

Phone 214-953-8853



Wire Inbox

Parity Calendar

Deal List

10:30:55 a.m. CDST

Upcoming Calendar Overview Compare Summary

Bid Results

**Gainesville
\$9,330,000 Combination Tax and Revenue Certificates of
Obligation, Series 2025**

The following bids were submitted using **PARITY**[®] and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

| Bid Award* | Bidder Name | TIC |
|--|--|----------|
| <input checked="" type="checkbox"/> Reoffering | Robert W. Baird & Co., Inc. | 3.790362 |
| <input type="checkbox"/> | BOK Financial Securities, Inc. | 3.801616 |
| <input type="checkbox"/> | Raymond James & Associates, Inc. | 3.917005 |
| <input type="checkbox"/> | SouthState DuncanWilliams Securities Corp. | 4.031106 |

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

SOURCES AND USES OF FUNDS

**City of Gainesville, TX
Combination Tax & Revenue Certificates of Obligation, Series 2025
Final Numbers**

Dated Date 12/04/2025
Delivery Date 12/04/2025

Sources:

| | |
|----------------|----------------------|
| Bond Proceeds: | |
| Par Amount | 9,255,000.00 |
| Premium | 745,233.45 |
| | <hr/> |
| | 10,000,233.45 |

Uses:

| | |
|-------------------------|----------------------|
| Project Fund Deposits: | |
| Project Fund | 9,780,000.00 |
| Delivery Date Expenses: | |
| Cost of Issuance | 132,397.50 |
| Underwriter's Discount | 87,835.95 |
| | <hr/> |
| | 220,233.45 |
| | <hr/> |
| | 10,000,233.45 |

BOND PRICING

**City of Gainesville, TX
Combination Tax & Revenue Certificates of Obligation, Series 2025
Final Numbers**

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Yield to Maturity | Call Date | Call Price | Premium (-Discount) | Principal Cost | |
|-----------------|---------------|---------|--------|--------|---------|-------------------|-----------|------------|---------------------|-------------------|----------------------|
| Bond Component: | | | | | | | | | | | |
| | 02/15/2026 | 30,000 | 5.000% | 2.920% | 100.399 | | | | 119.70 | 30,119.70 | |
| | 02/15/2027 | 300,000 | 5.000% | 2.800% | 102.568 | | | | 7,704.00 | 307,704.00 | |
| | 02/15/2028 | 315,000 | 5.000% | 2.740% | 104.783 | | | | 15,066.45 | 330,066.45 | |
| | 02/15/2029 | 330,000 | 5.000% | 2.720% | 106.932 | | | | 22,875.60 | 352,875.60 | |
| | 02/15/2030 | 350,000 | 5.000% | 2.670% | 109.189 | | | | 32,161.50 | 382,161.50 | |
| | 02/15/2031 | 365,000 | 5.000% | 2.690% | 111.130 | | | | 40,624.50 | 405,624.50 | |
| | 02/15/2032 | 385,000 | 5.000% | 2.740% | 112.796 | | | | 49,264.60 | 434,264.60 | |
| | 02/15/2033 | 405,000 | 5.000% | 2.840% | 113.966 | | | | 56,562.30 | 461,562.30 | |
| | 02/15/2034 | 425,000 | 5.000% | 2.850% | 115.613 | | | | 66,355.25 | 491,355.25 | |
| | 02/15/2035 | 450,000 | 5.000% | 2.950% | 114.826 | C | 3.132% | 02/15/2034 | 100.000 | 66,717.00 | 516,717.00 |
| | 02/15/2036 | 470,000 | 5.000% | 3.090% | 113.733 | C | 3.395% | 02/15/2034 | 100.000 | 64,545.10 | 534,545.10 |
| | 02/15/2037 | 495,000 | 5.000% | 3.240% | 112.576 | C | 3.623% | 02/15/2034 | 100.000 | 62,251.20 | 557,251.20 |
| | 02/15/2038 | 520,000 | 5.000% | 3.350% | 111.737 | C | 3.789% | 02/15/2034 | 100.000 | 61,032.40 | 581,032.40 |
| | 02/15/2039 | 545,000 | 5.000% | 3.450% | 110.980 | C | 3.925% | 02/15/2034 | 100.000 | 59,841.00 | 604,841.00 |
| | 02/15/2040 | 575,000 | 5.000% | 3.520% | 110.454 | C | 4.026% | 02/15/2034 | 100.000 | 60,110.50 | 635,110.50 |
| | 02/15/2041 | 605,000 | 5.000% | 3.600% | 109.856 | C | 4.120% | 02/15/2034 | 100.000 | 59,628.80 | 664,628.80 |
| | 02/15/2042 | 630,000 | 4.000% | 3.800% | 101.392 | C | 3.883% | 02/15/2034 | 100.000 | 8,769.60 | 638,769.60 |
| | 02/15/2043 | 660,000 | 4.000% | 3.850% | 101.041 | C | 3.916% | 02/15/2034 | 100.000 | 6,870.60 | 666,870.60 |
| | 02/15/2044 | 685,000 | 4.000% | 3.900% | 100.691 | C | 3.946% | 02/15/2034 | 100.000 | 4,733.35 | 689,733.35 |
| | 02/15/2045 | 715,000 | 4.000% | 4.000% | 100.000 | | | | | 715,000.00 | |
| | | | | | | | | | 9,255,000 | 745,233.45 | 10,000,233.45 |

| | | |
|------------------------|---------------|-------------|
| Dated Date | 12/04/2025 | |
| Delivery Date | 12/04/2025 | |
| First Coupon | 02/15/2026 | |
| Par Amount | 9,255,000.00 | |
| Premium | 745,233.45 | |
| Production | 10,000,233.45 | 108.052225% |
| Underwriter's Discount | -87,835.95 | -0.949065% |
| Purchase Price | 9,912,397.50 | 107.103160% |
| Accrued Interest | | |
| Net Proceeds | 9,912,397.50 | |

BOND SUMMARY STATISTICS

**City of Gainesville, TX
Combination Tax & Revenue Certificates of Obligation, Series 2025
Final Numbers**

| | |
|-----------------------------------|----------------|
| Dated Date | 12/04/2025 |
| Delivery Date | 12/04/2025 |
| First Coupon | 02/15/2026 |
| Last Maturity | 02/15/2045 |
| Arbitrage Yield | 3.515035% |
| True Interest Cost (TIC) | 3.791680% |
| Net Interest Cost (NIC) | 3.943097% |
| All-In TIC | 3.946213% |
| Average Coupon | 4.555340% |
| Average Life (years) | 11.602 |
| Weighted Average Maturity (years) | 11.470 |
| Duration of Issue (years) | 8.893 |
| Par Amount | 9,255,000.00 |
| Bond Proceeds | 10,000,233.45 |
| Total Interest | 4,891,309.31 |
| Net Interest | 4,233,911.81 |
| Bond Years from Dated Date | 107,375,291.67 |
| Bond Years from Delivery Date | 107,375,291.67 |
| Total Debt Service | 14,146,309.31 |
| Maximum Annual Debt Service | 729,350.00 |
| Average Annual Debt Service | 736,893.55 |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | 9.490648 |
| Total Underwriter's Discount | 9.490648 |
| Bid Price | 107.103160 |

| Bond Component | Par Value | Price | Average Coupon | Average Life | Average Maturity Date | Duration | PV of 1 bp change |
|----------------|---------------------|---------|----------------|---------------|-----------------------|----------|-------------------|
| Bond Component | 9,255,000.00 | 108.052 | 4.55533972% | 11.602 | 07/11/2037 | 8.923 | 6,517.55 |
| | 9,255,000.00 | | | 11.602 | | | 6,517.55 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value | 9,255,000.00 | 9,255,000.00 | 9,255,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | 745,233.45 | 745,233.45 | 745,233.45 |
| - Underwriter's Discount | -87,835.95 | -87,835.95 | |
| - Cost of Issuance Expense | | -132,397.50 | |
| - Other Amounts | | | |
| Target Value | 9,912,397.50 | 9,780,000.00 | 10,000,233.45 |
| Target Date | 12/04/2025 | 12/04/2025 | 12/04/2025 |
| Yield | 3.791680% | 3.946213% | 3.515035% |

BOND DEBT SERVICE

**City of Gainesville, TX
Combination Tax & Revenue Certificates of Obligation, Series 2025
Final Numbers**

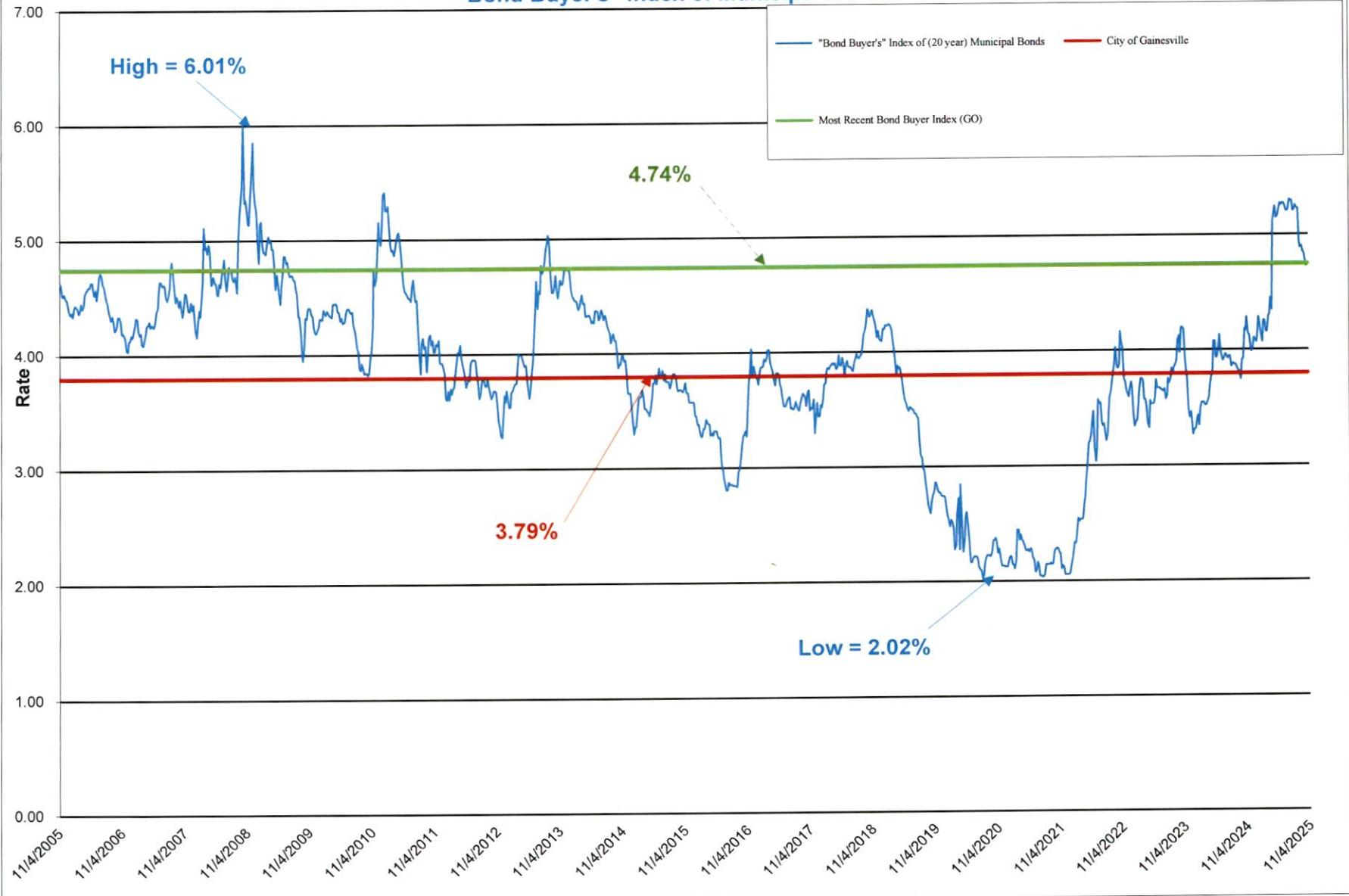
| Period Ending | Principal | Coupon | Interest | Debt Service |
|---------------|------------------|--------|---------------------|----------------------|
| 09/30/2026 | 30,000 | 5.000% | 303,134.31 | 333,134.31 |
| 09/30/2027 | 300,000 | 5.000% | 426,850.00 | 726,850.00 |
| 09/30/2028 | 315,000 | 5.000% | 411,475.00 | 726,475.00 |
| 09/30/2029 | 330,000 | 5.000% | 395,350.00 | 725,350.00 |
| 09/30/2030 | 350,000 | 5.000% | 378,350.00 | 728,350.00 |
| 09/30/2031 | 365,000 | 5.000% | 360,475.00 | 725,475.00 |
| 09/30/2032 | 385,000 | 5.000% | 341,725.00 | 726,725.00 |
| 09/30/2033 | 405,000 | 5.000% | 321,975.00 | 726,975.00 |
| 09/30/2034 | 425,000 | 5.000% | 301,225.00 | 726,225.00 |
| 09/30/2035 | 450,000 | 5.000% | 279,350.00 | 729,350.00 |
| 09/30/2036 | 470,000 | 5.000% | 256,350.00 | 726,350.00 |
| 09/30/2037 | 495,000 | 5.000% | 232,225.00 | 727,225.00 |
| 09/30/2038 | 520,000 | 5.000% | 206,850.00 | 726,850.00 |
| 09/30/2039 | 545,000 | 5.000% | 180,225.00 | 725,225.00 |
| 09/30/2040 | 575,000 | 5.000% | 152,225.00 | 727,225.00 |
| 09/30/2041 | 605,000 | 5.000% | 122,725.00 | 727,725.00 |
| 09/30/2042 | 630,000 | 4.000% | 95,000.00 | 725,000.00 |
| 09/30/2043 | 660,000 | 4.000% | 69,200.00 | 729,200.00 |
| 09/30/2044 | 685,000 | 4.000% | 42,300.00 | 727,300.00 |
| 09/30/2045 | 715,000 | 4.000% | 14,300.00 | 729,300.00 |
| | 9,255,000 | | 4,891,309.31 | 14,146,309.31 |

BOND DEBT SERVICE

**City of Gainesville, TX
Combination Tax & Revenue Certificates of Obligation, Series 2025
Final Numbers**

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|------------------|--------|---------------------|----------------------|----------------------|
| 02/15/2026 | 30,000 | 5.000% | 85,959.31 | 115,959.31 | |
| 08/15/2026 | | | 217,175.00 | 217,175.00 | |
| 09/30/2026 | | | | | 333,134.31 |
| 02/15/2027 | 300,000 | 5.000% | 217,175.00 | 517,175.00 | |
| 08/15/2027 | | | 209,675.00 | 209,675.00 | |
| 09/30/2027 | | | | | 726,850.00 |
| 02/15/2028 | 315,000 | 5.000% | 209,675.00 | 524,675.00 | |
| 08/15/2028 | | | 201,800.00 | 201,800.00 | |
| 09/30/2028 | | | | | 726,475.00 |
| 02/15/2029 | 330,000 | 5.000% | 201,800.00 | 531,800.00 | |
| 08/15/2029 | | | 193,550.00 | 193,550.00 | |
| 09/30/2029 | | | | | 725,350.00 |
| 02/15/2030 | 350,000 | 5.000% | 193,550.00 | 543,550.00 | |
| 08/15/2030 | | | 184,800.00 | 184,800.00 | |
| 09/30/2030 | | | | | 728,350.00 |
| 02/15/2031 | 365,000 | 5.000% | 184,800.00 | 549,800.00 | |
| 08/15/2031 | | | 175,675.00 | 175,675.00 | |
| 09/30/2031 | | | | | 725,475.00 |
| 02/15/2032 | 385,000 | 5.000% | 175,675.00 | 560,675.00 | |
| 08/15/2032 | | | 166,050.00 | 166,050.00 | |
| 09/30/2032 | | | | | 726,725.00 |
| 02/15/2033 | 405,000 | 5.000% | 166,050.00 | 571,050.00 | |
| 08/15/2033 | | | 155,925.00 | 155,925.00 | |
| 09/30/2033 | | | | | 726,975.00 |
| 02/15/2034 | 425,000 | 5.000% | 155,925.00 | 580,925.00 | |
| 08/15/2034 | | | 145,300.00 | 145,300.00 | |
| 09/30/2034 | | | | | 726,225.00 |
| 02/15/2035 | 450,000 | 5.000% | 145,300.00 | 595,300.00 | |
| 08/15/2035 | | | 134,050.00 | 134,050.00 | |
| 09/30/2035 | | | | | 729,350.00 |
| 02/15/2036 | 470,000 | 5.000% | 134,050.00 | 604,050.00 | |
| 08/15/2036 | | | 122,300.00 | 122,300.00 | |
| 09/30/2036 | | | | | 726,350.00 |
| 02/15/2037 | 495,000 | 5.000% | 122,300.00 | 617,300.00 | |
| 08/15/2037 | | | 109,925.00 | 109,925.00 | |
| 09/30/2037 | | | | | 727,225.00 |
| 02/15/2038 | 520,000 | 5.000% | 109,925.00 | 629,925.00 | |
| 08/15/2038 | | | 96,925.00 | 96,925.00 | |
| 09/30/2038 | | | | | 726,850.00 |
| 02/15/2039 | 545,000 | 5.000% | 96,925.00 | 641,925.00 | |
| 08/15/2039 | | | 83,300.00 | 83,300.00 | |
| 09/30/2039 | | | | | 725,225.00 |
| 02/15/2040 | 575,000 | 5.000% | 83,300.00 | 658,300.00 | |
| 08/15/2040 | | | 68,925.00 | 68,925.00 | |
| 09/30/2040 | | | | | 727,225.00 |
| 02/15/2041 | 605,000 | 5.000% | 68,925.00 | 673,925.00 | |
| 08/15/2041 | | | 53,800.00 | 53,800.00 | |
| 09/30/2041 | | | | | 727,725.00 |
| 02/15/2042 | 630,000 | 4.000% | 53,800.00 | 683,800.00 | |
| 08/15/2042 | | | 41,200.00 | 41,200.00 | |
| 09/30/2042 | | | | | 725,000.00 |
| 02/15/2043 | 660,000 | 4.000% | 41,200.00 | 701,200.00 | |
| 08/15/2043 | | | 28,000.00 | 28,000.00 | |
| 09/30/2043 | | | | | 729,200.00 |
| 02/15/2044 | 685,000 | 4.000% | 28,000.00 | 713,000.00 | |
| 08/15/2044 | | | 14,300.00 | 14,300.00 | |
| 09/30/2044 | | | | | 727,300.00 |
| 02/15/2045 | 715,000 | 4.000% | 14,300.00 | 729,300.00 | |
| 09/30/2045 | | | | | 729,300.00 |
| | 9,255,000 | | 4,891,309.31 | 14,146,309.31 | 14,146,309.31 |

City of Gainesville, Texas "Bond Buyer's" Index of Municipal Bonds



HILLTOP

The most important guide as to what the Municipal Bond Market has done in one time period versus another is the "Bond Buyer's" 20 Bond Index. Published on Thursday of each week, it is the accepted guide of the Municipal Bond Industry to determine trends and movements of interest rates in the market. To compute the index each week a poll is taken of several large investment banking houses on the 20 year price (expressed in terms of an interest rate) of the outstanding bonds of certain municipalities.

| | <u>Week</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| January | 1 | 5.08 | 3.83 | 3.68 | 4.75 | 3.42 | 3.45 | 3.78 | 3.44 | 4.09 | 2.73 | 2.17 | 2.12 | 3.66 | 3.31 | 4.06 |
| | 2 | 5.39 | 3.62 | 3.60 | 4.68 | 3.29 | 3.45 | 3.72 | 3.54 | 4.20 | 2.63 | 2.21 | 2.19 | 3.45 | 3.31 | 4.16 |
| | 3 | 5.41 | 3.60 | 3.53 | 4.55 | 3.36 | 3.37 | 3.83 | 3.52 | 4.19 | 2.56 | 2.21 | 2.25 | 3.33 | 3.39 | 4.28 |
| | 4 | 5.25 | 3.68 | 3.54 | 4.50 | 3.36 | 3.38 | 3.87 | 3.59 | 4.23 | 2.54 | 2.14 | 2.33 | 3.37 | 3.43 | 4.19 |
| | 5 | | | 3.67 | 4.48 | | | | | 4.22 | 2.47 | | | | | 4.13 |
| February | 1 | 5.25 | 3.60 | 3.68 | 4.46 | 3.49 | 3.30 | 3.87 | 3.72 | 4.23 | 2.53 | 2.14 | 2.32 | 3.39 | 3.34 | 4.06 |
| | 2 | 5.29 | 3.70 | 3.72 | 4.46 | 3.60 | 3.27 | 3.88 | 3.73 | 4.24 | 2.51 | 2.10 | 2.41 | 3.51 | 3.49 | 4.25 |
| | 3 | 5.10 | 3.65 | 3.74 | 4.44 | 3.62 | 3.27 | 3.94 | 3.84 | 4.23 | 2.46 | 2.17 | 2.54 | 3.65 | 3.54 | 4.25 |
| | 4 | 4.95 | 3.69 | 3.74 | 4.38 | 3.62 | 3.34 | 3.92 | 3.86 | 4.19 | 2.27 | 2.44 | 2.51 | 3.75 | 3.54 | 4.15 |
| | 5 | | | | | | | | | | | | | | | |
| March | 1 | 4.90 | 3.72 | 3.86 | 4.41 | 3.68 | 3.34 | 3.95 | 3.85 | 4.09 | 2.31 | 2.44 | 2.53 | 3.75 | 3.54 | 4.15 |
| | 2 | 4.91 | 3.84 | 4.00 | 4.47 | 3.62 | 3.42 | 4.02 | 3.88 | 4.04 | 2.57 | 2.35 | 2.33 | 3.73 | 3.52 | 4.29 |
| | 3 | 4.86 | 3.95 | 3.99 | 4.51 | 3.52 | 3.40 | 4.02 | 3.89 | 3.92 | 2.72 | 2.40 | 2.53 | 3.57 | 3.52 | 4.30 |
| | 4 | 4.91 | 4.01 | 3.99 | 4.43 | 3.52 | 3.38 | 3.91 | 3.90 | 3.79 | 2.27 | 2.35 | 2.67 | 3.57 | 3.55 | 4.45 |
| | 5 | 5.00 | 4.02 | | | | 3.38 | 3.86 | 3.89 | | | | 2.73 | 3.50 | 3.58 | |
| April | 1 | 5.04 | 4.08 | 3.96 | 4.44 | 3.49 | 3.28 | 3.83 | 3.90 | 3.88 | 2.84 | 2.34 | 2.87 | 3.36 | 3.68 | 4.34 |
| | 2 | 5.06 | 3.97 | 3.93 | 4.32 | 3.49 | 3.30 | 3.77 | 3.85 | 3.85 | 2.49 | 2.30 | 3.01 | 3.32 | 3.76 | 5.11 |
| | 3 | 4.98 | 3.90 | 3.89 | 4.32 | 3.45 | 3.28 | 3.71 | 3.87 | 3.86 | 2.25 | 2.26 | 3.19 | 3.56 | 3.79 | 5.20 |
| | 4 | 4.86 | 3.86 | 3.90 | 4.33 | 3.52 | 3.32 | 3.82 | 3.97 | 3.79 | 2.36 | 2.26 | 3.21 | 3.53 | 4.07 | 5.24 |
| | 5 | | | | | 3.62 | | | | | 2.56 | 2.27 | | | | |
| May | 1 | 4.69 | 3.81 | 3.77 | 4.33 | 3.74 | 3.32 | 3.82 | 3.89 | 3.73 | 2.60 | 2.25 | 3.27 | 3.53 | 4.07 | 5.14 |
| | 2 | 4.61 | 3.71 | 3.67 | 4.31 | 3.74 | 3.32 | 3.81 | 3.88 | 3.63 | 2.48 | 2.28 | 3.37 | 3.53 | 3.93 | 5.16 |
| | 3 | 4.55 | 3.75 | 3.61 | 4.26 | 3.81 | 3.26 | 3.73 | 3.95 | 3.57 | 2.37 | 2.26 | 3.47 | 3.59 | 3.93 | 5.20 |
| | 4 | 4.53 | 3.81 | 3.70 | 4.28 | 3.73 | 3.26 | 3.69 | 3.90 | 3.56 | 2.16 | 2.20 | 3.16 | 3.74 | 4.00 | 5.27 |
| | 5 | | 3.77 | 3.84 | 4.26 | | | | 3.78 | 3.51 | | | | | 4.13 | 5.25 |
| June | 1 | 4.51 | 3.92 | 3.93 | 4.37 | 3.81 | 3.26 | 3.61 | 3.88 | 3.48 | 2.16 | 2.18 | 3.03 | 3.67 | 3.97 | 5.27 |
| | 2 | 4.49 | 3.95 | 4.16 | 4.37 | 3.87 | 3.03 | 3.53 | 3.92 | 3.52 | 2.19 | 2.07 | 3.16 | 3.67 | 3.94 | 5.27 |
| | 3 | 4.49 | 3.95 | 4.37 | 4.36 | 3.79 | 2.99 | 3.53 | 3.87 | 3.51 | 2.21 | 2.09 | 3.57 | 3.67 | 3.90 | 5.25 |
| | 4 | 4.46 | 3.95 | 4.63 | 4.29 | 3.80 | 2.90 | 3.53 | 3.87 | 3.50 | 2.21 | 2.16 | 3.54 | 3.65 | 3.93 | 5.20 |
| | 5 | 4.59 | | | | | | 3.58 | | | | | 3.54 | 3.65 | | |
| July | 1 | 4.65 | 3.94 | 4.39 | 4.31 | 3.85 | 2.85 | 3.60 | 3.86 | 3.49 | 2.21 | 2.14 | 3.37 | 3.64 | 3.96 | 5.20 |
| | 2 | 4.51 | 3.83 | 4.55 | 4.38 | 3.76 | 2.80 | 3.61 | 3.85 | 3.46 | 2.19 | 2.04 | 3.34 | 3.66 | 3.94 | 5.21 |
| | 3 | 4.46 | 3.75 | 4.52 | 4.36 | 3.82 | 2.80 | 3.51 | 3.83 | 3.46 | 2.12 | 2.04 | 3.36 | 3.57 | 3.92 | 5.30 |
| | 4 | 4.47 | 3.61 | 4.77 | 4.29 | 3.75 | 2.87 | 3.52 | 3.90 | 3.43 | 2.10 | 2.03 | 3.27 | 3.60 | 3.94 | 5.29 |
| | 5 | | | | 4.33 | 3.75 | 2.85 | | | | 2.09 | 2.04 | | | | 5.29 |
| August | 1 | 4.19 | 3.66 | 4.70 | 4.31 | 3.75 | 2.85 | 3.50 | 3.95 | 3.42 | 2.02 | 2.04 | 3.21 | 3.75 | 3.94 | 5.20 |
| | 2 | 3.97 | 3.75 | 4.73 | 4.24 | 3.69 | 2.85 | 3.52 | 3.98 | 3.22 | 2.05 | 2.14 | 3.27 | 3.71 | 3.85 | 5.21 |
| | 3 | 3.83 | 3.80 | 4.80 | 4.21 | 3.73 | 2.84 | 3.57 | 3.95 | 3.10 | 2.15 | 2.14 | 3.44 | 3.75 | 3.88 | 5.25 |
| | 4 | 4.09 | 3.76 | 4.91 | 4.17 | 3.79 | 2.84 | 3.53 | 3.94 | 3.07 | 2.20 | 2.14 | 3.59 | 3.84 | 3.88 | 5.23 |
| | 5 | | 3.72 | 4.96 | | | | 3.51 | 3.96 | 2.97 | | | | 3.81 | 3.87 | |
| September | 1 | 4.14 | 3.73 | 5.03 | 4.09 | 3.82 | 2.84 | 3.49 | 3.98 | 2.97 | 2.22 | 2.14 | 3.64 | 3.85 | 3.86 | 5.22 |
| | 2 | 4.05 | 3.79 | 4.93 | 4.14 | 3.82 | 2.83 | 3.56 | 4.06 | 2.85 | 2.22 | 2.15 | 3.73 | 3.87 | 3.83 | 4.94 |
| | 3 | 4.07 | 3.72 | 4.66 | 4.17 | 3.78 | 2.96 | 3.60 | 4.15 | 2.76 | 2.22 | 2.14 | 3.81 | 3.90 | 3.81 | 4.88 |
| | 4 | 3.85 | 3.67 | 4.53 | 4.11 | 3.71 | 2.98 | 3.64 | 4.18 | 2.66 | 2.21 | 2.15 | 3.89 | 4.09 | 3.81 | 4.90 |
| | 5 | 3.93 | | | | | 3.06 | | | | | 2.26 | 4.02 | | | |
| October | 1 | 4.14 | 3.61 | 4.53 | 4.11 | 3.67 | 3.20 | 3.63 | 4.24 | 2.62 | 2.25 | 2.27 | 3.86 | 4.12 | 3.74 | 4.85 |
| | 2 | 4.17 | 3.64 | 4.57 | 4.01 | 3.68 | 3.28 | 3.61 | 4.37 | 2.59 | 2.35 | 2.28 | 3.84 | 3.97 | 3.91 | 4.83 |
| | 3 | 4.08 | 3.68 | 4.68 | 3.87 | 3.68 | 3.28 | 3.53 | 4.35 | 2.70 | 2.35 | 2.28 | 3.87 | 4.19 | 3.92 | 4.78 |
| | 4 | 4.12 | 3.68 | 4.56 | 3.90 | 3.67 | 3.32 | 3.65 | 4.30 | 2.75 | 2.37 | 2.25 | 4.16 | 4.19 | 4.18 | 4.72 |
| | 5 | | | 4.48 | 3.90 | 3.66 | | | | 2.79 | 2.34 | | | | 4.16 | 4.74 |
| November | 1 | 4.02 | 3.67 | 4.56 | 3.98 | 3.69 | 3.27 | 3.67 | 4.33 | 2.86 | 2.24 | 2.23 | 4.06 | 4.17 | 4.28 | |
| | 2 | 4.02 | 3.55 | 4.64 | 3.98 | 3.74 | 3.52 | 3.49 | 4.36 | 2.85 | 2.28 | 2.10 | 4.02 | 3.93 | 4.14 | |
| | 3 | 4.09 | 3.41 | 4.60 | 3.93 | 3.65 | 3.75 | 3.52 | 4.30 | 2.79 | 2.19 | 2.13 | 3.75 | 3.83 | 4.12 | |
| | 4 | 4.07 | 3.37 | 4.61 | 3.94 | 3.65 | 3.80 | 3.51 | 4.26 | 2.77 | 2.13 | 2.11 | 3.72 | 3.74 | 4.03 | |
| | 5 | | 3.29 | | | | | 3.59 | 4.22 | | | | | 3.49 | | |
| December | 1 | 4.12 | 3.27 | 4.70 | 3.83 | 3.57 | 4.03 | 3.29 | 4.12 | 2.77 | 2.13 | 2.05 | 3.65 | 3.41 | 3.98 | |
| | 2 | 3.93 | 3.44 | 4.74 | 3.65 | 3.57 | 3.78 | 3.41 | 4.18 | 2.74 | 2.13 | 2.05 | 3.63 | 3.46 | 4.01 | |
| | 3 | 3.92 | 3.64 | 4.73 | 3.65 | 3.57 | 3.88 | 3.56 | 4.11 | 2.74 | 2.12 | 2.05 | 3.59 | 3.37 | 4.10 | |
| | 4 | 3.92 | 3.58 | 4.73 | 3.65 | 3.57 | 3.83 | 3.44 | 4.10 | 2.74 | 2.12 | 2.05 | 3.66 | 3.26 | 4.08 | |
| | 5 | 3.88 | | | 3.56 | 3.57 | 3.78 | | | | 2.12 | 2.06 | 3.72 | | | |

Research Update:

Gainesville, TX Outstanding GO Bonds And COs Upgraded To 'AA' On Improving Performance; 2025 COs Rated 'AA'

October 29, 2025

Overview

- S&P Global ratings raised its rating one notch to 'AA' from 'AA-' on [Gainesville, Texas](#)' outstanding general obligation (GO) bonds and certificates of obligation (COs).
- At the same time, we assigned our 'AA' long-term rating to the city's proposed 2025 \$9.6 million COs.
- The outlook is stable.
- The upgrade is based on the city's steady economic growth, consistent balanced operating results, increasing reserves, and a strong management team with comprehensive policies indicating strong governance.

Rationale

Security

Gainesville's GO bonds and COs constitute direct obligations of the city, payable from the proceeds of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within its borders. The maximum allowable ad valorem tax rate in Texas is \$2.50 per \$100 of assessed value (AV) for all purposes, with the portion dedicated to debt service limited to \$1.50. The city's total tax rate is well below the maximum, at 57.60 cents, 14.63 cents of which is dedicated to debt service. Based on the application of our criteria "[Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness](#)," Nov. 20, 2019, we view the limited-tax GO debt pledge to be on par with the city's general creditworthiness. The ad valorem taxes are not levied on a narrower or distinctly different tax base, and there are no limitations on the fungibility of resources available for the payment of debt service. The bonds will be used for additions and improvements to the city's water and sewer system and streets.

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Credit highlights

In our view, the city's history of stable operating results, strong reserve position, and comprehensive financial management practices and policies support general creditworthiness, offset by economic metrics that are below U.S. averages and lower than those of similarly rated peers.

The city's fiscal 2025 budget includes a small general fund surplus, driven by conservative budgeting assumptions, increasing sales tax revenue, and some vacancies in public safety departments. Given the city's growth, management expects to hire a city planner and engineer to accommodate new housing. Management has a robust suite of policies, and long-term planning documents, in addition to planning documents for enterprise elements such as the utility and the airport. Reserves are very strong at over 50% of general fund revenue and the city also maintains \$10.8 million, or 180 days of cash on hand, in the enterprise funds. In our view a strong set of management policies and future planning have the city well positioned to accommodate new growth and make budgetary adjustments if needed.

Given that we expect continued stable budgetary performance, supported by an expanding economy, we do not anticipate changing the rating during our two-year outlook period. In addition, the city's strong long-term planning, supported by a comprehensive set of policies, indicates that officials will make needed adjustments to accommodate growth while maintaining balanced performance.

The rating is also based on factors including:

- Per capital gross county product for Cooke County is 87.9% of the U.S. level, and per capital personal income is 88.8%, both of which are low for 'AA' peer medians. Gainesville is expecting residential growth with hundreds of lots planned for a new residential subdivision, as well as some commercial development featuring restaurants and convenience stores.
- Operating results are typically positive, as reflected in four straight years of general fund surpluses with an expected additional surplus in fiscal 2025. Management typically outperforms its budgetary expectations, and we expect that the city's strong management practices will continue to realize balanced results.
- Reserves are supported by a 90-day formal fund balance policy, and currently stand at just over 50% of general fund revenue, with no immediate plans to spend down reserves.
- Management examines five to 10 years of historical data to project revenue and expenditures. Input from outside sources is used to anticipate any potential deviations from trends. Budget-to-actual results are provided to the city council monthly, with budgetary amendments adopted as needed. The city maintains a formal investment policy and management presents the city council with monthly updates on investments and account balances. Gainesville's formal reserve policy is to maintain at least 90 days of operating expenditures in the general fund to handle any unexpected decreases in revenue plus extraordinary unbudgeted expenditures. The city's adopted financial policies require it to prepare a six-year rolling (budget year plus five years) capital improvement plan (CIP) in tandem with the annual budget process. In addition, the city developed a long-term financial plan that includes multiyear forecasts of revenue and expenditures extending five years with comprehensive assumptions built in. The city takes steps to mitigate cyber risks.
- The city has a moderate debt burden, with expected future debt plans of \$7.6 million within the next three years. Officials have a master plan for future capital needs, with additional debt planned out in 2030.

- For more information on our institutional framework assessment for Texas municipalities, see "[Institutional Framework Assessment: Texas Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We assessed the city's environmental, social, and governance factors relative to its economy, management, financial measures, and debt-and-liability profile, and consider them to be neutral in our credit analysis.

Outlook

The stable outlook reflects our view that the city's performance will likely remain strong over the next two years given its conservative budgeting practices and history of positive budget-to-actual variances.

Downside scenario

We could take a negative rating action if Gainesville's financial performance weakens, and its reserves decline to levels that are no longer comparable with those of similarly rated peers and below its formal policy on a sustained basis.

Upside scenario

We could take a positive rating action if the city's economic growth causes sustained improvement to gross county product and local income metrics commensurate with those of higher-rated peers, while all other credit factors remain equal.

Gainesville, Texas--credit summary

| | |
|---------------------------------|------|
| Institutional framework (IF) | 1 |
| Individual credit profile (ICP) | 2.00 |
| Economy | 4.0 |
| Financial performance | 1 |
| Reserves and liquidity | 1 |
| Management | 1.00 |
| Debt and liabilities | 3.00 |

Gainesville, Texas--key credit metrics

| | Most recent | 2024 | 2023 | 2022 |
|--------------------------------------|-------------|-----------|-----------|-----------|
| Economy | | | | |
| Real GCP per capita % of U.S. | 88 | -- | 88 | 84 |
| County PCPI % of U.S. | 89 | -- | 89 | 90 |
| Market value (\$000s) | 2,000,566 | 2,108,018 | 1,884,025 | 1,632,284 |
| Market value per capita (\$) | 112,077 | 118,096 | 107,321 | 97,906 |
| Top 10 taxpayers % of taxable value | 11.2 | 10.6 | 7.5 | 8.3 |
| County unemployment rate (%) | 3.5 | 3.6 | 3.3 | 3.4 |
| Local median household EBI % of U.S. | 75 | 75 | 75 | 73 |
| Local per capita EBI % of U.S. | 69 | 69 | 69 | 64 |

Gainesville, Texas--key credit metrics

| | Most recent | 2024 | 2023 | 2022 |
|--|-------------|--------|---------|--------|
| Local population | 17,850 | 17,850 | 17,555 | 16,672 |
| Financial performance | | | | |
| Operating fund revenues (\$000s) | -- | 21,604 | 21,249 | 17,597 |
| Operating fund expenditures (\$000s) | -- | 20,274 | 18,513 | 18,121 |
| Net transfers and other adjustments (\$000s) | -- | 811 | (2,536) | 629 |
| Operating result (\$000s) | -- | 2,141 | 200 | 105 |
| Operating result % of revenues | -- | 9.9 | 0.9 | 0.6 |
| Operating result three-year average % | -- | 3.8 | 0.7 | 0.5 |
| Reserves and liquidity | | | | |
| Available reserves % of operating revenues | -- | 50.1 | 42.2 | 52.8 |
| Available reserves (\$000s) | -- | 10,824 | 8,962 | 9,292 |
| Debt and liabilities | | | | |
| Debt service cost % of revenues | -- | 5.7 | 6.6 | 7.1 |
| Net direct debt per capita (\$) | 2,955 | 2,599 | 2,576 | 2,335 |
| Net direct debt (\$000s) | 52,755 | 46,390 | 45,218 | 38,923 |
| Direct debt 10-year amortization (%) | 60 | 64 | 67 | 71 |
| Pension and OPEB cost % of revenues | -- | 8.0 | 9.0 | 17.0 |
| NPLs per capita (\$) | -- | 598 | 524 | 219 |
| Combined NPLs (\$000s) | -- | 10,676 | 9,192 | 3,659 |

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List

New Issue Ratings

US\$9.575 mil combination tax and rev certs of oblig ser 2025 due 02/15/2045

Long Term Rating AA/Stable

Upgraded

| | To | From |
|--|-----------|----------------|
| Local Government | | |
| Gainesville, TX Limited Tax General Operating Pledge | AA/Stable | AA- /Stable |
| Gainesville, TX Limited Tax General Operating Pledge and Water and Sewer System Subordinate Lien | AA/Stable | AA- /Stable |

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have

Gainesville, TX Outstanding GO Bonds And COs Upgraded To 'AA' On Improving Performance; 2025 COs Rated 'AA'

different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceld/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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