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

PRELIMINARY OFFERING MEMORANDUM DATED [NOVEMBER 10], 2026

NEW ISSUE – Book-Entry-Only

Ratings: Moody's: "___"
S&P: "___"
Fitch: "___"
(See "OTHER RELEVANT INFORMATION – Ratings" in this Offering Memorandum.)

Delivery of the Bonds is subject to the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, to the effect that, assuming continuing compliance by the City of Austin, Texas with certain covenants contained in the Twenty-Fourth Supplement described in this Offering Memorandum, interest on the Bonds will be excludable from gross income for federal income taxation under existing law, subject to the matters described under "TAX MATTERS" in this Offering Memorandum. See also "DESCRIPTION OF THE BONDS – Interest During the Initial Interest Period" in this Offering Memorandum for a description of the circumstances under which an opinion of nationally recognized bond counsel is required as a condition to a conversion of the interest rate mode of the Bonds. Bond Counsel expresses no opinion as to the effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes of any action requiring such an opinion.

CITY OF AUSTIN, TEXAS

$[201,565,000]*
ELECTRIC UTILITY SYSTEM VARIABLE RATE REVENUE IMPROVEMENT BONDS, SERIES 2026C

Interest to accrue from the Date of Initial Delivery

Stated Maturity: November 15, 20__; subject to mandatory tender as shown on page ii of this Offering Memorandum

The bonds offered in this Offering Memorandum are the $[201,565,000]* City of Austin, Texas Electric Utility System Variable Rate Revenue Improvement Bonds, Series 2026C (the "Bonds"). The Bonds represent the twenty-sixth series of "Parity Electric Utility Obligations" issued pursuant to the Constitution and general laws of the State of Texas, including particularly Chapters 1371 and 1502, Texas Government Code, as amended, the City's Home Rule Charter, and City of Austin, Texas (the "City") Ordinance No. 010118-53A, passed on January 18, 2001, by the City Council of the City (the "City Council") governing the issuance of the City's Electric Utility System indebtedness (the "Master Ordinance") and are authorized and being issued in accordance with Ordinance No. _____ (the "Twenty-Fourth Supplement") authorizing the Bonds, passed on [November 5], 2026, by the City Council. The Twenty-Fourth Supplement delegated to a designated "Pricing Officer" the authority to effect the sale of the Bonds, subject to the terms of the Twenty-Fourth Supplement. See "INTRODUCTION" in this Offering Memorandum.

Concurrently with the sale and delivery by the City of the Bonds, the City expects to sell its $[268,215,000]* Electric Utility System Revenue Refunding and Improvement Bonds, Series 2026A (the "2026A Bonds") and its $[87,180,000]* Electric Utility System Revenue Refunding Bonds, Taxable Series 2026B (the "Taxable 2026B Bonds" and, together with the 2026A Bonds, the "2026A and Taxable 2026B Bonds") which are expected to be delivered through DTC on or about [December 15, 2026].* The 2026A and Taxable 2026B Bonds are being issued as Parity Electric Utility Obligations and, upon their delivery, will be equally and ratably secured with the Bonds by a parity lien on and pledge of the Net Revenues of the Electric Utility System. This Offering Memorandum relates only to the sale of the Bonds, and not to the sale of the 2026A and Taxable 2026B Bonds. See "PLAN OF FINANCING" in this Offering Memorandum.

The Master Ordinance provides the terms for the issuance of Parity Electric Utility Obligations and the related covenants and security provisions. Commercial Paper Obligations (defined in this Offering Memorandum) currently authorized, having a combined pledge of Net Revenues of the Electric Utility System and Water and Wastewater System (the "Combined Utility Systems"), are issued on a subordinate lien basis to the Parity Electric Utility Obligations. Special Facilities Debt and Subordinated Debt (each as defined in the Master Ordinance) may be incurred by the City without limitation. The Bonds are special obligations of the City, payable as to both principal and interest solely from, and together with the outstanding Parity Electric Utility Obligations (including, upon their delivery, the 2026A and Taxable 2026B Bonds), equally and ratably secured only by a lien on and pledge of the Net Revenues of the City's Electric Utility System as provided in the Master Ordinance and the Twenty-Fourth Supplement. **The taxing powers of the City and the State of Texas are not pledged as security for the Bonds.** See "SECURITY FOR THE BONDS" in this Offering Memorandum.

The Bonds are multi-modal variable rate bonds that will initially bear interest in a Term Mode (defined in this Offering Memorandum). While in a Term Mode, the definitive Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof within a maturity. Interest on the Bonds will accrue from the date of initial delivery to the underwriters set forth below (the "Underwriters") and, during the Initial Interest Period (defined below), shall be payable on May 15, 2027,* and each November 15 and May 15 thereafter, and on the Mandatory Tender Date (defined below). The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The City reserves the right to discontinue such book-entry system. See "DESCRIPTION OF THE BONDS" in this Offering Memorandum. U.S. Bank Trust Company, National Association, Irving, Texas, will serve as the initial paying agent/registrar (the "Paying Agent/Registrar") for the Bonds.

The Bonds will initially be issued as a term bond, bearing interest at a Term Rate (defined in this Offering Memorandum) for an initial interest period commencing on the Date of Initial Delivery and concluding on [_____ __, 20__]* (the "Initial Interest Period"). Upon the expiration of the Initial Interest Period, the Bonds are subject to mandatory tender on [_____ __, 20__]* (the "Mandatory Tender Date"), and are expected to be remarketed into a subsequent Term Mode interest period of a duration to be determined, unless converted to a different interest rate mode as described in this Offering Memorandum. See "INITIAL TERM MODE INFORMATION" on page ii of this Offering Memorandum for the initial Term Rate, Mandatory Tender Date, Stepped Rate (defined in this Offering Memorandum) and CUSIP number applicable to the Bonds. During the Initial Interest Period, interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

During the Initial Interest Period, the Bonds are not benefited by a liquidity facility provided by a third party. Accordingly, a failure by the Remarketing Agent (defined in this Offering Memorandum) to remarket the Bonds subject to mandatory tender on the Mandatory Tender Date will result in the rescission of the notice of mandatory tender with respect thereto and the City not having any obligation to purchase such Bonds at that time. The occurrence of the foregoing will not result in an event of default under the Twenty-Fourth Supplement or the Bonds. Until such time as the City redeems or remarkets such Bonds that have not been successfully remarketed on the Mandatory Tender Date, those Bonds shall bear interest at the Stepped Rate, calculated on the basis of a 360-day year of twelve 30-day months. See "DESCRIPTION OF THE BONDS – Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds" in this Offering Memorandum.

U.S. Bank Trust Company, National Association, [Houston], Texas, will serve as the initial tender agent for the Bonds (the "Tender Agent"). Bonds tendered for purchase will be purchased from the proceeds derived from the remarketing of such Bonds, if any; provided, however, that should the date for tender of the Bonds occur on an Interest Payment Date (defined in this Offering Memorandum), the accrued interest portion of the Purchase Price (defined in this Offering Memorandum) is to be paid by the City. Prior to a remarketing, the City will select a qualified Remarketing Agent to remarket the Bonds.

The Twenty-Fourth Supplement provides that the Bonds, at the conclusion of the then-effective interest rate mode (other than the Fixed Mode), are subject to conversion to another interest rate mode.

The Bonds are not subject to optional redemption or optional tender prior to the expiration of the Initial Interest Period. See "DESCRIPTION OF THE BONDS - Redemption of the Bonds" and "– Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds" in this Offering Memorandum.

The Bonds are offered for delivery when, as, and if issued and subject, among other things, to the opinions of the Attorney General of the State of Texas and Norton Rose Fulbright US LLP, Bond Counsel for the City, as to the validity of the issuance of the Bonds under the Constitution and laws of the State of Texas. The opinion of Bond Counsel will be printed on or attached to the Bonds. See "APPENDIX D – Form of Bond Counsel's Opinion" in this Offering Memorandum. Certain legal matters will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel for the City, and for the Underwriters by their counsel, Troutman Pepper Locke LLP. The Bonds are expected to be delivered through the facilities of DTC on or about [December 15, 2026] (the "Date of Initial Delivery").

J.P. Morgan
Rice Financial Products Company

Ramirez & Co., Inc.
Siebert Williams Shank

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* *Preliminary, subject to change.*

CITY OF AUSTIN, TEXAS

$[201,565,000]*
ELECTRIC UTILITY SYSTEM
VARIABLE RATE REVENUE IMPROVEMENT BONDS, SERIES 2026C

Base CUSIP No. 052414[1]

INITIAL TERM MODE INFORMATION

Initial Interest Period Commences on the Date of Initial Delivery

Stated Maturity (November 15)[2]	Principal Amount ($)*	Initial Interest Period Expiration*	Mandatory Tender Date*[3]	Initial Term Rate (%)	Initial Yield (%)[4]	Stepped Rate (%)[5]	CUSIP Suffix[1]
11/15/20__	[_____]	[__/__/20__]	[__/__/20__]				

(Interest to accrue from Date of Initial Delivery)

Redemption and Mandatory Tender of the Bonds

The Bonds are not subject to optional redemption or optional tender prior to the expiration of the Initial Interest Period. Following the expiration of the Initial Interest Period, the Bonds are subject to mandatory tender, optional redemption and mandatory sinking fund redemption as described in "DESCRIPTION OF THE BONDS – Redemption of the Bonds" and "– Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds" in this Offering Memorandum.

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(1) CUSIP numbers have been assigned to the Bonds by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds. None of the City, the Municipal Advisor or the Underwriters are responsible for the selection or the correctness of the CUSIP numbers set forth herein. CUSIP is a registered trademark of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP services.

(2) The Bonds are subject to mandatory sinking fund redemption. See "DESCRIPTION OF THE BONDS – Redemption of the Bonds – Mandatory Sinking Fund Redemption" in this Offering Memorandum.

(3) If a scheduled Mandatory Tender Date is not a business day, tender shall occur on the first business day occurring after such scheduled Mandatory Tender Date (though interest on the Bonds subject to tender shall cease to accrue on the scheduled Mandatory Tender Date).

(4) Initial yield calculated to the applicable Mandatory Tender Date.

(5) The Stepped Rate is the per annum rate of interest that will apply to Bonds that are not successfully remarketed on the Mandatory Tender Date, until such Bonds are remarketed or redeemed. The Maximum Rate for the Bonds is [___]% per annum. See "DESCRIPTION OF THE BONDS – Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds" in this Offering Memorandum.

CITY OF AUSTIN

Elected Officials

		Term Expires Jan. 6
Kirk Watson	Mayor	2029
Natasha Harper-Madison[(1)]	Councilmember District 1	2027
Vanessa Fuentes	Councilmember District 2	2029
José Velásquez[(1)]	Councilmember District 3	2027
José "Chito" Vela	Mayor Pro Tem /Councilmember District 4	2029
Ryan Alter[(1)]	Councilmember District 5	2027
Krista Laine	Councilmember District 6	2029
Mike Siegel	Councilmember District 7	2029
Paige Ellis[(1)]	Councilmember District 8	2027
Zohaib "Zo" Qadri[(1)]	Councilmember District 9	2027
Marc Duchen	Councilmember District 10	2029

[(1)] An election was held on November 3, 2026 for Districts 1, 3, 5, 8, and 9. Councilmembers Harper-Madison and Ellis did not run for re-election.

Appointed Officials

T.C. Broadnax	City Manager
Jon Fortune	Deputy City Manager
Ramon Batista	Assistant City Manager
Susan Carbajal	Assistant City Manager
Stephanie Hayden-Howard	Assistant City Manager
Michael Rogers	Assistant City Manager
Dr. Eric Johnson	Assistant City Manager
Ed Van Eenoo	Chief Financial Officer
Kimberly Olivares	Director of Financial Services
Diana Thomas	Deputy Chief Financial Officer
Belinda Weaver	Treasurer
Deborah Thomas	City Attorney
Erika Brady	City Clerk

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BOND COUNSEL
Norton Rose Fulbright US LLP
Austin, Texas

DISCLOSURE COUNSEL
Orrick, Herrington & Sutcliffe LLP
Austin, Texas

MUNICIPAL ADVISOR
PFM Financial Advisors LLC
Austin, Texas

INDEPENDENT AUDITORS
Deloitte & Touche LLP
Austin, Texas

For additional information regarding the City, please contact:

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Dennis P. Waley, Managing Director
Blake Roberts, Managing Director
PFM Financial Advisors LLC
111 Congress Ave, Suite 2150
Austin, TX 78701
(512) 614-5323

SELECTED FINANCIAL INFORMATION

Electric Utility System

The selected financial information below presents selected historical information related to the City's Electric Utility System. The financial information for the fiscal years ended September 30, 2021 through September 30, 2025 is derived from the City's audited financial statements for the respective fiscal years. This information should be read in conjunction with the audited financial statements included in "APPENDIX B – AUDITED FINANCIAL STATEMENTS" in this Offering Memorandum.

The historical financial information includes debt service on obligations issued under a prior lien of the Combined Utility Systems (comprised of the City's Electric Utility System and Water and Wastewater System) that is now closed (the "Prior Combined Utility System Lien"), under which Prior First Lien and Prior Subordinate Lien Obligations secured by joint and several pledges of the Net Revenues of both the Water and Wastewater System and the Electric Utility System were issued. **As of May 15, 2025, all Prior Combined Utility System Lien obligations had matured and, pursuant to the Master Ordinance, no additional revenue obligations payable from the same sources and secured in the same manner as the Prior Combined Utility System Lien obligations are permitted to be issued.** Commercial Paper Obligations currently authorized, having a combined pledge of Net Revenues of the Combined Utility Systems, may continue to be issued on a subordinate lien basis to the Parity Electric Utility Obligations.

Operating Summary of the Electric Utility System

	Fiscal Year Ended September 30 ($000's)					
	12-Months Ended 6-30-2026 [2]	2025	2024	2023	2022	2021
Gross Revenues	$1,859,861	$1,827,789	$1,733,595	$1,819,476	$1,683,920	$1,276,554
Maintenance and Operating Expenses	1,407,100	1,374,512	1,318,447	1,446,114	1,333,238	980,278
Net Revenues	$452,761	$453,277	$415,148	$373,362	$350,682	$296,276
Principal and Interest paid by the Electric Utility System on Revenue Bonds of the Combined Utility Systems (Prior Subordinate Lien Obligations) [1]	$ -	$11,753	$14,597	$14,807	$15,560	$11,106
Net Revenues available for Parity Electric Utility Obligations	$452,761	$441,524	$400,551	$358,555	$335,122	$285,171
Principal and Interest on Parity Electric Utility Obligations	$174,737	$162,127	$158,443	$141,915	$150,476	$146,025
Debt Service Coverage on Parity Electric Utility Obligations	2.59x	2.72x	2.53x	2.53x	2.23x	1.95x

[1] Represents Austin Energy's portion of the 1998 Prior Lien Bonds, which matured and were paid in full on May 15, 2025. No Prior Subordinate Lien Obligations secured by a pledge of the Net Revenues of the Combined Utility Systems remain outstanding.

(2) Preliminary. See "PRO FORMA DEBT SERVICE REQUIREMENTS OF THE ELECTRIC UTILITY SYSTEM" and "OTHER RELEVANT INFORMATION – Independent Auditors" in this Offering Memorandum.

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For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this Offering Memorandum constitutes an "official statement" of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFERING MEMORANDUM, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED TO THIS OFFERING MEMORANDUM, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

No dealer, broker, salesman or any other person has been authorized by the City or by the underwriters of the Bonds identified on the cover page of this Offering Memorandum (the "Underwriters") to give any information or to make any representations, other than the information and representations contained in this Offering Memorandum, in connection with the offering of the Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of, any of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion contained in this Offering Memorandum are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale made that references this Offering Memorandum shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Offering Memorandum. The delivery of this Offering Memorandum at any time does not imply that the information in this Offering Memorandum is correct as to any time subsequent to its date. See "CONTINUING DISCLOSURE OF INFORMATION" in this Offering Memorandum for a description of the City's undertaking to provide certain information on a continuing basis.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") AND CONSEQUENTLY HAVE NOT BEEN REGISTERED WITH THE SEC. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED FROM REGISTRATION SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE OF THE BONDS.

CUSIP numbers have been assigned to this issue by FactSet Research Systems Inc. and none of the City, PFM Financial Advisors LLC, or the Underwriters are responsible for the selection or correctness of CUSIP numbers.

The City, PFM Financial Advisors LLC, and the Underwriters do not make any representation regarding the information contained in this Offering Memorandum regarding DTC or its book-entry-only system, as such information has been furnished by DTC. Neither the City nor PFM Financial Advisors LLC make any representations regarding the information concerning the Underwriters contained in this Offering Memorandum in "OTHER RELEVANT INFORMATION – Underwriting."

This Offering Memorandum contains "forward–looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements to be different from the future results, performance and achievements expressed or implied by such forward-looking statements. **Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements**. See "OTHER RELEVANT INFORMATION – Forward-Looking Statements" in this Offering Memorandum.

The Underwriters have provided the following sentence for inclusion in this Offering Memorandum: The Underwriters have reviewed the information in this Offering Memorandum in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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APPENDIX A – General Information Regarding the City

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APPENDIX D – Form of Bond Counsel's Opinion

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OFFERING MEMORANDUM

Relating to

CITY OF AUSTIN, TEXAS

$[201,565,000]*
ELECTRIC UTILITY SYSTEM VARIABLE RATE REVENUE IMPROVEMENT BONDS, SERIES 2026C

INTRODUCTION

This Offering Memorandum is being furnished in connection with the proposed issuance by the City of Austin, Texas (the "City") of its $[201,565,000]* City of Austin, Texas Electric Utility System Variable Rate Revenue Improvement Bonds, Series 2026C (the "Bonds"). The Bonds are to be issued pursuant to authority conferred by the laws of the State of Texas (the "State"), Ordinance No. 010118-53A, passed by the City Council of the City (the "City Council") on January 18, 2001 (the "Master Ordinance") providing the terms for the issuance of Parity Electric Utility Obligations and the related covenant and security provisions and Ordinance No. _____ authorizing the Bonds (the "Twenty-Fourth Supplement"), passed by the City Council on [November 5], 2026. The Twenty-Fourth Supplement delegated to a designated "Pricing Officer" the authority, through the execution of a certificate stating the terms of the sale of the Bonds (the "Pricing Certificate"), to effect the sale of the Bonds, subject to the terms of the Twenty-Fourth Supplement.

Concurrently with the sale and delivery by the City of the Bonds, the City expects to sell its $[268,215,000]* Electric Utility System Revenue Refunding and Improvement Bonds, Series 2026A (the "2026A Bonds") and its $[87,180,000]* Electric Utility System Revenue Refunding Bonds, Taxable Series 2026B (the "Taxable 2026B Bonds" and, together with the 2026A Bonds, the "2026A and Taxable 2026B Bonds"), which are expected to be delivered through DTC on or about [December 15, 2026].* The 2026A and Taxable 2026B Bonds are being issued as Parity Electric Utility Obligations and, upon their delivery, will be equally and ratably secured with the Bonds by a parity lien on and pledge of the Net Revenues of the Electric Utility System. This Offering Memorandum relates only to the sale of the Bonds, and not to the sale of the 2026A and Taxable 2026B Bonds. See "PLAN OF FINANCING" in this Offering Memorandum.

A summary of certain provisions of the Master Ordinance is attached to this Offering Memorandum as APPENDIX C. Capitalized terms not otherwise defined in this Offering Memorandum have the meanings assigned in the Master Ordinance or the Twenty-Fourth Supplement, as applicable (see APPENDIX C). A description of The Depository Trust Company, New York, New York ("DTC") and its Book-Entry-Only System applicable to the Bonds is included in this Offering Memorandum under the caption "BOOK-ENTRY-ONLY SYSTEM." All descriptions of documents contained in this Offering Memorandum are only summaries and are qualified in their entirety by reference to each such document.

References to web site addresses presented in this Offering Memorandum are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. References to web sites and the information or links contained therein are not incorporated into, and are not a part of, this Offering Memorandum. As used in this Offering Memorandum, "FY" refers to the fiscal year of the City, which encompasses the twelve-month period commencing on October 1 and ending on the following September 30.

All outstanding revenue obligations of the City's electric utility system (defined in this Offering Memorandum as the "Electric Utility System," "Electric Light and Power System" or "Austin Energy") are Parity Electric Utility Obligations, or obligations subordinate to the outstanding Parity Electric Utility Obligations (including Commercial Paper Obligations), and shall be payable only from and secured only by a lien on, and pledge of, the Net Revenues of the Electric Utility System and the revenues deposited to the credit of the accounts and funds established and maintained as required by the supplemental ordinances providing for their issuance. The Master Ordinance governs the issuance of Parity Electric Utility Obligations and contains related covenants and security provisions. Special Facilities Debt and Subordinated Debt (each as defined in the Master Ordinance) may be incurred by the City without limitation. The City has issued, and there currently remains outstanding, Commercial Paper Obligations secured by a joint and several pledge of the Net Revenues of the City's Combined Utility Systems.

* *Preliminary, subject to change.*

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The City has previously issued Prior First Lien Obligations and Prior Subordinate Lien Obligations, but no such obligations are currently outstanding and, pursuant to the Master Ordinance, no such additional obligations may be issued.

INVESTMENT CONSIDERATIONS

The purchase of the Bonds involves special risks and the Bonds may not be appropriate investments for all types of investors. Each prospective investor should read this Offering Memorandum in its entirety and give particular attention to the factors described below, which, among other factors discussed herein, could affect the payment of the Bonds and could affect the market price of the Bonds to an extent that cannot be determined at this time. *The following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.*

Special, Limited Obligations

The Bonds are special obligations of the City, payable as to both principal and interest solely from, and together with the outstanding Parity Electric Utility Obligations (including, upon their delivery, the 2026A and Taxable 2026B Bonds), equally and ratably secured only by a lien on and pledge of the Net Revenues of the City's Electric Utility System as provided in the Master Ordinance and the Twenty-Fourth Supplement. **The taxing powers of the City and the State of Texas are not pledged as security for the Bonds.**

Variable Rate Obligations

The Bonds, during the Initial Interest Period, are not benefited by a liquidity facility provided by a third party. Accordingly, a failure by the Remarketing Agent to remarket Bonds subject to mandatory tender on the applicable Mandatory Tender Date immediately after the conclusion of the applicable Initial Interest Period will result in the rescission of the notice of mandatory tender with respect thereto and the City will not have any obligation to purchase such Bonds at that time. The occurrence of the foregoing will not result in an event of default under the Twenty-Fourth Supplement or the Bonds. Until such time as the City redeems or remarkets such Bonds that have not been successfully remarketed as described above, such Bonds shall bear interest at the Stepped Rate (defined below). See "DESCRIPTION OF THE BONDS – Interest During the Initial Interest Period."

Climate Change

Changes in long-term weather patterns have impacted the State of Texas, including the service area of Austin Energy. The impacts include increasing temperatures, more extreme weather patterns, longer periods of drought, and increased wildfires. It is difficult to predict whether or how changing climate will impact Austin Energy and its operations and finances. The City and Austin Energy maintain property insurance policies to insure against damage or destruction of facilities and casualty and excess liability policies to insure public liability exposures. In addition, Austin Energy maintains a utility-wide Emergency Operations Plan for incidents such as hurricanes, wildfires, and other weather-related impacts.

Risks Related to Spikes in Expenses Caused by Extreme Weather and Other Events

Extreme weather events can have significant impacts on the City, including operational challenges and spikes in expenses. See "THE ELECTRIC UTILITY SYSTEM – Winter Storm Mara 2023" and "- Texas Winter Weather Event 2021" in this Offering Memorandum. No assurance can be given that events such as the extreme weather and resulting price fluctuations described in this Offering Memorandum will not happen in future years or that more than one of such events will happen in any given year. Such events could be caused by economic conditions, extreme weather events, natural disasters, volatility in fuel and power markets, and other factors.

Potential for Increased Costs and Other Factors Relating to Capital Plan

As discussed in "AUSTIN ENERGY'S CUSTOMER STATISTICS – Conventional System Improvements – Capital Plan" and "- Five Year Capital Spending Plan" in this Offering Memorandum, Austin Energy has capital needs forecasted at approximately $3.3 billion for fiscal years 2027-2031. Construction projects included in the Capital Plan (defined herein) are subject to ordinary construction risks and delays, including but not limited to: inclement weather or

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natural hazards affecting work and timeliness of completion; contractor claims or nonperformance; work stoppages or slowdowns; unanticipated project site conditions encountered during construction; errors or omissions in contract documents requiring change orders; supply chain issues; and/or higher than anticipated construction bids or costs, any of which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors, and result in increased capital improvement program costs.

In recent years, Austin Energy has experienced cost increases in its capital improvements primarily due to inflation and long lead times on materials and equipment. Austin Energy has proactively managed increased costs through evaluation of the timing and scope of projects within its capital improvement plan.

Risks Related to Customer Sales and Usage

Austin Energy sales and revenues are related to customer usage, which is influenced by demand for electricity. Customer usage is affected by a number of factors, such as weather, energy efficiency, demand side management, distributed generation, and economic and demographic conditions such as population, job and income growth, housing starts and the overall level of economic activity. Technological advances utilizing energy efficiency, end use devices and other improvements or applications of technology could lead to declines in per capita utility consumption.

Risks Regarding Credit Facilities

As described in "COMMERCIAL PAPER NOTE PROGRAMS AND NOTE PURCHASE AGREEMENTS" in this Offering Memorandum, the City has established short-term interim financing commercial paper programs and program note purchase structures. The programs are supported by liquidity support in the forms of revolving credit agreements and a letter of credit and such liquidity support is subject to the risk of expiration and non-renewal of the related agreements and the inability of the City to find replacement facilities in the future. In addition, there can be no assurance that the providers of such credit support facilities will be financially able to meet their respective contractual obligations thereunder, whether as a result of bankruptcy, insolvency or other events adversely affecting their creditworthiness. Any non-renewal of a credit support facility, any inability of the provider of liquidity to meet its obligations thereunder, or any rating downgrade associated therewith could have an adverse effect on the City's ability to use such programs. If any of these events were to occur, the City could pursue various options in order to remedy the situation, including replacing the liquidity support or refunding the related outstanding commercial paper to a fixed interest rate, depending upon market conditions.

Environmental Regulation

The operations of Austin Energy are subject to various local, state and federal environmental laws and regulations. Compliance with such laws and regulations will likely require significant capital outlays. There are a number of federal and State legislative and regulatory efforts underway that seek to limit and/or control emissions of greenhouse gases and other pollutants that could impact the operations of Austin Energy. The impact and cost of such proposed legislative and regulatory initiatives continue to be monitored, but the costs of compliance with such proposed legislation and initiatives are not yet known and therefore cannot be quantified at this time. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY" in this Offering Memorandum.

Cyber and Data Security

Austin Energy, like many other large public and private entities, relies on large and complex technology systems to conduct operations. As a recipient and provider of personal, private and sensitive information, Austin Energy faces multiple cyber threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computers and other sensitive digital networks and systems (collectively, "Systems Technology"). There have been cyber-attack attempts on the Systems Technology in the past, but none have resulted in a material compromise of the Systems Technology, data loss or breach.

Cybersecurity incidents could result from unintentional events or deliberate attacks by unauthorized entities or individuals attempting to gain access to the Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

No assurances can be given that current security and operational control measures will be completely effective against any and all future cybersecurity threats and attacks. A cybersecurity incident or breach could damage the Systems Technology

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and cause disruption to the provision of services and/or the operations and finances of Austin Energy. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause Austin Energy to incur material costs related to such legal claims or proceedings. Austin Energy will continue to assess cyber threats and protect its data and Systems Technology, with a conscious effort to prioritize based on potential impact of issues and the likelihood of those issues manifesting into an incident. Additionally, Austin Energy will continue to educate employees on applying best security practices and cybersecurity incident response handling that are demonstrated at least annually. Austin Energy maintains comprehensive information security and privacy "cyber" liability insurance.

Governor Abbott's Proposal regarding Municipal Utilities

On August 4, 2026, the Governor of Texas announced a proposal that would open the service territories of municipally owned electric utilities in Texas, including Austin Energy, to retail electric competition, and that would require utility revenues to be dedicated to the provision of reliable electric service. As of the date of this Offering Memorandum, no legislation implementing the proposal has been introduced, and the Texas Legislature will next convene in regular session in January 2027. The City is unable to predict whether any such legislation will be introduced or enacted, or the form, scope or effective date of any legislation that may be enacted. Legislation opening Austin Energy's service territory to retail competition could materially and adversely affect Austin Energy's retail sales, its authority to establish retail rates, its ability to recover its investment in generation assets, and the Net Revenues pledged to the payment of the Bonds. There have been similar proposals in the past that have not moved beyond a committee hearing.

PLAN OF FINANCING

General

The Bonds are being issued as tax-exempt bonds pursuant to the provisions of the Twenty-Fourth Supplement (see "TAX MATTERS" in this Offering Memorandum). The Bonds are being issued to (i) finance the acquisition and construction of capital assets of the Electric Utility System, including generation assets, (ii) refund a portion of the City's outstanding tax-exempt Commercial Paper Obligations issued for the Electric Utility System (the "Refunded Notes"), and (iii) pay the costs of issuance of the Bonds. The issuance of the Bonds will restore the City's available capacity under its tax-exempt commercial paper note programs that has been established for the Combined Utility Systems (as described further in "COMMERCIAL PAPER NOTE PROGRAMS AND NOTE PURCHASE AGREEMENTS" in this Offering Memorandum). Any interest on the Refunded Notes due will be paid from available revenues of the Electric Utility System.

Concurrently with the sale and delivery by the City of the Bonds, the City expects to sell the 2026A and Taxable 2026B Bonds , which are expected to be delivered through DTC on or about [December 15, 2026].* The 2026A Bonds are being issued to (i) finance a portion of the costs of acquisition and construction of capital assets of the Electric Utility System, including generation assets, (ii) refund a portion of the City's outstanding tax-exempt Commercial Paper Obligations issued for the Electric Utility System, (iii) refund certain of the City's outstanding Parity Electric Utility Obligations, and (iv) pay the costs of issuance of the 2026A Bonds. The Taxable 2026B Bonds are being issued to (i) refund a portion of the City's outstanding taxable Commercial Paper Obligations issued for the Electric Utility System and (ii) pay the costs of issuance of the Taxable 2026B Bonds. The 2026A and Taxable 2026B Bonds are being issued as Parity Electric Utility Obligations and, upon their delivery, will be equally and ratably secured with the Bonds by a parity lien on and pledge of the Net Revenues of the Electric Utility System. [The issuance of the Bonds is not contingent upon the issuance of the 2026A and Taxable 2026B Bonds, and the issuance of the 2026A and Taxable 2026B Bonds is not contingent upon the issuance of the Bonds.] This Offering Memorandum relates only to the sale of the Bonds, and not to the sale of the 2026A and Taxable 2026B Bonds.

The Bonds represent the twenty-sixth encumbrance to be issued or incurred as Parity Electric Utility Obligations under the Master Ordinance (the 2026A Bonds and the Taxable 2026B Bonds representing the twenty-fourth and twenty-fifth such encumbrances, respectively). All outstanding Electric Utility System revenue obligations shall be Parity Electric Utility Obligations, or obligations subordinate to the outstanding Parity Electric Utility Obligations (including the Commercial Paper Obligations), and shall be payable only from and secured only by a lien on, and pledge of, the Net Revenues of the Electric Utility System and the revenues deposited to the credit of the accounts and funds established and maintained as required by the ordinances providing for their issuance. The City has issued, and there currently remains outstanding, Commercial Paper Obligations secured by a joint and several pledge of the Net Revenues of the City's Combined Utility Systems.

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The City has previously issued Prior First Lien Obligations and Prior Subordinate Lien Obligations, but no such obligations are currently outstanding. Pursuant to the Master Ordinance, no additional Prior First Lien Obligations or Prior Subordinate Lien Obligations may be issued.

The Master Ordinance governs the issuance of Parity Electric Utility Obligations and contains related covenants and security provisions.

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SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the Bonds, together with other lawfully available funds of the City (if any), are as follows.

	The Bonds
Sources of Funds:	
Par Amount of the Bonds	
Original Issue Premium	
City Contribution	
Total	
Uses of Funds:	
Deposit to the [Project/Construction] Fund	
Costs of Issuance [(1)]	
Underwriters' Discount	
Total	

[(1)] Costs of Issuance include the fees of bond counsel, disclosure counsel, municipal advisor, rating agencies, Paying Agent/Registrar, Tender Agent, and certain other bond issuance costs.

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DEBT PAYABLE FROM ELECTRIC UTILITY SYSTEM REVENUES
As of the Date of Initial Delivery

Parity Electric Utility Obligations (a)	$2,487,660,000
Commercial Paper and Direct Purchase Notes (b)(c)	-
General Obligation Bonds (d)	5,178,931
TOTAL	$2,492,838,931

See "SECURITY FOR THE BONDS" in this Offering Memorandum.

(a) Preliminary, subject to change. Includes the Bonds and the 2026A and Taxable 2026B Bonds and excludes the Parity Electric Utility Obligations to be refunded with a portion of the proceeds of the 2026A Bonds. See "PLAN OF FINANCING" and "SECURITY FOR THE BONDS" in this Offering Memorandum.

(b) Excludes the Refunded Notes and the Notes to be refunded with the proceeds of the Bonds and the 2026A and Taxable 2026B Bonds in the combined amount of $210,343,000 (tax-exempt and taxable). See "PLAN OF FINANCING," "COMMERCIAL PAPER NOTE PROGRAMS AND NOTE PURCHASE AGREEMENTS" and "SECURITY FOR THE BONDS" in this Offering Memorandum.

(c) Does not include $177,100,000 of outstanding notes that will be refunded by Austin Water revenue bonds in the next 12 months and will be paid from net revenues of Austin Water.

(d) General Obligation Bonds include certain obligations of the City that are secured by City ad valorem taxes but are currently being paid from surplus Net Revenues of the Electric Utility System.

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PRO FORMA DEBT SERVICE REQUIREMENTS OF THE ELECTRIC UTILITY SYSTEM

Fiscal Year Ending 9/30	Existing Electric Utility System Parity Obligations[a]	Less: The Refunded Bonds	2026A Bonds		2026B Bonds		2026C Bonds[c]		Total Electric Utility System Parity Obligations[b]
			Principal	Interest	Principal	Interest	Principal	Interest	
2027	$ 193,314,991	$ 1,234,792	-	5,783,312	-	2,128,155	-	3,233,439	$ 203,225,105
2028	188,246,820	2,963,500	-	13,879,950	-	5,107,573	-	7,760,253	212,031,095
2029	191,980,342	3,285,250	-	13,879,950	-	5,107,573	-	7,760,253	215,442,867
2030	182,534,339	3,288,250	-	13,879,950	-	5,107,573	-	7,760,253	205,993,864
2031	182,311,197	11,377,875	15,605,000	13,489,825	1,425,000	5,071,449	-	7,760,253	214,284,848
2032	176,450,418	11,349,250	16,380,000	12,690,200	1,500,000	4,996,925	-	7,760,253	208,428,546
2033	137,125,333	11,314,500	17,175,000	11,851,325	1,580,000	4,917,682	-	7,760,253	169,095,092
2034	133,693,439	11,282,625	18,030,000	10,971,200	1,665,000	4,833,383	-	7,760,253	165,670,649
2035	133,542,277	11,242,625	18,915,000	10,047,575	1,755,000	4,743,506	-	7,760,253	165,520,986
2036	133,513,083	11,208,375	19,850,000	9,078,450	1,850,000	4,647,784	-	7,760,253	165,491,194
2037	134,505,450	-	10,025,000	8,331,575	1,950,000	4,546,027	-	7,760,253	167,118,304
2038	133,143,425	-	10,540,000	7,817,450	2,060,000	4,437,437	-	7,760,253	165,758,564
2039	131,908,107	-	11,080,000	7,276,950	2,175,000	4,321,380	-	7,760,253	164,521,689
2040	109,481,152	-	11,650,000	6,708,700	2,300,000	4,197,404	-	7,760,253	142,097,509
2041	109,337,792	-	12,250,000	6,111,200	2,430,000	4,065,188	-	7,760,253	141,954,432
2042	107,999,992	-	12,875,000	5,483,075	2,575,000	3,924,282	-	7,760,253	140,617,602
2043	105,380,331	-	13,570,000	4,788,025	2,725,000	3,773,604	-	7,760,253	137,997,212
2044	106,471,471	-	14,340,000	4,020,500	2,885,000	3,612,436	-	7,760,253	139,089,660
2045	106,094,358	-	15,150,000	3,209,525	3,055,000	3,440,304	-	7,760,253	138,709,439
2046	106,165,401	-	16,005,000	2,352,763	3,240,000	3,256,309	-	7,760,253	138,779,725
2047	78,787,975	-	16,910,000	1,447,600	3,435,000	3,059,711	-	7,760,253	111,400,538
2048	78,794,827	-	17,865,000	491,288	3,645,000	2,849,950	-	7,760,253	111,406,317
2049	78,796,528	-	-	-	3,870,000	2,625,981	19,105,000	7,392,481	111,789,989
2050	78,794,756	-	-	-	4,110,000	2,386,762	19,855,000	6,642,501	111,789,019
2051	60,459,992	-	-	-	4,365,000	2,131,652	20,635,000	5,863,069	93,454,712
2052	45,418,481	-	-	-	4,635,000	1,860,070	21,445,000	5,053,029	78,411,580
2053	45,415,606	-	-	-	4,925,000	1,570,373	22,285,000	4,211,226	78,407,206
2054	45,418,250	-	-	-	5,235,000	1,260,462	23,160,000	3,336,410	78,410,122
2055	29,100,750	-	-	-	5,570,000	928,994	24,070,000	2,427,233	62,096,976
2056	12,838,125	-	-	-	5,920,000	574,788	25,015,000	1,482,346	45,830,259
2057	-	-	-	-	6,300,000	195,930	25,995,000	500,404	32,991,334
	$ 3,357,025,004	$ 78,547,042	$ 268,215,000	$ 173,590,387	$ 87,180,000	$ 105,680,642	$ 201,565,000	$ 203,107,440	$ 4,317,816,431

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*Preliminary, subject to change.

(a) Existing debt service shown excludes debt service on Commercial Paper Obligations, including the commercial paper obligations to be refunded with a portion of the proceeds of the Bonds, the 2026A and Taxable 2026B Bonds.

(b) Parity Electric Utility Obligations are secured by and payable from Net Revenues of the Electric Utility System.

(c) Debt service on the Bonds is calculated at the applicable initial Term Rate through the end of the applicable Initial Interest Period and at the applicable Stepped Rate thereafter to the stated maturity of the Bonds, and assumes mandatory sinking fund redemption of the Bonds in accordance with the schedule set forth under "DESCRIPTION OF THE BONDS – Redemption of the Bonds – Mandatory Sinking Fund Redemption."

SECURITY FOR THE BONDS

Pledges of Net Revenues

The Bonds are to be issued as Parity Electric Utility Obligations of the City's Electric Utility System. The Master Ordinance and the Twenty-Fourth Supplement pledge the Net Revenues of the Electric Utility System to the payment of the "Parity Electric Utility Obligations" (which includes the Outstanding Parity Electric Utility Obligations, the 2026A and Taxable 2026B Bonds, the Bonds and additional parity obligations issued or incurred subsequent to the issuance of the Bonds). The Parity Electric Utility Obligations are equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Electric Utility System.

The Bonds and the 2026A and Taxable 2026B Bonds are being issued concurrently as Parity Electric Utility Obligations and, upon their delivery, will be secured on a parity with one another and with all other outstanding Parity Electric Utility Obligations, without priority of one series over another. For a description of the sources of payment of the purchase price of Bonds tendered for purchase, see "DESCRIPTION OF THE BONDS – Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds – Limitations on Payment of Purchase Price; Untendered Bonds" in this Offering Memorandum.

In addition to the pledge of Net Revenues of the Electric Utility System, the Parity Electric Utility Obligations are secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund, any special fund or funds created and maintained for the payment and security of the Parity Electric Utility Obligations pursuant to a Supplemental Ordinance and funds on deposit in any construction fund maintained and established with the proceeds of sale of Parity Electric Utility Obligations pending expenditure in accordance with the terms of the Master Ordinance and any Supplemental Ordinance.

The Twenty-Fourth Supplement affirms that a reserve fund is required to be created and established only when the "Pledged Net Revenues" of the Electric Utility System for a Fiscal Year (the Net Revenues of the Electric Utility System in a Fiscal Year remaining after deducting the amounts, if any, expended to pay the annual debt service requirements for Prior Subordinate Lien Obligations in such Fiscal Year) are less than one hundred fifty percent (150%) of the Annual Debt Service Requirements of the Parity Electric Utility Obligations due and payable in such Fiscal Year. When a reserve fund is required to be maintained, the amount to be accumulated is to be based on the amount of the shortfall of the Pledged Net Revenues below 150% of the annual Debt Service Requirements for the Parity Electric Utility Obligations and ranges from a maximum amount of 50% of the Maximum Debt Service Requirement when the Pledged Net Revenues for a Fiscal Year are less than 110% of the annual Debt Service Requirement for the Fiscal Year, to a minimum of 10% of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 150% of the annual Debt Service Requirement for that Fiscal Year, but greater than or equal to 140% of the annual Debt Service Requirement for that Fiscal Year. Currently, the Pledged Net Revenues are in excess of 150% of the Annual Debt Service Requirements, and therefore the City is not required, and currently does not intend, to fund a reserve fund for the Bonds. See "No Reserve Fund for the Bonds and Parity Electric Utility Obligations" below.

Rate Covenant Required by Master Ordinance

In the Master Ordinance, the City has agreed to fix, establish, maintain and collect such rates, charges and fees for electric power and energy and services furnished by the Electric Utility System and, to the extent legally permissible, revise such rates, charges and fees to produce Gross Revenues of the Electric Utility System each Fiscal Year sufficient: (i) to pay all current Operating Expenses; (ii) to produce Net Revenues of the Electric Utility System, after (x) deducting amounts expended during the Fiscal Year from the Electric Utility System's Net Revenues for the payment of debt service requirements of the Prior Subordinate Lien Obligations, if any, and (y) taking into account ending fund balances in the Electric Fund (defined in this Offering Memorandum) to be carried forward in a Fiscal Year, equal to an amount sufficient to pay the annual debt service due and payable in such Fiscal Year of the then Outstanding Parity Electric Utility Obligations; and (iii) to pay, after deducting the amounts determined in (i) and (ii) above, all other financial obligations of the Electric Utility System reasonably anticipated to be paid from Gross Revenues of the Electric Utility System.

If the Net Revenues of the Electric Utility System in any Fiscal Year are less than the aggregate amount specified above, the City shall promptly, upon receipt of the annual audit for that Fiscal Year, cause such rates, charges and fees to be revised and adjusted to comply with such rate covenant or obtain a written report from a Utility System Consultant, after a review and study of the operations of the Electric Utility System has been made, concluding that, in their opinion, the rates and charges then in effect for the current Fiscal Year are sufficient or adjustments and revisions need to be made to such rates and charges to comply with the rate covenant described in the immediately preceding paragraph and such adjustments and

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revisions to electric rates, charges and fees are promptly implemented and enacted in accordance with such Utility System Consultant's report. The City shall be deemed to be in compliance with the rate covenant described in the immediately preceding paragraph if either of the actions mentioned in the preceding sentence are undertaken and completed before the end of the Fiscal Year next following the Fiscal Year the deficiency in Net Revenues of the Electric Utility System occurred.

No Reserve Fund for the Bonds and Parity Electric Utility Obligations

The Master Ordinance does not provide for a reserve fund for the Bonds and outstanding Parity Electric Utility Obligations. The Twenty-Fourth Supplement affirms that a reserve fund shall not be required to be established or maintained by the City for the payment of the Parity Electric Utility Obligations so long as the "Pledged Net Revenues" of the Electric Utility System for a Fiscal Year (the Net Revenues of the Electric Utility System in a Fiscal Year remaining after deducting the amounts, if any, expended to pay the annual debt service requirements for Prior Subordinate Lien Obligations, if any, in such Fiscal Year) equal or exceed one hundred fifty percent (150%) of the Annual Debt Service Requirements of the Parity Electric Utility Obligations due and payable in such Fiscal Year. If for any Fiscal Year such Pledged Net Revenues do not exceed 150% of the Annual Debt Service Requirements of the Parity Electric Utility Obligations, the City shall be obligated to establish and maintain on the books of the City a separate fund or account designated as the "Electric Utility System Revenue Obligation Reserve Fund" (the "Electric Utility System Reserve Fund"). When an Electric Utility System Reserve Fund is required to be established, the "Required Reserve Amount" to be accumulated and maintained in such Fund shall be determined and redetermined as follows:

(i) ten percent (10%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 150% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 140% of the annual Debt Service Requirement for such Fiscal Year;

(ii) twenty percent (20%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 140% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 130% of the annual Debt Service Requirement for such Fiscal Year;

(iii) thirty percent (30%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 130% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 120% of the annual Debt Service Requirement for such Fiscal Year;

(iv) forty percent (40%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 120% of the annual Debt Service Requirement for such Fiscal Year, but greater than or equal to 110% of the annual Debt Service Requirement for such Fiscal Year; and

(v) fifty percent (50%) of the Maximum Debt Service Requirement for all Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues for the previous Fiscal Year were less than 110% of the annual Debt Service Requirement for such Fiscal Year.

When an Electric Utility System Reserve Fund is required, the City may deposit cash to the Electric Utility System Reserve Fund or acquire and deposit a surety bond to provide the Required Reserve Amount, or deposit a combination of such cash and a surety bond. In funding such Required Reserve Amount, or to increase the Required Reserve Amount pursuant to a Supplemental Ordinance, the Required Reserve Amount or increase in the Required Reserve Amount, as applicable, may be funded in up to twelve (12) substantially equal consecutive monthly deposits commencing not later than the month following the receipt of audited financial statements for the Electric Utility System for the preceding Fiscal Year. See "SELECTED FINANCIAL INFORMATION – Electric Utility System" in this Offering Memorandum.

Issuance of Additional Parity Electric Utility Obligations

Under the Master Ordinance the City reserves and shall have the right and power to issue or incur Parity Electric Utility Obligations for any purpose authorized by law pursuant to the provisions of the Master Ordinance and any Supplemental Ordinance. The City may issue, incur, or otherwise become liable in respect of any Parity Electric Utility Obligations if a Designated Financial Officer shall certify in writing: (i) the City is in compliance with all covenants contained in the Master

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Ordinance and any Supplemental Ordinance, is not in default in the performance and observance of any of the terms, provisions and conditions in the Master Ordinance and any Supplemental Ordinance to the Master Ordinance, and the Funds and Accounts established for the payment and security of the Parity Electric Utility Obligations then Outstanding contain the amounts then required to be deposited in those Funds and Accounts, or the proceeds of sale of the Parity Electric Utility Obligations then to be issued are to be used to cure any deficiency in the amounts on deposit to the credit of such Funds and Accounts, if any; and (ii) the Net Revenues of the Electric Utility System, for the last completed Fiscal Year preceding the date of the then proposed Parity Electric Utility Obligations, or for any twelve (12) consecutive calendar month period ending not more than ninety (90) days before the date of the then proposed Parity Electric Utility Obligations and after deducting amounts expended from the Electric Utility System's Net Revenues, if any, during the last completed Fiscal Year for the payment of debt service requirements of the Prior Subordinate Lien Obligations, exceed one hundred ten percent (110%) of the maximum Annual Debt Service Requirement of the Parity Electric Utility Obligations to be Outstanding after giving effect to the Parity Electric Utility Obligations then being issued.

For purposes of clause (ii) in the preceding paragraph, if Parity Electric Utility Obligations are issued to refund less than all of the Parity Electric Utility Obligations then Outstanding, the required Designated Financial Officer's certificate described above shall give effect to the issuance of the proposed refunding Parity Electric Utility Obligations (and shall not give effect to the Parity Electric Utility Obligations being refunded following their cancellation or provision being made for their payment).

In making a determination of Net Revenues of the Electric Utility System, the Designated Financial Officer may take into consideration a change in the rates and charges for services and facilities afforded by the Electric Utility System that became effective at least thirty (30) days before the last day of the period for which Net Revenues of the Electric Utility System are determined and, for purposes of satisfying the Electric Utility System Net Revenues coverage test described above, make a pro forma determination of the Net Revenues of the Electric Utility System for the period of time covered by such certification based on such change in rates and charges being in effect for the entire period covered.

Short-Term Parity Electric Utility Obligations

Pursuant to the Master Ordinance, the City may issue or incur additional Parity Electric Utility Obligations issued in the form of commercial paper. For the purposes of satisfying the Electric Utility System Net Revenues coverage test for additional Parity Electric Utility Obligations, the term "Outstanding Funded Debt" shall include subordinated debt that matures by its terms, or that is renewable at the option of the City to a date, more than one year after the date of its issuance by the City. The terms and conditions pertaining to the issuance of Parity Electric Utility Obligations in the form of commercial paper, including, without limitation, the security, liquidity and reserves necessary to support such commercial paper obligations, shall be contained in a Supplemental Ordinance relating to their issuance. The City has no present intention of issuing additional Parity Electric Utility Obligations in the form of commercial paper.

Special Facilities Debt and Subordinated Debt

Special Facilities Debt and Subordinated Debt may be incurred by the City without limitation.

Credit Agreements

Payments to be made under a Credit Agreement may be treated as Parity Electric Utility Obligations if the City Council makes a finding in the Supplemental Ordinance authorizing and approving the Credit Agreement that Gross Revenues of the Electric Utility System will be sufficient to meet the obligations of the Electric Utility System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of Parity Electric Utility Obligations then Outstanding and the financial obligations of the City under the Credit Agreement, and such finding is supported by a certificate executed by a Designated Financial Officer of the City.

Electric Fund

The Master Ordinance recites that in accordance with the provisions of the ordinances authorizing the issuance of the Prior Subordinate Lien Obligations (though no such obligations are currently outstanding and pursuant to the Master Ordinance, no additional Prior First Lien Obligations or Prior Subordinate Lien Obligations may be issued) and the Commercial Paper Obligations, the City has created and there shall be maintained on the books of the City while the Parity Electric Utility Obligations are Outstanding a separate fund or account known and designated as the "Electric Light and Power System Fund" (the "Electric Fund"). All funds deposited to the credit of the Electric Fund and disbursements from such Fund shall

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be recorded in the books and records of the City and moneys deposited to the credit of such Fund shall be in an account or fund maintained at an official depository of the City. The Gross Revenues of the Electric Utility System shall be deposited, as collected, to the credit of the Electric Fund and such Gross Revenues shall be allocated, budgeted and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: To the payment of Operating Expenses, as defined in the Master Ordinance or required by statute to be a first charge on and claim against the Gross Revenues.

SECOND: To the payment of the amounts required to be deposited to the credit of the reserve fund established for the Prior Subordinate Lien Obligations*.

THIRD: Equally and ratably to the payment of the amounts required to be deposited to the credit of (i) the special fund created and established for the payment of principal of and interest on the Prior Subordinate Lien Obligations* as the same becomes due and payable, and (ii) the special Funds and Accounts for the payment of the Parity Electric Utility Obligations.

FOURTH: To pay Subordinated Debt, including amounts for the payment of the Commercial Paper Obligations and the Program Notes, and the amounts, if any, due and payable under any credit agreement executed in connection therewith.

Any Net Revenues of the Electric Utility System remaining in the Electric Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment, may be appropriated and used for any other City purpose permitted by law.

***The City has previously issued Prior First Lien Obligations and Prior Subordinate Lien Obligations, but no such obligations are currently outstanding. Pursuant to the Master Ordinance, no additional Prior First Lien Obligations or Prior Subordinate Lien Obligations may be issued.**

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COMMERCIAL PAPER NOTE PROGRAMS AND NOTE PURCHASE AGREEMENTS

Tax-Exempt & Taxable Commercial Paper Note Programs.. The City has established two short-term interim financing commercial paper program structures, a $600,000,000 tax-exempt commercial paper program (the "Tax-Exempt Commercial Paper Note Program") and a $100,000,000 taxable commercial paper program (the "Taxable Commercial Paper Note Program" and, together with the Tax-Exempt Commercial Paper Note Program, the "Commercial Paper Note Programs"). The purpose of the Commercial Paper Note Programs is to provide funds for the interim financing of a portion of the costs of capital improvements of the Combined Utility Systems. Notes issued under the Commercial Paper Note Programs (referred to as "Commercial Paper Obligations" in this Offering Memorandum) are payable from the Net Revenues of the Combined Utility Systems after providing for the payment of the Parity Electric Utility Obligations and the Water and Wastewater System Separate Lien Obligations.

The City's current financial policy provides that the proceeds of Commercial Paper Obligations issued for the Water and Wastewater System can only be utilized to finance (i) new water and wastewater plans, (ii) capital expansions, (iii) growth-related projects, (iv) routine capital improvements required for normal business operation, and/or (v) improvements to comply with local, State and federal mandates or regulations. The City's current financial policy provides that the proceeds of Commercial Paper Obligations issued for the Electric Utility System can only be utilized (i) to finance capital improvements required for normal business operation for Electric Utility System additions, extensions, and improvements or improvements to comply with local, State and federal mandates or regulations without prior voter authorization; however, this shall not apply to new nuclear or conventional coal generation, or (ii) for voter-authorized projects (although such voter authorization is not required by State law). See "SECURITY FOR THE BONDS" in this Offering Memorandum.

Liquidity support for the $600,000,000 Tax-Exempt Commercial Paper Note Program is provided by a revolving credit agreement issued by JPMorgan Chase Bank, National Association ("JPMorgan"). The revolving credit agreement with JPMorgan, which was amended on June 18, 2024, expires in accordance with its terms on June 18, 2029. The revolving credit agreement with JPMorgan also allows for the direct placement of tax-exempt commercial paper notes with JPMorgan.

Liquidity support for the $100,000,000 Taxable Commercial Paper Note Program is provided by a revolving credit agreement issued by JPMorgan. The revolving credit agreement with JPMorgan became effective on June 18, 2024, and

expires in accordance with its terms on June 18, 2029. The revolving credit agreement with JPMorgan also allows for the direct placement of taxable commercial paper notes with JPMorgan. See "PLAN OF FINANCING – General" in this Offering Memorandum.

Taxable Note Purchase Agreement – ERCOT Nodal Protocols... The City is required to provide financial security pursuant to the Electric Reliability Council of Texas, Inc. ("ERCOT") "Nodal Protocols", which may include an unconditional letter of credit issued for the benefit of ERCOT. In satisfaction thereof, the City has obtained from Sumitomo Mitsui Banking Corporation, National Association (the "LOC Bank") a letter of credit (the "LOC"), with ERCOT as beneficiary, upon which ERCOT may draw funds in a cumulative amount not to exceed $100,000,000. In connection therewith, on August 19, 2025, the City established its "City of Austin, Texas Electric Utility System Program Notes, Taxable Series" (the "Program Notes") in an aggregate principal amount not to exceed $100,005,000, which are special obligations of the City, secured by a pledge of certain net revenues of the Electric Utility System, subordinate to the lien and pledge of the net revenues of the Electric Utility System securing the payment of the Parity Electric Utility Obligations. The City and the LOC Bank have entered into a note purchase agreement (the "NPA") whereby the City will issue the Program Notes to the LOC Bank in amounts equal to amounts drawn by ERCOT under the LOC. It is contemplated that any Program Notes issued pursuant to the NPA will be refinanced through the issuance of Parity Electric Utility Obligations. As of the date of this Offering Memorandum, ERCOT has not drawn on the LOC and, therefore, the City has not issued any Program Notes to the LOC Bank.

DESCRIPTION OF THE BONDS

General

The Bonds will be dated the date of their initial delivery to the Underwriters (the "Date of Initial Delivery") and will mature on the stated maturity date set forth on page ii of this Offering Memorandum, subject to prior redemption and mandatory tender as described in this Offering Memorandum. The Bonds are multi-modal, variable rate bonds, initially issued as a term bond, in a Term Mode (as defined in the Pricing Certificate, the "Term Mode") effective on the Date of Initial Delivery (anticipated to occur on or about [December 15, 2026]*) and concluding on [_____ __, 20__]* (the "Initial Interest Period"). While in a Term Mode, the Bonds will be issued in denominations of $5,000 or any integral multiple thereof within a maturity. Interest on the Bonds will accrue from the Date of Initial Delivery. Principal of the Bonds is payable at stated maturity, subject to prior redemption and mandatory tender of the Bonds as described in this Offering Memorandum.

THE BONDS ARE SUBJECT TO CONVERSION TO OTHER INTEREST RATE MODES AT THE TIMES AND UPON THE CONDITIONS DESCRIBED IN THE PRICING CERTIFICATE FOLLOWING A MANDATORY TENDER FOR PURCHASE OF SUCH BONDS. THIS OFFERING MEMORANDUM IS NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE BONDS AFTER CONVERSION TO ANY NEW INTEREST RATE MODE OR INTEREST RATE PERIOD (INCLUDING ANY SUBSEQUENT TERM RATE PERIOD). PURCHASERS OF THE BONDS SHOULD NOT RELY ON THIS OFFERING MEMORANDUM FOR INFORMATION CONCERNING ANY OTHER INTEREST RATE MODE OR INTEREST RATE PERIOD FOR THE BONDS.

Interest During the Initial Interest Period

During the Initial Interest Period, the Bonds will bear interest at the initial term rate (the "Term Rate") identified in the table appearing on page ii of this Offering Memorandum; thereafter, the Bonds will bear interest at the rate or rates and in the manner specified in the Pricing Certificate and as described in this Offering Memorandum.

The interest rate mode for the Bonds or any portion thereof may be converted to a different mode, or to a Term Mode with an interest rate period of the same or different duration, at the direction of the City as described below under "– Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds." Following such a conversion, such Bonds or portion thereof will bear interest at the rate determined in accordance with the Pricing Certificate. Any such conversion (1) will be subject to receipt of an opinion of nationally recognized bond counsel to the effect that such conversion will not adversely affect any exclusion of interest on any Bond from gross income for federal income tax purposes and is authorized by applicable Texas law, and (2) will result in the mandatory tender of the affected Bonds or portions thereof for purchase as described below under "– Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds – Mandatory Tender."

When Bonds bear interest at a Term Rate, interest on such Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest accruing on the Bonds during the Initial Interest Period will be payable semiannually on May 15 and November 15 of each year, commencing May 15, 2027* (each, an "Interest Payment Date"). Interest due on

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each Interest Payment Date will include interest accrued through the preceding day.

The Bonds, during the Initial Interest Period, are not benefited by a liquidity facility provided by a third party. Accordingly, a failure by the Remarketing Agent (defined below) to remarket Bonds subject to mandatory tender on the applicable Mandatory Tender Date (defined below) immediately after the conclusion of the applicable Initial Interest Period will result in the rescission of the notice of mandatory tender with respect thereto and the City will not have any obligation to purchase such Bonds at that time. The occurrence of the foregoing will not result in an event of default under the Twenty-Fourth Supplement or the Bonds. Until such time as the City redeems or remarkets such Bonds that have not been successfully remarketed as described above, such Bonds shall bear interest at the "Stepped Rate," being the per annum rate of interest then applicable to such unremarketed Bonds identified in the table appearing on page ii of this Offering Memorandum, calculated on the basis of a 360-day year of twelve 30-day months (see "– Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds – Mandatory Tender" below).

The City has not acquired a liquidity facility to provide liquidity support for the Bonds, nor is one currently contemplated to be acquired in the future.

Conversion of Interest Modes; Mandatory Tender; Purchase of Tendered Bonds

Conversion of Interest Modes...Upon conclusion of the Initial Interest Period, the City is permitted to change the interest rate mode for all or any portion of the Bonds to a different interest rate mode (including to a new Term Mode and, if the new interest rate mode is a Term Mode or SIFMA Index Mode, to designate the duration of such interest rate period). The Bonds, following the expiration of the applicable Initial Interest Period, are subject to mandatory tender without right of retention as described in "Mandatory Tender" below.

Remarketing Agent...Prior to a remarketing of the Bonds, the City will select a qualified remarketing agent (the "Remarketing Agent") to serve in such capacity and to remarket the Bonds.

Tender Provisions Generally...The Bonds are not subject to optional tender during the Initial Interest Period. The Bonds are, however, subject to mandatory tender (without right of retention) at the times and in the manner described under "Mandatory Tender" below; provided that when there exists no liquidity facility relating to the Bonds, which includes the Bonds in their Initial Interest Period, a failure to remarket such Bonds subject to mandatory tender will not constitute an event of default under either the Twenty-Fourth Supplement or the affected Bonds and, in such instance, the mandatory tender is deemed rescinded until the Remarketing Agent is able to remarket, or the City redeems, the affected Bonds, all in accordance with the Pricing Certificate. In such instance, the City will have no obligation to purchase the Bonds.

After the Mandatory Tender Date, and until such time as the City redeems or remarkets such Bonds that have not been successfully remarketed as described above, such Bonds shall bear interest at the Stepped Rate specified in the table appearing on page ii of this Offering Memorandum, calculated on the basis of a 360-day year of twelve 30-day months. A failure to remarket the Bonds subject to mandatory tender shall be evidenced by a rescission of the applicable notice of mandatory tender for purchase.

In the event that less than all of the Bonds are successfully remarketed on the Mandatory Tender Date, the Tender Agent will provide notice to DTC of the partial mandatory tender of such Bonds (including the principal amount of such Bonds that have been successfully remarketed), and the Bonds to be remarketed shall be selected in accordance with the arrangements between the City and DTC. DTC's current practice is to perform such selection by lot, in the same manner that DTC selects Bonds in connection with a partial redemption. See "BOOK-ENTRY-ONLY SYSTEM" in this Offering Memorandum.

In the event that less than all of the Bonds are to be remarketed as described above and such Bonds are not registered in book-entry form, the Bonds to be remarketed shall be selected by the Tender Agent by lot or other customary random method in such manner as the Tender Agent in its discretion may deem proper. The Tender Agent will provide notice to all registered owners of such Bonds that were not successfully remarketed, including the Stepped Rate that will be applicable to such Bonds as a result of such failed remarketing.

Mandatory Tender...The Bonds are subject to mandatory tender, without right of retention by the owner thereof and at the election of the City, on [_____ __, 20__]* (the "Mandatory Tender Date"); provided, however, if such Mandatory Tender Date is not a business day, actual tender shall occur on the next occurring business day (though interest will have ceased to accrue as of such Mandatory Tender Date). On a Mandatory Tender Date, each owner of the affected Bonds will be required to tender, and in any event will be deemed to have tendered, such Bonds (or the applicable portion thereof

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described below) to the Tender Agent for purchase at a purchase price equal to 100% of the principal amount thereof plus accrued interest, if any (the "Purchase Price") (payable from the limited sources of funds described below).

The Tender Agent is required to give notice of mandatory tender to each registered owner of the Bonds affected thereby by mail, first-class postage prepaid, not more than 60 nor less than 30 days prior to the Mandatory Tender Date while the Bonds are in a Term Mode (which includes the Bonds in their Initial Interest Period). While the Bonds are registered in the name of Cede & Co., only Cede & Co. will receive such notice from the Tender Agent. See "BOOK-ENTRY-ONLY SYSTEM" in this Offering Memorandum.

In the event that the Bonds are not converted and remarketed to new purchasers on the Mandatory Tender Date, the City shall have no obligation to purchase such Bonds tendered on the Mandatory Tender Date, the failed conversion and remarketing shall not constitute an event of default under the Twenty-Fourth Supplement or the Bonds, the mandatory tender will be deemed to have been rescinded for that date with respect to the Bonds subject to such failed remarketing only, and such Bonds (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Bonds, (iii) will be subject to redemption and mandatory tender for purchase on any date during such time that such Bonds bear interest at the Stepped Rate (which shall occur, at the City's discretion, upon delivery of at least one day's notice of such redemption or mandatory tender to the holders of the Bonds then bearing interest at the Stepped Rate), and (iv) will be deemed to continue in the Initial Interest Period for all other purposes of the Pricing Certificate, though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the Pricing Certificate. In the event of a failed conversion and remarketing as described above, the City has covenanted in the Pricing Certificate to cause the Bonds to be converted and remarketed on the earliest reasonably practicable date on which they can be sold at par, in such interest rate mode or modes as the City directs, at a rate not exceeding the Maximum Rate. The Maximum Rate for the Bonds is [___]% per annum.

Tender Agent...U.S. Bank Trust Company, National Association, [Houston], Texas, serves as the tender agent for the Bonds (the "Tender Agent") pursuant to a Tender Agent Agreement, dated as of [_____ __, 2026], between the City and the Tender Agent.

Tender Procedures...While the Bonds are registered in the name of Cede & Co., as nominee for DTC, Bondholders shall tender Bonds for purchase by giving DTC sufficient instructions to transfer beneficial ownership of such Bonds to the account of the Tender Agent against payment. In the event that the Book-Entry-Only System is discontinued and registered bonds are issued, all notices and Bonds are required to be delivered to the Tender Agent.

Limitations on Payment of Purchase Price; Untendered Bonds...The Tender Agent will be required to effect purchases of tendered Bonds solely from and to the extent of (1) proceeds of the remarketing of such Bonds pursuant to the remarketing agreement to be entered into between the City and the Remarketing Agent or, to the extent such proceeds are insufficient, (2) payments, if any, elected to be made by the City in its sole discretion. The City will have no obligation and has no intent to purchase tendered Bonds. No purchase right will pertain to Bonds registered in the name or held for the benefit or account of the City or certain affiliates. See the discussion under "Mandatory Tender" above for the effects of a failed conversion and remarketing of Bonds when there exists no liquidity facility providing liquidity support therefor.

ANY BOND (OR PORTION THEREOF) WHICH IS REQUIRED TO BE TENDERED OR FOLLOWING NOTICE OF TENDER AND FOR WHICH PAYMENT OF THE PURCHASE PRICE IS DULY PROVIDED FOR ON THE RELEVANT PURCHASE DATE WILL BE DEEMED TO HAVE BEEN TENDERED AND SOLD ON SUCH PURCHASE DATE, AND THE HOLDER OF SUCH BOND WILL NOT THEREAFTER BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST ACCRUED SUBSEQUENT TO SUCH PURCHASE DATE) IN RESPECT THEREOF OTHER THAN THE PURCHASE PRICE FOR SUCH BOND OR PORTION THEREOF OR OTHERWISE BE SECURED BY OR ENTITLED TO ANY BENEFIT UNDER THE TWENTY-FOURTH SUPPLEMENT.

Redemption of the Bonds

Optional Redemption...During the Initial Interest Period, the Bonds are not subject to redemption prior to maturity. Thereafter, the Bonds are subject to redemption at the option of the City, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on the first Interest Payment Date after the conclusion of the Initial Interest Period (being the Mandatory Tender Date), at the par value plus accrued interest to the date fixed for redemption. Bonds bearing interest at the Stepped Rate are subject to redemption at the option of the City on any date.

Upon any optional redemption of the Bonds, if less than all of the Bonds are to be redeemed, the City shall determine the respective maturities and amounts to be redeemed and, if less than all of a maturity is to be redeemed, the Bonds, or portion

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of the Bonds, within such maturity will be selected at random, by lot or other customary method selected by the Paying Agent/Registrar.

At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem the Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the City to exercise the right to redeem the Bonds shall be entered in the minutes of the governing body of the City.

Mandatory Sinking Fund Redemption… The Bonds are subject to mandatory sinking fund redemption prior to their stated maturity (but not during the Initial Interest Period) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption, without premium, on November 15 in each of the years and in the principal amounts as follows:

_____% Term Bond ([__/__/20__] Tender)*

Stated to Mature November 15, 20__ *	
Year	Principal Amount ($)

_____

Approximately forty-five (45) days prior to each mandatory redemption date for the Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Bonds within the applicable stated maturity to be redeemed on the next following November 15 from moneys set aside for that purpose in the Debt Service Fund. Any Bond not selected for prior redemption shall be paid on the date of its Stated Maturity.

The principal amount of the Bonds of a stated maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of Bonds of like maturity that, at least fifty (50) days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Though these mandatory sinking fund redemption payments are not scheduled to occur during the Initial Interest Period, they are nevertheless included herein to demonstrate that the Bonds are not structured as a "bullet" maturity and to evidence the Bonds as a part of the table appearing under "PRO FORMA DEBT SERVICE REQUIREMENTS OF THE ELECTRIC UTILITY SYSTEM" in this Offering Memorandum.

Redemption Procedures for the Bonds

Except with respect to Bonds bearing interest at the Stepped Rate (which may be redeemed upon at least one day's notice to the registered owners thereof), the Paying Agent/Registrar shall give notice of redemption of the Bonds, identifying the Bonds or portions thereof to be redeemed, and specifying the redemption date, the redemption price, the places and dates of payment, that from the redemption date interest will cease to accrue, and whether the redemption (in the case of an optional redemption) is conditioned upon sufficient moneys being available on the redemption date (or any other condition), by mailing a copy of such redemption notice, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, to the Registered Owner of each such Bond to be redeemed in whole or in part at the address shown on the registration books. Redemption notices will be sent by first-class mail, except that notices to Registered Owners of at least $1,000,000 of Bonds shall be sent by registered mail. Failure to mail any such notice to the Registered Owner of any such Bond or any defect therein shall not affect the validity of the proceedings for such redemption of such Bond. Any such notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Registered Owner of any Bond receives the notice.

If a Bond is of a denomination larger than $5,000, all or a portion of such Bond (in a denomination of $5,000 or any integral multiple thereof) may be redeemed, but such Bond shall be redeemed only in a principal amount equal to $5,000 or any integral multiple thereof. Upon surrender of any Bond for redemption in part only, the City shall execute and the Paying Agent/Registrar shall authenticate and deliver to the Registered Owner thereof, at the expense of the City, a new Bond,

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maturity and interest rate and of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

Notwithstanding the foregoing, a notice of mandatory tender delivered in accordance with the provisions of the Pricing Certificate prior to the conclusion of an Initial Interest Period shall serve as notice of redemption of Bonds, if any, that are to be redeemed at the option of the City on the Interest Payment Date occurring immediately after the conclusion of such Initial Interest Period.

Selection of Bonds to be Redeemed

If fewer than all of the Bonds are called for redemption, such Bonds (or portions thereof) to be redeemed shall be selected by lot by the Paying Agent/Registrar (except at any time when such Bonds are held in a book-entry system, in which case selection of such Bonds to be redeemed will be in accordance with procedures established by the book-entry depository).

Notice of Redemption

Except with respect to Bonds bearing interest at the Stepped Rate as described above, not less than thirty (30) days before a redemption date for the Bonds, a notice of redemption shall be sent by United States mail, first-class postage prepaid, in the name of the City, to the registered owner of each Bond to be redeemed in whole or in part at the address of the bondholders appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the bondholder.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar before the notice of redemption is mailed, such notice may state that redemption may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or before the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN AND NOT HAVING BEEN RESCINDED, BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption relating to the Bonds, notice of proposed amendment to the ordinances or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds within a maturity to be redeemed will not be governed by the Twenty-Fourth Supplement and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. See “BOOK-ENTRY–ONLY SYSTEM” in this Offering Memorandum.

Defeasance

The City may defease and discharge its obligation to the Holders of any or all of the Bonds to pay the principal of, redemption premium, if any, and interest owing on the Bonds by depositing with the Paying Agent/Registrar, or other authorized escrow agent, in trust:

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(a) cash in an amount equal to the principal amount of, redemption premium, if any, and interest to become due on the Bonds to the date of maturity or prior redemption; or

(b) Government Obligations, consisting of:

(i) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; or
(ii) non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or
(iii) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of acquisition by the City are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or
(iv) such other obligations authorized by law to be acquired for defeasance and payment of outstanding indebtedness of the City.

In connection with the sale of the Bonds, authorized officials of the City may restrict such eligible securities and obligations as deemed appropriate. In the event the City restricts such eligible securities and obligations, the final Offering Memorandum will reflect the new authorized Government Obligations. Deposits of cash and Government Obligations to defease the Bonds shall be held in trust and are required to be affirmed by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to pay the principal of, redemption premium, if any, and interest on the Bonds being defeased.

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is U.S. Bank Trust Company, National Association, Irving, Texas. The City retains the right to replace the Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City will promptly cause written notice to be given to each registered owner of the Bonds affected by such change, which notice will also give the address of the new Paying Agent/Registrar. Any Paying Agent/Registrar selected by the City shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to act as and perform the duties of Paying Agent/Registrar in accordance with the terms of the Twenty-Fourth Supplement.

Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined in this Offering Memorandum), and such interest shall be paid:

(i) by check sent by United States Mail, first-class postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar; or

(ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

Principal of the Bonds will be paid to the registered owner at their stated maturity upon their presentation to the designated payment/transfer office of the Paying Agent/Registrar. If a date for making a payment on the Bonds, the taking of any action or the mailing of any notice by the Paying Agent/Registrar shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment, taking of action or mailing of a notice shall be the next day that is not a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and a payment, action or mailing on such date shall have the same force and effect as if made on the original date the payment was due or the action was required to be taken or the mailing was required to be made. As of the date of this Offering Memorandum, the office of the Paying Agent/Registrar in Irving, Texas is its designated payment/transfer office.

Record Date for Interest Payment

While the Bonds bear interest at a Term Rate (including during the Initial Interest Period), the record date ("Record Date") for the interest payable on any Interest Payment Date for the Bonds means the close of business on the last business day of the month before each interest payment date. In the event of a non-payment of interest on the Bonds on one or more maturities on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment for

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such maturity or maturities (a "Special Record Date") will be established by the Paying Agent/Registrar, if any, when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which is fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days before the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Bond of such maturity or maturities appearing on the books of the Paying Agent/Registrar at the close of business on the last business day before the date the notice is mailed.

Transfer, Exchange and Registration

In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the Holders and thereafter the Bonds may be transferred and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar, and such registration shall be at the expense of the City, except for any related tax or other governmental charge. A Bond may be assigned by execution of an assignment form on the Bonds or by other instruments of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds of like series and aggregate principal amount will be delivered by the Paying Agent/Registrar to the last assignee (the new registered owner) in exchange for such transferred and assigned Bonds not more than three (3) days after receipt of the Bonds to be transferred in proper form. Such new Bond or Bonds must be in the denomination of $5,000 or any integral multiple thereof within a maturity while the Bonds are in a Term Mode.

Bondholders' Remedies

Neither the Master Ordinance nor the Twenty-Fourth Supplement specifies events of default with respect to the Bonds. If the City defaults in the payment of principal, interest or redemption price on the Bonds when due, or the City defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Master Ordinance or the Twenty-Fourth Supplement, the registered owners may seek a writ of mandamus to compel the City or City officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds, the Master Ordinance or the Twenty-Fourth Supplement, and if the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the courts, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Neither the Master Ordinance nor the Twenty-Fourth Supplement provides for the appointment of a trustee to represent the interests of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Twenty-Fourth Supplement, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages outside of Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), holders of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or covenants contained in the Master Ordinance or the Twenty-Fourth Supplement. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson I"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify Wasson I, *Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("Wasson II", and together with Wasson I, "Wasson"), ruled that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In Wasson, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

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Chapter 1371, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its debt, but the City has not waived sovereign immunity pursuant to Chapter 1371 in connection with the issuance of the Bonds.

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

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenue, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Bonds of an entity that has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

For a more detailed explanation of the various covenants and agreements with the Holders of the Bonds, including provisions for amendments to the Master Ordinance and any supplemental ordinances thereto (including the Twenty-Fourth Supplement), and defeasance of the Bonds, see APPENDIX C attached to this Offering Memorandum.

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BOOK-ENTRY-ONLY SYSTEM

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

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

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

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Redemption proceeds and principal and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

The requirement for physical delivery of Securities in connection with a mandatory tender for purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered. Subject to DTC's policies and guidelines, the City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

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The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City, PFM Financial Advisors LLC, and the Underwriters each believes to be reliable, but the City, PFM Financial Advisors LLC, and the Underwriters take no responsibility for the accuracy thereof.

THE ELECTRIC UTILITY SYSTEM

General

The City owns and operates an electric utility system that provides the City, as well as adjoining areas of Travis County and certain adjacent areas of Williamson County, with electric services. The City jointly participates in the ownership of coal-fired electric generation facilities and a nuclear-powered electric generation facility. Additionally, City individually-owned gas-fired electric facilities and a biomass generation facility are available to meet Electric Utility System demand. For the fiscal year commencing October 1, 2026, the Electric Utility System has approximately 1,963 full-time regular employees.

Winter Storm Mara 2023

Background and Impact of Winter Storm Mara on Austin Energy. From January 31, 2023 through February 2, 2023, Winter Storm Mara delivered freezing temperatures and freezing rain, which resulted in up to three-quarters of an inch of ice on vegetation throughout Austin Energy's 437 square miles of service territory. The weight of the ice on the tree canopy brought down limbs and trees on the distribution system throughout the service territory. At the height of the storm, 32% of Austin Energy's customers (173,879 customers) were without power. Unlike the 2021 Weather Event (defined below), which was an ERCOT grid emergency and State-directed event that resulted in outages to prevent a complete blackout, Winter Storm Mara was a natural disaster. Restoration of the distribution system began immediately with the deployment of more than 400 Austin Energy line workers working to clear debris and restore power. In addition, Austin Energy called upon mutual aid from three utilities and seven electrical contractors. Approximately 1,000 additional personnel and support equipment participated in the restoration efforts. High winds and rain complicated initial restoration efforts, resulting in additional outages as already weakened vegetation fell on the distribution system. The restoration was completed on February 11, 2023, and all remaining mutual aid crews departed the City.

On February 4, 2023, Governor Greg Abbott issued a disaster declaration for seven Texas counties, which included the Austin Energy service territory. The Governor expanded that declaration to include sixteen additional counties on February 21, 2023. On April 21, 2023, President Biden declared Winter Storm Mara a Presidential Disaster. The City submitted over $45 million of response and damage cost estimates. The Federal Emergency Management Agency ("FEMA") was able to validate $33 million of the $45 million submitted.

Texas Winter Weather Event 2021

General. From February 14, 2021 through February 19, 2021, much of the continental United States, including Texas, experienced a severe winter storm (such winter storm, the "2021 Weather Event"). As a result of the 2021 Weather Event, the State experienced Statewide, record-breaking cold weather. As the 2021 Weather Event impacted the State, ERCOT implemented what were initially expected to be rolling blackouts to conserve electricity and address energy needs across the entirety of the State; however, due to the severity of 2021 Weather Event and the corresponding increase in demand on the State electric grid, combined with limited availability of generation, widespread and prolonged power outages occurred on Monday, February 15, 2021, and continued throughout the week. Ultimately, approximately 4,000,000 residents of the State were without power for significant stretches of the week.

Impact of 2021 Weather Event on Austin Energy. Austin Energy's generation assets largely stayed online during the 2021 Weather Event. Combined with ERCOT-mandated load sheds, this resulted in Austin Energy generation output exceeding its customers' usage. Austin Energy was able to more than fully offset the unprecedented high gas prices and costs to serve its customers with corresponding revenues from the generation fleet. Austin Energy estimates that over the course of the 2021 Weather Event, it earned positive net revenue of $101 million, which was returned to customers through the Power Supply Adjustment component of their bill. Brazos Electric Cooperative Inc. reached a court-approved settlement with ERCOT in November 2022. As part of the settlement, Austin Energy opted for accelerated cash recovery of $27 million of the $42 million short pay claim.

Legislative Response. On June 8, 2021, the Governor signed Senate Bill 3 ("SB 3") to address the issues that arose during the 2021 Weather Event. SB 3 required weather emergency preparedness and the identification of critical facilities in the natural gas supply chain and electric utilities. The bill makes several changes to the ERCOT market and how municipally owned utilities ("MOUs") will operate. Moreover, the bill expands the Public Utility Commission of Texas' ("PUCT's")

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oversight over MOUs, particularly regarding customer communications during emergencies, weatherization requirements, and the allocation of load shed responsibilities. The bill does not affect a MOU's ability to set rates or its obligation to serve its certificated service territory. Additionally, SB 3 includes provisions that could affect wholesale energy costs and operations. The bill requires the PUCT to instruct ERCOT to establish requirements to meet the reliability needs of the power region and determine the quantity and characteristics of ancillary or reliability services needed to maintain reliability during periods of low non-dispatchable generation. It also instructs ERCOT to procure ancillary or reliability services on a competitive basis during those periods of low non-dispatchable generation with appropriate qualification and performance requirements. The bill requires the PUCT to implement an emergency wholesale pricing mechanism regarding the system-wide offer cap, to take effect if the high cap is in place for 12 hours in a 24-hour period, as well as an associated ancillary services cap. The bill requires the PUCT to allow the purchase price of generators to be reimbursed as a reasonable and verifiable operating cost, even if those costs exceed the relevant cap. The PUCT is required to review each systemwide offer cap program beginning January 1, 2026, and at least once every five years thereafter.

The 2021 Weather Event created significant financial impacts for many ERCOT market participants. In response, the Texas Legislature passed House Bill 4492, which creates two securitization processes to be repaid through a ratepayer surcharge over a period of up to 30 years. In both processes, the PUCT issued and approved a debt obligation on October 14, 2021. The first securitization mechanism is addressed in Public Utility Regulatory Act ("PURA") Chapter 39, Subchapter M and considered in PUCT Docket No. 52321, and covers amounts owed to ERCOT by wholesale market participants that would have been otherwise uplifted due to short pays and replenished financial auction receipts used by ERCOT to reduce amounts that were short paid to market participants and reasonable costs incurred to implement a debt obligation order. The legislation set a cap at $800 million. As a short-paid market participant, Austin Energy is included in this process. The second securitization mechanism is addressed in PURA Chapter 39, Subchapter N and considered in PUCT Docket No. 52322. This provision covers Reliability Deployment Price Adder charges and Ancillary Services costs above the system-wide offer cap during the 32-hour period between February 15 and February 19, 2021. This excludes any amounts securitized under PURA Chapter 41 for cooperative securitization and any amounts from defaulted entities that are no longer ERCOT market participants. This amount totals $2.1 billion plus reasonable costs. There was a one-time opt out available for this docket and Austin Energy successfully opted out because it had paid in full all invoices owed to ERCOT. Therefore, Austin Energy customers were not subject to the payment of any securitized amounts in this docket.

On January 19, 2023, the PUCT voted unanimously to adopt the Performance Credit Mechanism electric market design option (the "PCM") and a set of guiding principles for implementation to strengthen reliability, accountability, and affordability of on-demand electric generation within the ERCOT electric grid. The PCM and the guiding principles were adopted by the PUCT to meet the requirements of SB 3 passed by the 87th Legislature. However, the PCM was rejected by the PUCT in December of 2024. A new firming requirement included in House Bill 1500 ("HB 1500") from the 2023 legislative session is in its rulemaking stage at the PUCT. It targets intermittent resources signing interconnection agreements on or after January 1, 2027, and requires them to demonstrate annual ability to meet or exceed seasonal average generation during times of greatest reliability risk. It is performance-based, allowing operators flexibility in how to meet the standard using technologies like battery storage and contracts with dispatchable resources. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY - ERCOT Wholesale Market Design."

Senate Bill 2627 ("SB 2627") introduced a loan program supported by $10 billion in state funding eligible for new dispatchable generation projects. To implement the loan program, Senate Joint Resolution 93 ("SJR 93") required Texas voters to approve an amendment to the State constitution, which was approved in November 2023, authorizing the use of $10 billion in State revenue to support the loan program. In response to SB 2627, the PUCT established the Texas Energy Fund In-ERCOT Generation Loan Program (the "Texas Energy Fund"). In addition, House Bill 5 ("HB 5") created economic development incentives intended to spur private investment in the construction of new dispatchable generation. HB 1500 also includes recommendations from the Sunset Advisory Commission for improving functions at the PUCT, ERCOT, and the Office of Public Utility Counsel ("OPUC"). Implementation of these programs will require the PUCT to adopt new regulations, including the development of new ERCOT protocols.

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ELECTRIC UTILITY SYSTEM
"AUSTIN ENERGY"

Management (as of September 1, 2026)

	Years at City	Additional Years of Experience	Total
General Manager			
Stuart Reilly	19	3	22
Executive Leadership			
Lisa Martin, *Deputy General Manager, Chief Operating Officer*	16	5	21
Tammy Cooper, *Chief Regulatory Affairs Officer*	6	23	29
Stephanie Koudelka, *Chief Financial Officer*	20	4	24
Kerry Overton, *Chief Customer Officer*	26	11	37
Elaine Veselka, *Interim Chief Business Services Officer*	18	12	30
Vice Presidents			
Brock Carter, *Electric System Field Operations*	19	8	27
Sandra Escobedo, *Customer Account Management*	2	22	24
Jerry Galvan, *Customer Care Services*	10	15	25
Richard Génecé, *Customer Energy Solutions*	5	27	32
Ken Snipes, *Power Production*	6	32	38
Pat Sweeney, *Interim Energy Market Operations*	35	4	39
David Tomczyszyn, *Electric Systems Engineering and Technical Services*	18	4	22

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Service Area

The service area for Austin Energy was established by the PUCT pursuant to a certificate of convenience and necessity on April 3, 1978. The City's service area encompasses 227 square miles within the City itself and approximately 210 square miles surrounding Travis and Williamson Counties. The establishment of such a service area entitles Austin Energy to provide electric service within this area. As presently constituted, the City's service area overlaps with approximately 11 square miles of the service area of Oncor Electric Delivery in Travis and Williamson Counties.

The City may not extend the service area for Austin Energy to an area receiving similar utility service from another utility service provider without first obtaining a certificate of convenience and necessity from the PUCT. The City has no plans to expand its present service area.

Real Estate Taxes

Austin Energy pays no real property taxes on facilities inside or outside the City.

Customer Base – Average Monthly Number of Customers

For the 12-Month Period ended September 30, 2025	Average Monthly Number of Customers	Percent
Residential	519,797	90.39%
Commercial	52,406	9.12%
Industrial	135	0.02%
Public Street & Highway	10	0.00%
Governmental Authorities	2,738	0.48%
Total Service Area Customers	575,086	100.00%

Source: Austin Energy.

Physical Property

The City either owns or has an ownership interest in a diverse mix of generation sources, including coal, nuclear, natural gas, and biomass facilities. In addition, Austin Energy has installations or contracts for renewable energy purchased power from wind and solar, as well as battery storage. See "DESCRIPTION OF AUSTIN ENERGY'S PHYSICAL PROPERTY" and "AUSTIN ENERGY'S STRATEGIC PLANS, GOALS AND POLICIES – Austin Energy Resource, Generation and Climate Protection Plan to 2035" in this Offering Memorandum.

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Generation & Storage Facilities

As of September 1, 2026, generation and storage facilities wholly or partially owned by Austin Energy and in operation are as follows.

Unit	Year Installed	Nameplate Rating (MW)	Fuel
Fayette Power Project			
Unit No. 1	1979	300.0	Coal
Unit No. 2	1980	300.0	Coal
Decker Power Station			
Gas Turbines	1988	200.0	Gas
Sand Hill Energy Center			
Gas Turbines	2001	180.0	Gas
Gas Turbines	2010	90.0	Gas
Combined Cycle	2004	300.0	Gas
MEC CHP (Dell Children's Hospital)	2006	4.6	Gas
South Texas Project Electric Generating Station			
Unit No. 1	1988	216.0	Nuclear
Unit No. 2	1989	216.0	Nuclear
Nacogdoches Biomass Facility	2012	115.0	Biomass
Total Capacity owned by Austin Energy		1,921.6	
Purchased Power:			
Ecofin Whirlwind Energy LLC	2007	59.8	Wind
Skyline Renewables RES North America Hackberry Wind, LLC	2008	165.6	Wind
Exelon Whitetail Wind Energy, LLC	2012	92.3	Wind
Deriva Energy Los Vientos IB, LLC	2012	201.6	Wind
FRV Solar AE, LLC	2011	30.0	Solar
Duke Energy Los Vientos III, LLC	2015	200.0	Wind
BHE Renewables TX Jumbo Road Wind, LLC	2015	300.0	Wind
Deriva Energy Los Vientos IV, LLC	2016	200.0	Wind
Southern Power Roserock Solar, LLC	2016	157.5	Solar
Southern Power East Pecos Solar, LLC	2017	118.5	Solar
Consolidated Edison CED Upton County Solar, LLC	2017	157.5	Solar
DESRI Midway Solar, LLC	2018	178.5	Solar
Power Fin Texas Solar Project, LLC	2018	3.2	Solar
Avangrid Karankawa Wind, LLC	2019	206.6	Wind
RWE Raymond Wind Farm LLC	2020	200.0	Wind
Pattern Gulf Wind LLC	2021	170.98	Wind
Deriva Energy East Blackland Solar Project 1 LLC	2021	144.0	Solar
SE Aragorn Solar LLC	2021	180.0	Solar
ENGIE 2019 ProjectCo-Tx1 LLC	2021	1.8	Solar
Base Power	2026	0.4	Battery
Total Capacity from Purchased Power		2,768.28	
Total Capacity including Purchased Power		4,689.88	

Source: Austin Energy.
See "AUSTIN ENERGY'S CUSTOMER STATISTICS - Generation and Use Data" in this Offering Memorandum for more information on peak demand and generation capacity.

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Fuel Supply

The cost and availability of fuel are two of several factors that affect Austin Energy's finances. Fuel mix percentages (based on generation as a percent of load) by fuel type are provided below.

	Percentage Net Load As of September 30				
Fuel Type	2021	2022	2023	2024	2025
Coal	25.47%	17.89%	10.61%	10.50%	9.08%
Natural Gas	15.76	11.52	13.42	14.70	14.56
Nuclear	25.74	24.22	22.34	22.42	23.40
Renewable Energy	47.67	54.03	49.08	43.06	42.29
Net Market Purchases - (Sales)*	(14.64)	(7.66)	4.54	9.32	10.68
Total	100.0	100.0	100.0	100.0	100.0

* Includes bilateral purchases and sales.
Source: Austin Energy.

Fuel Type

Coal . . . Coal supply and rail transportation are procured through a portfolio of contracts designed to minimize cost. Typically, several weeks of coal inventory is maintained to protect against disruptions. Coal inventories are managed within targeted ranges, and depending on the efficiency of railroad performance, train sets are either removed from or added to service to maintain desired inventory levels. Austin Energy's coal inventory is targeted to be 40-70 days. Austin Energy's coal inventory share was 67 days as of August 31, 2026.

Natural Gas . . . Austin Energy utilizes a portfolio of gas contracts and multiple pipelines to diversify risk and minimize cost.

Nuclear . . . The South Texas Project Nuclear Operating Company ("STPNOC"), on behalf of the owners of the South Texas Project, is responsible for the supply of nuclear fuel and for the disposal of spent fuel for the South Texas Project Electric Generating Station ("STP"). See "DESCRIPTION OF AUSTIN ENERGY'S PHYSICAL PROPERTY - South Texas Project" in this Offering Memorandum. Due to volatility in uranium prices and a number of industry-wide challenges to security of supply, long-term supply contracts have been secured and the plant carries a full reload of natural uranium hexafluoride.

Renewable Energy . . . Renewable Energy purchases result from a recurring Request for Proposals (RFP) process under which proposals are submitted to Austin Energy from renewable energy developers with renewable projects located within the ERCOT or the Austin Energy service territory. After a rigorous project evaluation process, Austin Energy may elect to negotiate Power Purchase Agreements with selected developers and then submit finalized contracts to the City Council for approval. This fuel type also includes generation from the Nacogdoches Biomass Facility.

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DESCRIPTION OF AUSTIN ENERGY'S PHYSICAL PROPERTY

Fayette Power Project

The Fayette Power Project ("FPP") is a power project co-owned by the Lower Colorado River Authority ("LCRA") and Austin Energy. Austin Energy is a 50% owner in Units 1 and 2 of the FPP. A third unit, also at the facility, is 100% owned by LCRA. Pursuant to the Participation Agreement between the City and LCRA, LCRA was appointed Project Manager and a Management Committee comprised of an equal number of voting representatives from each participant was established, supported by four subcommittees (Environmental, Fiscal/Budget, Fuels, and Technical) composed of representatives from each participant to direct the operation of the project. FPP is a 7,500-acre site located 8½ miles east of LaGrange, Texas, which is approximately 65 miles southeast of the City.

FPP installed scrubbers on Units 1 and 2 in 2011 to meet sulfur dioxide (SO2) permit levels and to help meet limits of air toxics in the federal Mercury and Air Toxics Standards ("MATS") rules published in 2012. Beginning in 2012, FPP installed mercury removal technology equipment to reach compliance with the MATS rule on Units 1 and 2.

Gas Generation Facilities

Austin Energy owns three gas generation facilities located in Austin Energy's service territory.

Decker Power Plant originally consisted of four Pratt and Whitney aeroderivative gas turbines with a combined generating capacity of 200 megawatts when placed into service in 1988. However, Decker 1 steam unit was retired in 2020 and Decker 2 steam unit was retired in 2022. The plant is served by two natural gas pipelines.

In 2001, Austin Energy placed four simple cycle gas turbines ("GTs") into operation at the Sand Hill Energy Center ("SHEC"). Each GT has a nominal generating capacity of 45 MW. In 2004, Austin Energy began commercial operation of a 300 MW combined cycle gas-fired generating unit at SHEC. The "one-on-one" combined cycle unit consists of one "F" class combustion turbine ("CT"), one natural circulation, duct fired, heat recovery steam generator ("HRSG"), and one steam turbine and balance of plant equipment and controls. The unit was designed so that a future "F" technology CT/HRSG train could be added to achieve a nominal rating of 500 MW for this power block. In 2010, Austin Energy placed two General Electric LM6000 aeroderivative GTs into service at SHEC. Each LM6000 unit has a nominal capacity of 45 MW. The nominal plant total generating capacity is 570 MW. The plant is served by three natural gas pipelines.

In July 2006, Austin Energy added electric generation at a central utility plant located at the redevelopment site of the former Robert Mueller Airport. The plant is a tri-generation facility producing steam, chilled water and power for adjacent buildings. Excess electric power generated at the facility is sent to the electric grid. The electric power is produced by a gas turbine rated at 4.6 MW. The gas turbine exhaust passes through a heat recovery steam generator producing steam for use by an adjoining hospital and/or in an absorption chiller. A 1.5 MW standby diesel generator provides the plant with "Black Start" capability. The plant is served by one natural gas pipeline.

In May 2026, aligned with Austin Energy's Resource, Generation and Climate Protection Plan to 2035, Austin Energy received approval from the City Council to purchase 400 MW of high-efficiency natural gas peaker units, a portion of which will be financed with the proceeds of the Bonds and the 2026A Bonds. Peakers provide reliable power during high demand periods and serve as an insurance policy during extreme weather events. Austin Energy estimates commercial operation in 2030 and 2031 across multiple sites that are beneficial to the overall reliability and congestion reduction of the local electric grid. See "AUSTIN ENERGY'S STRATEGIC PLANS, GOALS AND POLICIES – Specific Actions to Achieve Generation Resource Objectives" in this Offering Memorandum.

South Texas Project

STP is a two-unit pressurized water reactor nuclear power plant with Unit 1 and Unit 2 (or Units 1 and 2) having a nominal output of approximately 1,350 MW each. It is located on a 12,220 acre site in Matagorda County, Texas, near the Texas Gulf Coast, approximately 200 miles southeast of the City. Participant Ownership ("Participants") in STP Units 1 and 2 and their percentages of ownership are as follows:

	Ownership	
	%	MW (Approximate)
Constellation Energy Generation, LLC	44.0	1,188
CPS Energy (City of San Antonio)	40.0	1,080
City of Austin – Austin Energy	16.0	432
	100.0	2,700

STP is operated by STPNOC and financed and directed by the Participants pursuant to an operating agreement among the Participants and STPNOC. Currently, a four-member board of directors governs the STPNOC, with each of the three Participants appointing one member. The fourth member is STPNOC's chief executive officer and president. All costs and generation output are shared in proportion to each Participant's interest.

STP Units 1 and 2 each originally had a 40-year Nuclear Regulatory Commission ("NRC") license that was scheduled to expire in 2027 and 2028, respectively. Under NRC regulations, the STP owners requested a 20-year license renewal, which was approved for STP Units 1 and 2 on September 18, 2017. The license renewals allow operation of STP Units 1 and 2 until August 20, 2047 and December 15, 2048, respectively.

On November 13, 2008, NRG South Texas LP, one of the STP partners at that time, provided Austin Energy with notice of an updated proposal to add STP Units 3 and 4 at the STP site. The City had the right to participate in the ownership of the proposed new units, up to its existing 16 percent share of the STP. Austin Energy evaluated the City's ownership option

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and provided City Council with an analysis on which to base a decision. The City Council elected to decline participation in this expansion as then proposed. Nuclear Innovation North America ("NINA"), operating as a subsidiary of NRG Energy, Inc., became the lead applicant for the license and assumed responsibility for design, construction, and licensing prior to operation of STP Units 3 and 4 on January 24, 2011. The NRC issued the Combined License for STP Units 3 and 4 on February 12, 2016.

Low Pressure turbine upgrades were completed in 2007 for STP Units 1 and 2. The replacement resulted in an additional 136.9 MW of capacity, of which Austin Energy's share is 21.9 MW. STP Unit 1 was retrofitted with a High Pressure Turbine upgrade in 2020 that resulted in an additional 21.9 MW of capacity, of which Austin Energy's share is 3.5 MW. A High Pressure Turbine upgrade is estimated to be completed in Spring of 2027 on STP Unit 2 with an expected capacity increase of more than 13 MW.

In 2018, STP completed construction of an on-site Dry Cask Storage ("DCS") system and NRC licensed Independent Spent Fuel Storage Installation ("ISFSI"). The DCS and ISFSI are necessary to store spent nuclear fuel on-site as the spent fuel pool for both STP Units 1 and 2 were nearing their full design limit. The DCS and ISFSI were successfully placed into operation in early 2019 with the off-loading of spent nuclear fuel from the STP Units 1 and 2 spent fuel pool.

On June 1, 2023, NRG Energy announced that the company had entered into a definitive agreement for the sale of their 44% share of ownership of STP to Constellation Energy ("Constellation"). CPS Energy filed litigation in Matagorda County, Texas to seek a legal determination of its rights as a co-owner under existing agreements related to STP. In addition, CPS Energy filed a motion with the NRC to dismiss, stay, or intervene in the license transfer application process related to the proposed sale. The purpose of these filings was to ensure that CPS Energy's rights under existing agreements were preserved and followed by all parties. Austin Energy later joined the Matagorda County litigation as a plaintiff to protect its contract rights under applicable STP agreements. On November 1, 2023, NRG Energy, Inc. announced its subsidiaries Texas Genco LP LLC and Texas Genco GP LLC had completed the sale of NRG South Texas LP, a 44% ownership interest in the STP, to Constellation. Constellation, NRG, CPS Energy, and Austin Energy subsequently agreed to enter into settlement negotiations and stayed the Matagorda County litigation as well as the NRC proceeding to work toward a mutually agreeable solution. On May 2, 2024, CPS Energy, Austin Energy, NRG and Constellation resolved their disputes regarding the proposed sale of an interest in STP by NRG to Constellation South Texas LLC (formerly NRG South Texas LP) and the related contractual rights of CPS Energy and Austin Energy. As part of this resolution, CPS Energy and Austin Energy dismissed the Matagorda County litigation and withdrew their NRC objections. The settlement also included CPS Energy entering into an agreement to acquire an additional 2% ownership of STP from Constellation and a long-term Purchase Power Agreement with Constellation. The 200 MW PPA with Constellation is in effect; CPS Energy has not closed on the additional 2% ownership share of STP. When the transaction closes (anticipated to be at the end of calendar year 2026), CPS Energy's ownership of STP will be 42%, Constellation's will be 42%, and Austin Energy's ownership will remain at 16%.

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Nacogdoches Biomass Facility

Austin Energy acquired from Southern Power Company a 115 MW biomass power plant, fueled by wood waste such as forest residue, mill residue, waste pallets and municipal wood waste located in Nacogdoches County, Texas in June of 2019. Prior to the acquisition, Austin Energy received up to 105 MW of output from the Nacogdoches Biomass Facility under a 20-year Power Purchase Agreement ("PPA") that would have expired in 2032. The acquisition enabled Austin Energy to avoid approximately $275 million in additional costs over the remaining term of the PPA. Austin Energy has contracted with NAES Corporation ("NAES") to provide full-service operations and maintenance at the Nacogdoches Biomass Facility. NAES currently has operations at over 160 power plants in North America, including a similar biomass facility located in Gainesville, Florida.

District Energy & Cooling Program

Austin Energy's District Energy & Cooling program (the "DEC Program") is a market-based program that constructs, maintains, and operates district energy and cooling plants. These plants transform electrical energy into thermal energy to distribute, via a network of underground pipes, to external customers in the form of chilled water to cool and air condition their buildings. Aggregation of loads enables superior efficiency, reliability, and quality when compared to stand-alone systems. In this region, 40-45% of the electricity consumed by a typical commercial building powers its air conditioning system. The thermal energy storage elements enable Austin Energy to shift electrical consumption from on-peak to off-peak electrical periods.

The DEC Program serves the City's Central Business District, Domain development (the "Domain"), the Mueller Redevelopment Zone ("Mueller") and the newly completed Austin Community College ("ACC") Highland Campus. The DEC Program currently has 80 customers with over 26 million square feet of space connected to its district energy and cooling systems including residential towers, office buildings, hotels, downtown library and City Hall. The systems serving the Central Business District, ACC and Domain provide chilled water services while the system serving Mueller provides chilled water, steam, and on-site generated electricity to the Dell Children's Medical Center of Central Texas and chilled water to neighboring buildings.

The DEC Program is supported by revenue from its customers and offers many benefits in return, including reduced construction and capital costs, reliability, and simple, low risk operations. Benefits to Austin Energy and the City include having a valuable tool for economic development, reduced CO2 emissions, reduced electrical consumption, and revenue from long-term service agreements, and environmental stewardship. All Austin Energy customers benefit from reduced electric market and regulatory charges due to the active electric demand management provided by the thermal energy storage elements of the DEC Program. Austin Energy's Resource, Generation and Climate Protection Plan to 2035 includes a goal of 40 MW of thermal demand shift by 2030. The DEC Program currently provides a peak of 24.2 MW load shift and is projected to reach 30 MW by 2030.

AUSTIN ENERGY'S CUSTOMER RATES

Retail Service Rates

The City Council has original jurisdiction over Austin Energy's retail electric rates. Customers living outside of the City can appeal rate changes to the PUCT under section 33.101 of the Public Utility Regulatory Act (Title 2 (Chapters 11 through 66) of the Texas Utilities Code and referred to in this Offering Memorandum as "PURA").

State courts have held that the PUCT may apply the same ratemaking standards to the City as are applied to utilities over which the PUCT has original jurisdiction.

Austin Energy's financial policies require that its base rates be reviewed at least every five years. On December 8, 2022, the City Council approved a system average 4.6% base rate increase, or $29.5 million, effective March 1, 2023. Since 2023, the City Council approved across-the-board electric base rate increases of 2% for FY 2024 and FY 2025, 5% for FY 2026 effective November 1 each year, and 5% for FY 2027 effective October 1, 2026.

In addition to base rates, the City Council approved pass-through rates, which include the following charges that are reviewed at least annually and are passed through dollar-for-dollar on customers' bills:

- Power Supply Adjustment ("PSA"): recovers fuel and net power supply costs. In FY 2023, the City Council delegated authority to Austin Energy to administratively update the PSA in response to power market conditions.
- Regulatory Charges: recovers Austin Energy's transmission expenses and other regulatory expenses, such as the Administrative Fees of ERCOT. Congestion Revenue Rights are netted against the system regulatory costs. The Regulatory Charge rates are set based on system-wide costs adjusted for line losses at each voltage level. The Regulatory Charge is recovered through energy charges (kWh) for non-demand customers and demand charges (kW) for demand customers.
- Customer Assistance Program ("CAP"): funds utility bill discounts, arrearage management and emergency financial assistance for low-income residential customers (approximately 80,000 customers as of September 2025).
- Service Area Lighting ("SAL"): maintains and powers the streetlights and traffic signals in the City (outside-the-city customers are not assessed this fee). The SAL charge reflects a system-wide recovery approach.
- Energy Efficiency Services ("EES"): funds energy efficiency programs. The EES charge reflects a system-wide recovery approach.

Residential rates and structure: Residential base rates consist of a customer charge and tiered energy rates. Residential customers also pay the pass-through rates itemized above.

Commercial rates: Commercial rates generally include a customer charge, demand charge (based on monthly peak demand), energy charge, and the pass-through rates itemized above.

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Industrial rates: Generally, industrial rates are comprised of a customer charge, demand charge, and in some instances, an energy charge. Industrial customers pay pass-through rates for the PSA and the Regulatory Charge, and in some instances, all or part of the Community Benefit Charge.

Contract rates: In August 2026, the State of Texas agreed to a new long-term contract for large accounts, extending through August 2036. The City Council approved a tariff in May 2015 for Austin Energy's largest customers, replacing the prior long-term contract. As a result, four of Austin Energy's largest customers are served under a tariff that includes an executed long-term contract.

Typical Monthly Residential Electric Bills of Large Texas Cities

City	Monthly Electric Bill*
Dallas/Fort Worth	$147.34
Austin	**132.64**
Houston	145.34
Corpus Christi	150.40
San Antonio	129.95

* Average monthly residential bill for 1,000 kWh during the period October 2024 – September 2025, including fuel costs. Dallas, Houston, and Corpus Christi are served by competitive retail service providers ("REP"). Many REPs design their offerings around the 1,000 kWh standard, resulting in an atypically low rate at the 1,000 kWh level, compared to the 500 kWh or 2,000 kWh consumption levels.
Source: Public Utility Commission of Texas and powertochoose.org.

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AUSTIN ENERGY'S CUSTOMER STATISTICS

Five Year Electric Customer Statistics

The table below shows service area billed customer sales for fiscal years 2021 through 2025. The revenue per year varies in large degree due to the price of power that is passed through to customers in the Power Supply Adjustment as stated above as well as annual base rate increases. MWH sales variances are due to a combination of customer growth, changes in weather, and changes in consumption patterns.

	Fiscal Year Ended September 30,				
	2021	2022	2023	2024	2025
Revenue (000's)					
Residential	$458,914	$604,330	$656,555	$628,606	$671,017
Commercial	416,375	522,936	542,221	538,261	554,333
Industrial	156,274	214,100	240,389	216,339	230,287
Public Street & Highway	2,148	3,189	3,105	2,583	2,805
Sales to Government Authorities	64,777	80,773	81,268	64,450	84,207
Total	$1,098,489	$1,425,327	$1,523,538	$1,450,239	$1,542,649
MWH					
Residential	4,632,514	5,116,975	5,114,804	5,019,352	5,208,050
Commercial	4,653,262	4,980,367	5,047,483	5,141,688	5,249,798
Industrial	2,929,849	3,124,701	3,271,168	3,380,162	3,299,709
Public Street & Highway	50,389	55,941	53,100	57,614	53,035
Sales to Government Authorities	836,583	899,031	684,277	657,857	677,468
Total	13,102,598	14,177,016	14,170,832	14,256,674	14,488,061
Average Monthly Number of Customers					
Residential	467,291	476,722	487,097	502,316	519,797
Commercial	50,561	51,099	51,445	51,704	52,406
Industrial	112	113	122	125	135
Public Street & Highway	10	10	10	10	10
Sales to Government Authorities	2,783	2,754	2,694	2,727	2,738
Total	520,757	530,698	541,368	556,882	575,086
Average Monthly KWH per Customer					
Residential	826	894	875	833	835
Commercial	7,669	8,122	8,176	8,287	8,348
Industrial	2,175,092	2,312,880	2,229,835	2,248,943	2,036,858
Public Street & Highway	423,441	482,250	446,215	480,121	441,957
Sales to Government Authorities	25,048	27,205	21,163	20,105	20,619
Average Monthly Bill per Customer					
Residential	$81.84	$105.64	$112.32	$104.28	$107.58
Commercial	686.26	852.81	878.32	867.53	881.47
Industrial	116,016.69	158,475.31	163,864.18	143,937.99	142,152.77
Public Street & Highway	18,052.82	27,493.11	26,090.80	21,527.11	23,375.25
Sales to Government Authorities	1,939.49	2,444.25	2,513.47	1,969.67	2,562.91
Average Revenues per KWH					
Residential	$0.09906	$0.11810	$0.12836	$0.12524	$0.12884
Commercial	0.08948	0.10500	0.10742	0.10469	0.10559
Industrial	0.05334	0.06852	0.07349	0.06400	0.06979
Public Street & Highway	0.04263	0.05701	0.05847	0.04484	0.05289
Sales to Government Authorities	0.07743	0.08984	0.11876	0.09797	0.12430

Source: Austin Energy.

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Electric Rates

In the table above, the Base, PSA, Regulatory Charge, and Community Benefit Charges are effective as of November 1 for FY 2025 and are contained in the City's annual continuing disclosure filing for the fiscal year ended September 30, 2025 for the City's outstanding Parity Electric Utility Obligations, which filing is available from the Municipal Securities Rulemaking Board (the "MSRB") on its Electronic Municipal Market Access ("EMMA") system website (see "CONTINUING DISCLOSURE OF INFORMATION – Availability of Information" in this Offering Memorandum), and such rate schedules are incorporated into this Offering Memorandum by reference.

Transmission Rates

The PUCT has exclusive jurisdiction over rates and terms and conditions for the provision of transmission services by the City. On January 28, 2026, the PUCT approved Austin Energy's most recent wholesale transmission annual access rate of $1.272421/kW. Transmission revenues totaled $103.2 million in fiscal year 2025. Austin Energy will continue to manage the need for wholesale transmission rate review as necessitated by its investment and cost to serve.

GreenChoice® Energy Rider

GreenChoice® is Austin Energy's renewable energy program that allows residential and commercial customers to meet their electricity needs by purchasing 100% renewable Texas wind power. Customers who subscribe to the GreenChoice program pay a renewable energy premium as determined by Austin Energy. Residential customers enjoy no contract, no subscriber fees, or penalties for unsubscribing. Commercial customers can choose from three subscription options: BusinessCents, Energizer, and Patron. GreenChoice renewable energy sales are certified by Green-e, a leading national independent consumer protection program for the sale of renewable energy and greenhouse gas reductions in the retail market.

GreenChoice Sales (kWh) by Calendar Year

2016	719,814,465
2017	708,313,000
2018	759,088,000
2019	775,538,662
2020	709,063,075
2021	753,287,074
2022	1,020,485,039
2023	818,094,172
2024	839,111,165
2025	854,099,843

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Power and Energy Sales Contracts

Austin Energy has numerous enabling agreements in place with various market participants. The agreements are designed to facilitate energy transactions by providing a standard agreement and may be cancelled by either party upon thirty (30) days' written notice. Transactions are by mutual agreement; no party is obligated to offer, sell or buy energy under the agreements. Austin Energy is an active participant in the ERCOT wholesale power market. In December 2010, ERCOT commenced operation of a nodal or Locational Market Price market. Under this structure, Austin Energy generators are economically dispatched based on their cost against total ERCOT load rather than Austin Energy load. All load is likewise served by the ERCOT centralized dispatch. Bilateral power purchase and sale contracts are unaffected by this change and remain a key feature of the market. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – ERCOT Wholesale Market Design" in this Offering Memorandum.

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Generation and Use Data

	Fiscal Year Ended September 30									
	2025		2024		2023		2022		2021	
	Average Customers	kWh	Average Customers	kWh	Average Customers	kWh	Average Customers	kWh	Average Customers	kWh
Net kWh Generated		13,306,495,268		13,115,687,759		14,021,562,952		15,697,987,911		15,583,185,677
kWh Received from ERCOT		2,142,413,956		2,088,288,380		1,744,666,405		892,757,385		376,332,458
Less: kWh Delivered to ERCOT		(544,723,810)		(734,880,721)		(990,258,495)		(1,974,600,450)		(2,371,576,205)
Total kWh Delivered to Service Area		14,904,185,414		14,469,095,418		14,775,970,863		14,616,144,846		13,587,941,930
Service Area Energy Use:										
Residential	519,797	5,208,050,202	502,316	5,019,352,354	487,097	5,114,804,256	476,722	5,116,975,278	467,291	4,632,514,399
General Service (Less UT & ENW)	54,070	8,790,639,679	53,504	8,762,158,109	53,196	8,566,651,217	52,911	8,590,715,748	52,383	8,039,134,230
	573,867	13,998,689,881	555,820	13,781,510,463	540,293	13,681,455,473	529,633	13,707,691,026	519,675	12,671,648,629
Public Street Lighting	10	53,034,843	10	57,614,460	10	53,099,614	10	55,940,972	10	50,389,428
City Utility Departments (*)	343	301,239,041	311	286,565,842	301	306,537,384	304	286,500,966	310	269,822,873
Other City Departments (*)	866	135,097,235	742	130,983,235	764	129,739,529	751	126,883,036	762	110,737,070
	1,219	489,371,119	1,063	475,163,537	1,075	489,376,527	1,065	469,324,974	1,082	430,949,371
Total Service Area Sales	575,086	14,488,061,000	556,883	14,256,674,000	541,368	14,170,832,000	530,698	14,177,016,000	520,757	13,102,598,000
Loss and Unaccounted For		416,124,414		212,421,418		605,138,863		439,128,844		485,343,930
Total kWh Delivered to Service Area	575,086	14,904,185,414	556,883	14,469,095,418	541,368	14,775,970,863	530,698	14,616,144,844	520,757	13,587,941,930
System Peak Demand (kW)[1]		2,928,000		3,110,000		3,064,000		2,953,000		2,644,000

*Source: Austin Energy.
[1] Variances from annual reporting figures due to rounding.

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Energy Risk Management

In an effort to mitigate the financial and market risk associated with the purchase of natural gas and energy price volatility, Austin Energy has established an Energy Risk Management Program. This program is authorized by the City Council with an $800 million limit and is led by the Risk Oversight Committee. Under this program, Austin Energy enters into futures contracts, options, and swaps for the purpose of reducing exposure to natural gas and energy price risk over a ten-year time horizon. These types of instruments are used as a hedging activity for the purpose of reducing exposure to price risk. These contracts may be settled in cash or delivery of certain commodities. Austin Energy typically settles these contracts in cash.

In accordance with GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, the City is required to report the fair value of all derivative instruments on the statement of net position. In addition, GASB Statement No. 53 requires that all derivatives be categorized into two types – (1) hedging derivative instruments and (2) investment derivative instruments. Hedging derivative instruments significantly reduce an identified financial risk by substantially offsetting changes in cash flows or fair values of an associated item that is hedged. Investment derivative instruments are entered into primarily for income or profit purposes or they are derivative instruments that do not meet the criteria of an effective hedging derivative instrument. Changes in fair value of hedging derivative instruments are deferred on the statement of net position; and changes in fair value of investment derivative instruments are recognized as gains or losses on the statement of revenues, expenses, and change in fund net position..

Premiums paid for options are deferred until the contract is settled. As of September 30, 2025, $0.07 million in premiums were deferred. As of September 30, 2025, the fair value of Austin Energy's futures, options and swaps was an unrealized gain of $0.5 million, of which $1.4 million is reported as derivative instruments in assets and $0.9 million is reported as derivative instruments in liabilities. The fair values of these derivative instruments are deferred until future periods on the balance sheet using deferred outflows and deferred inflows.

Further explanation and historical information at the most recent fiscal year end can be found in the footnotes to the financial statements for the fiscal year ended September 30, 2025. See "APPENDIX B – "AUDITED FINANCIAL STATEMENTS – Note 12 – Energy Risk Management Program" in this Offering Memorandum.

Power and Energy Purchase Contracts

The City has signed several long-term energy purchase agreements for conventional, wind, solar, and geothermal electric generation, as well as tolling agreements for the dispatch of battery storage capacity. All power generated from the utility-scale facilities is sold into the ERCOT market, and power dispatched from distributed systems like the Base Power system offsets and reduces Austin Energy's load as measured by the ERCOT market.

In September 2006, Austin Energy signed a 20-year contract with Renewable Energy Systems ("RES") America Development, Inc. to purchase the output of a 59.8 MW wind energy project located in Floyd County, Texas. On October 10, 2006, RES assigned the contract to Whirlwind Energy, L.L.C. The project began full-scale commercial operation in December 2007. In September 2026, Austin Energy extended the contract for an additional 20 years.

In August 2007, Austin Energy signed a 15-year contract with RES to purchase the output of a 165.6 MW wind energy project located in Shackelford County, Texas near Abilene. On September 6, 2007, RES assigned the contract to Hackberry Wind, LLC. The project began full-scale commercial operation in December 2008. In December 2023, Austin Energy extended the contract for an additional nine years.

In August 2009, Austin Energy signed a 25-year contract with FRV Solar AE, LLC, a subsidiary of Austin Solar, LLC, a successor to Gemini Solar Development Company, LLC, predecessor to the current joint owners, Longsol LLC and Metlife, to purchase the output of a 30 MW solar power plant. The project is located on an Austin Energy site near Webberville slightly east of the City and commenced commercial operation in December 2011.

In September 2011, Austin Energy signed a 25-year contract with Los Vientos Windpower IB, LLC, an affiliate of Duke Energy, to purchase the output of a 201.6 MW wind energy project located in Willacy County, Texas. Energy purchases from Los Vientos IB commenced in November 2012, and full scale commercial operation commenced in December 2012.

Also in September 2011, Austin Energy signed a 25-year contract with Whitetail Wind Energy, LLC, an affiliate of Exelon Corporation, to purchase the output of a 92.34 MW wind energy project located in Webb County, Texas. Energy purchases from Whitetail also began in November 2012, and full-scale commercial operation commenced on December 21, 2012.

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In September 2013, Austin Energy entered into two 25-year Power Purchase Agreements with Duke Energy affiliates, Los Vientos Windpower III, LLC and Los Vientos Windpower IV, LLC, to purchase the output of 200 MW wind energy projects from each entity located in Starr County, Texas. Los Vientos III commenced commercial operation in April 2015 and Los Vientos IV commenced commercial operation in July 2016.

In February 2014, Austin Energy signed an 18-year contract with TX Jumbo Road Wind, LLC, an affiliate of BHE Renewables LLC, to purchase the output of a 300 MW wind energy facility located in Castro County, Texas. Commercial operation began in April 2015.

In May 2014, Austin Energy and RE Roserock LLC, a Canadian Solar affiliate, entered into a 20-year Power Purchase Agreement for the purchase and sale of up to 157.5 MW of solar generated renewable energy from the Roserock Solar Facility in west Texas. In November 2015, a Southern Company subsidiary purchased a controlling interest in the project. Commercial operation was achieved in November 2016.

In May 2015, Austin Energy and a subsidiary of Power Fin Texas Solar Projects, LLC entered into a 25-year Power Purchase Agreement for the purchase of up to 3.2 MW of solar generated renewable energy from a facility to be constructed in the Austin Energy service territory; this purchase will be considered a component of Austin Energy's local solar goal. Commercial operation began in the first quarter of 2018.

In October 2015, Austin Energy entered into three separate transactions for the purchase and sale of energy from three solar projects in west Texas: (1) a 15-year Power Purchase Agreement with East Pecos Solar, LLC, a subsidiary of Southern Company which purchased the project from the original developer, First Solar Development, LLC, for up to 118.5 MW of capacity from a facility constructed in east Pecos County, commercial operation of which began in April 2017; (2) a 25-year Power Purchase Agreement with Midway Solar LLC, a subsidiary of DESRI, who purchased the asset from 174 Power Global, a subsidiary of Hanwha Q Cells for up to 178.5 MW of capacity from a facility located in east Pecos County; commercial operation began in December 2018; and (3) a 25-year Power Purchase Agreement with CED Upton County Solar LLC, a subsidiary of Consolidated Edison Development, for up to 157.5 MW of capacity from a facility in Upton County; commercial operation under this project began in August 2017.

In June 2017, Austin Energy signed a 15-year Power Purchase Agreement with Karankawa Wind LLC, a subsidiary of Avangrid Renewables, LLC, for the sale and purchase of up to 206.6 MW of wind energy from a facility in San Patricio and Bee Counties, Texas. Commercial operation began in December 2019.

In December 2017, Austin Energy entered into a 15-year Power Purchase Agreement with SE Aragorn, LLC, an SB Energy (formerly Intersect Power) subsidiary, for the sale and purchase of solar power generated from a planned 180 MW project in Culberson County, Texas. Commercial operations commenced in December 2021.

In October 2018, Austin Energy and East Blackland Solar Project, LLC, a Duke Energy (formerly Recurrent Energy) subsidiary, entered into a 15-year Power Purchase Agreement for the purchase and sale of energy produced from a 144 MW solar facility in Travis County, Texas near the town of Pflugerville. Commercial operation commenced in July 2021.

In March 2019, Austin Energy signed a 20-year Power Purchase Agreement with a subsidiary of Pattern Energy Group, Inc. for the purchase and sale of 170 MW of energy output from a wind project located in Kenedy County, Texas. Commercial operation started in May 2021.

In August 2019, Austin Energy and RWE Renewables (successor to E.ON Climate and Renewables) entered into a 12-year Power Purchase Agreement providing for the purchase and sale of energy generated from the 200 MW Raymond Wind facility located in Willacy and Cameron Counties, Texas. Commercial operations commenced in December 2020.

In December 2019, Austin Energy and an ENGIE subsidiary entered into a 25-year Power Purchase Agreement for the purchase and sale of energy generated from a 1.8 MW rooftop solar project located at the City-owned and operated Austin-Bergstrom International Airport. Commercial operations began in May 2021.

In October 2025, Austin Energy and Balcones Ridge Resiliency LLC, a Jupiter Power affiliate, entered into a 20-year Energy Storage Tolling Agreement for the dispatch of energy battery storage capacity from a 100 MW utility scale battery located in Austin. Commercial operations are expected to begin in December 2027.

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In January 2026, Austin Energy and Exceed Geo Energy LLC finalized a 9-year Power Purchase Agreement for the purchase and sale of energy generated from a 9.9 MW geothermal project located in Presidio County, Texas. Commercial operations are expected to begin in 2027.

In May 2026, Austin Energy and Base Power entered into a 10-year Battery Portfolio Tolling Agreement for the dispatch of energy battery storage capacity from distributed batteries totaling 40 MW located throughout the Austin area. Commercial operations began in July 2026.

With respect to the contracts described above, Austin Energy is obligated to purchase all of the energy generated by each of the facilities up to the maximum amount as described above, to the extent energy is so generated. Many of the facilities described above do not run at full capacity for 24 hours a day; therefore, Austin Energy may be purchasing energy in amounts less than the maximum amounts that are shown above.

With respect to the tolling agreement contracts described above, Austin Energy is obligated to pay a capacity payment based on available capacity, which may vary from the maximum amounts shown due to changes in facility conditions.

Electric Transmission and Distribution System Statistics

The transmission and distribution plant statistics of Austin Energy as of September 30, 2025 are as follows:

	Number of Substations	Miles of Lines	Kilovolts
Transmission	16	634	345/138/69
Distribution	65	12,440	35/12.5/7.2
Overhead Primary		2,427	
Overhead Secondary		2,561	
Underground Primary		3,869	
Underground Secondary		3,583	

The City and the LCRA entered into the FPP Transmission Agreement dated March 17, 1977, setting forth the duties, obligations and responsibilities with respect to the transmission of energy from FPP. See "DESCRIPTION OF AUSTIN ENERGY'S PHYSICAL PROPERTY – Fayette Power Project" in this Offering Memorandum.

The City has also entered into the STP 345 kV Transmission Line Agreement dated as of January 1, 1976 with the participants in STP, setting forth the duties, obligations and responsibilities with respect to transmission facilities associated with STP. See "DESCRIPTION OF AUSTIN ENERGY'S PHYSICAL PROPERTY – South Texas Project" in this Offering Memorandum.

Austin Energy is interconnected with LCRA, CenterPoint Energy (formerly Houston Lighting & Power Co.), CPS Energy and American Electric Power. As a participant in ERCOT, Austin Energy is able to provide and be provided with a reliable backup supply of generation under normal and emergency conditions. The diversification of fuel sources of the member systems increases the potential for economic interchanges among the respective systems. Sale and purchase transactions generally maximize the use of less expensive fuel sources by all members of the interconnected system.

Until recently, electric utilities operating in the State have not had any significant interstate connections, and hence investor-owned utilities have not been subject to regulation by the Federal Energy Regulatory Commission ("FERC") and its predecessor agencies under the Federal Power Act. Over the past several years, however, successful efforts have been made to provide interstate connections. These efforts have resulted in protracted judicial and administrative proceedings involving ERCOT members. The settlement of such proceedings permits the ERCOT members to avoid federal regulation as the result of any interstate interconnection with another interstate connected utility.

ISO 9001 Registration

Austin Energy's two major business units have earned their International Organization for Standardization (ISO) 9001 registrations. ISO 9001 is a series of international quality standards designed to ensure that all activities related to providing and delivering a product or service are appropriately quality assured. To earn the registration, applicants must develop a Quality Management System that reflects standards of performance for every major process, in this case, related to building, operating, maintaining, and repairing the Electric Utility System.

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- The Electric Systems Field Operations and Electric Systems Engineering and Technical Services business units – responsible for the construction, maintenance and operation of the City's Electric Utility System - became the first of any utility in the nation to earn ISO-9001:2000 registration. Auditors from the National Standards Authority of Ireland ("NSAI"), the worldwide entity that certifies ISO quality management program, issued the registration on January 3, 2008. The certification followed a rigorous four-day review in December 2007 of the Electric Systems Quality Management System by NSAI auditors. In June 2012, Electric Systems Quality Management System was re-registered under the ISO- 9001:2008 standard. More recently, in December 2025, Austin Energy's Electric Systems Quality Management System was recommended for continued certification under the ISO-9001: 2015 standard, by NSAI.

- In June 2010, Austin Energy's Customer Care Services ("CCS") and Customer Account Management ("CAM") business units were also registered as an ISO 9001:2008 organization. CCS and CAM are responsible for receiving customer requests, responding to customer requests, billing customers, processing customer payments, and managing customer accounts. In June 2013, Austin Energy's CCS/CAM Quality Management System was re-registered under the ISO-9001:2008 standard. In February 2017, Austin Energy's CCS/CAM Quality Management System was upgraded to certification under the ISO-9001:2015 standard. At the same time, Austin 311, received initial certification under the ISO–9001:2015 standard – the first distinction of this kind for a 311 Contact Center in the United States. In February 2019, both the CCS/CAM Quality Management System, and Austin 311's Quality Management System were recertified to ISO-9001:2015, and combined into a single registration. Recertification was granted in March 2022.

These business units continue to maintain their respective certifications.

Conventional System Improvements – Capital Plan

Austin Energy's five-year Capital Improvements Spending Plan (the "Capital Plan"), which was approved by the City Council in August 2026, addresses approximately $3.3 billion of capital spending needs for fiscal years 2027-2031. Funding for the Capital Plan is expected to be provided from revenues of Austin Energy and the issuance of debt, including short-term commercial paper and long-term revenue bonds. Austin Energy currently anticipates that approximately 75% of the five-year Capital Plan will be debt-funded and 25% will be funded from revenues.

The Capital Plan provides continued funding for distribution and street lighting additions, including line extensions for new service, system modifications for increased load, and relocations or replacements of distribution facilities in the central business district and along major thoroughfares. It also includes funding for transmission, generation and other general additions. Major projects in the Capital Plan include the construction and acquisition of natural gas peaker units, and of the Brackenridge and Bolm substations and distribution projects supporting the Electric System Resiliency Plan and Resource, Generation and Climate Protection Plan to 2035.

Five Year Capital Spending Plan

$ in Millions	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Distribution	$147.7	$153.5	$155.5	$147.1	$147.3	$751.1
Distribution Substation	27.1	34.5	22.4	22.6	13.5	120.1
Transmission	110.6	122.2	135.7	140.0	137.9	646.3
Total Electric Service Delivery	$285.4	$310.1	$313.5	$309.7	$298.7	$1,517.5
Power Production	636.6	338.1	270.9	224.3	90.6	1,560.4
District Cooling	25.6	22.6	3.0	3.0	3.0	57.2
General	59.1	23.8	16.3	12.2	12.2	123.2
Total	$1,006.6	$694.6	$603.8	$549.2	$404.1	$3,258.3

Austin Energy Smart Meter Program

Austin Energy maintains an Advanced Metering Infrastructure ("AMI") program. A component of the AMI program is the installation of AMI meters, which send and receive commands related to acquiring consumptive and diagnostic data, including daily meter reads via radio signals. As of 2015, Austin Energy has deployed a full 2-way AMI system. Continued improvements in AMI technology utilized at Austin Energy have provided demonstrable enhancements to customer service and reliability while reducing operating costs.

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AUSTIN ENERGY'S STRATEGIC PLANS, GOALS AND POLICIES

Strategic Plan

Austin Energy's mission is "*To safely deliver clean, affordable, reliable energy and excellent customer service.*" To achieve its mission, Austin Energy adopted a 2021-2026 strategic plan (the "Strategic Plan"). The Strategic Plan identifies adaptive strategies to proactively address customer expectations, deploy innovative technology, provide responsible energy services and ensure Austin Energy is well prepared for the challenges ahead.

The Strategic Plan is informed by several sources, including Austin Energy's Technology Roadmap, Facilities Masterplan, Resource, Generation and Climate Protection Plan to 2035, and the City's strategic planning efforts. The primary focus of the Strategic Plan is to realize its vision of "*Powering a cleaner, brighter future with customer-driven, community-focused solutions.*"

Austin Energy publicly reports on progress towards key indicator targets at boards and commissions. The Austin Energy Executive Team oversees the implementation of the Strategic Plan and meets regularly to review progress and status of key strategic projects. Austin Energy is currently refreshing its Strategic Plan to continue alignment with both the evolving energy landscape, recently adopted Resource and Generation Plan to 2035, and the City of Austin's strategic priorities.

Austin Energy Resource, Generation, and Climate Protection Plan to 2035

The Austin Energy Resource, Generation and Climate Protection Plan to 2035, was approved by the City Council in December 2024 (the "2035 Plan") and represents an extensive effort of the Austin community and Austin Energy staff working together to establish common priorities and goals for the future investment in energy supply and demand resources. The 2035 Plan is based on analysis of the risks, costs and opportunities to meet future demand for electricity. The 2035 Plan is intended to be flexible and dynamic to respond to changing circumstances, including customer electric load, economic conditions, energy prices, and technological development, while committing to firm carbon reductions.

The 2035 Plan updates and replaces all previous resource generation plans. The objectives, goals and recommendations laid out supersede any prior versions or related resolutions.

Overarching Themes in the 2035 Plan

The 2035 Plan envisions a flexible, community-driven path to a carbon-free energy future that aligns with Austin's core values: Reliability, Affordability, Environmental Sustainability, and Energy Equity. It aims to ensure that Austin Energy continues to provide safe, clean, affordable, and reliable electricity while addressing climate change, evolving energy markets, and customer needs.

Customer Energy Solutions – The 2035 Plan leads with energy efficiency and demand response programs to reduce peak demand and overall energy use. Goals include saving 975 MW in peak demand cumulatively by 2027 and shifting the focus from megawatt reduction to greenhouse gas avoidance, aligning with broader decarbonization goals.

Local Solutions – To ensure adequate resources in the Austin Energy service territory to manage reliability and affordability, the 2035 Plan prioritizes increasing transmission import capacity and expanding local utility-scale solar and utility-scale batteries. The 2035 Plan also allows Austin Energy to consider adding natural gas generation, only as it relates to more efficient, local peaker units.

Commitment to Decarbonization – Austin Energy plans to serve 100% of its customer load with carbon-free electricity by 2035. This includes a mix of renewable sources like wind and solar, nuclear energy, and emerging carbon-free technologies. The plan sets interim milestones, such as reaching 70% renewable energy by 2030, and includes strategies for offsetting or mitigating any remaining emissions. As of June 2025, Austin Energy generated energy on an annualized basis equal to approximately 64% of its total customer load using carbon-free resources, which includes both renewable resources and the South Texas Project nuclear facility. With an eye toward flexibility, the 2035 Plan does not designate the components of Austin Energy's renewable energy portfolio. Austin Energy will plan for least net-cost and least-risk acquisition of renewable resources and energy storage as available in the ERCOT market to meet 2035 Plan goals.

Culture of Innovation – Austin Energy expects to explore innovative ways to meet its goals and better serve the community. Key initiatives include forming research and development partnerships, pursuing diverse funding sources, and expanding equitable clean energy access through solar programs. It will also evaluate new technologies such as geothermal generation,

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advanced nuclear, and carbon capture, while enhancing virtual power plant programs and distributed energy resource management. Additionally, Austin Energy is supporting Vehicle-to-X infrastructure to integrate electric vehicles more deeply into the energy system.

Specific Actions to Achieve Generation Resource Objectives

Prioritize Customer Energy Solutions – Austin Energy intends to lead with energy efficiency and demand response to reduce the need for additional generation and transmission. The utility aims to save 975 MW by 2027 and reach 470 MW of summer demand response reductions by 2035, if economically feasible. Programs will focus on greenhouse gas avoidance and include incentives for customer-sited batteries and managed EV charging.

Promote Innovative Local Solar Solutions – Austin Energy plans to expand access to local solar, targeting 405 MW of installed capacity by 2035, including 160 MW of existing capacity. The plan emphasizes equitable access through solar programs, which incentivize solar deployment on commercial rooftops and for low-to-moderate income customers.

Improve Customer Interconnection Experience – To support distributed energy resources, Austin Energy expects to streamline the process for customers to install batteries, rooftop solar, and personal generators. This includes improving permitting, interconnection, and coordination with other City departments.

REACH for Carbon Free by 2035 – Austin Energy plans to continue a market-based approach to accelerate reduction of carbon emissions by its legacy generators in the most economic manner available. This approach, known as *Reduce Emissions Affordably for Climate Health* ("REACH"), will incorporate a cost of carbon in the generation dispatch price, allowing Austin Energy to reduce generation output during low-margin periods but keep the resources available for high-margin periods.

Develop Local Solutions – Austin Energy intends to maximize demand-side management (DSM) and load shifting within City operations and explore siting solar and battery storage on City-owned properties. The utility will also increase local transmission import capacity and expand local utility-scale solar and battery storage, with a goal of installing 125 MW of battery storage by 2027 and studying the feasibility of 300 MW by 2030.

Avoid Premature Retirement of Local Generation – While committed to decarbonization, Austin Energy will maintain existing generation at the Sand Hill and Decker plants to ensure reliability and affordability until clean alternatives are available. It will assess opportunities to improve efficiency and reduce emissions from these plants.

Add Additional Efficient Natural Gas Peaker Units – To address reliability risks, Austin Energy will add more efficient local natural gas peaker units. These would only be used during high-demand periods and require City Council approval through a phased process. In May 2026, City Council granted approval for Austin Energy to contract to acquire natural gas turbines for 400 MW of natural gas peaker units; a portion of which will be financed with the proceeds of the Bonds and the 2026A Bonds. Emissions guardrails will be developed for all peakers. These units provide protection to Austin Energy customers by minimizing price exposure and enhancing grid reliability. See "DESCRIPTION OF AUSTIN ENERGY'S PHYSICAL PROPERTY – Gas Generation Facilities" in this Offering Memorandum.

Issue All-Resource RFPs – Before investing in any new generation equipment technology, or plants that emit local air pollution, Austin Energy expects to issue all-resource requests for proposals (RFPs) to evaluate whether carbon-free alternatives can meet energy and reliability needs.

Maintain Black Start Capability – To support grid resilience, Austin Energy intends to maintain black start resources—units that can restart the grid during a blackout. Although current black start capabilities rely on natural gas, the utility will monitor developments in battery technology for future use.

Financial Policies

The objective of Austin Energy's financial policies is to maintain financial integrity while allowing for flexibility. Some of the more significant financial policies reviewed and approved annually by the City Council during the budget process are:

- Current revenue, which does not include the beginning fund balance, will be sufficient to support current expenditures (defined as "structural balance"). However, if projected revenue in future years is not sufficient to support projected requirements, the ending balance may be budgeted to achieve structural balance.

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- Net revenues generated by Austin Energy will be used for General Fund transfers, capital investment, repair and replacement, debt management, competitive strategies, and other Austin Energy funding requirements. Once these obligations have been met, any remaining net revenues of the Electric Utility System will be deposited in the following order into Austin Energy's reserve funds until each reserve reaches its minimum funding level: Working Capital, Contingency Reserve, Power Supply Stabilization Reserve, and then Capital Reserve. The sum of the four reserves shall be the cash equivalent of no less than 150 days of operating and maintenance expense.
- Austin Energy will maintain an operating cash equivalent (also known as working capital) of 60 days of budgeted operations and maintenance expense, plus the amount of additional money required to bring the sum of all Austin Energy's reserves to no less than 150 days of operating and maintenance expense. As of June 30, 2026 (unaudited), Austin Energy held cash and reserves equal to 188 days of operating and maintenance expenses.
- Austin Energy will maintain a minimum quick ratio of 1.50 (current assets less inventory divided by current liabilities). The source of this information shall be the City's Annual Comprehensive Financial Report ("ACFR").
- Austin Energy will maintain either bond insurance policies or surety bonds issued by highly rated ("AAA") bond insurance companies, a funded debt service reserve, or a combination for its existing revenue bond issues, in accordance with the bond covenants of the Combined Utility Systems Revenue Bonds Covenant.
- Debt service coverage of a minimum of 2.0x will be targeted for the Electric Utility System's revenue bonds. All short-term debt, including commercial paper, and non-revenue obligations will be included at 1.0x.
- The Contingency Reserve will be created and established for unanticipated or unforeseen events that reduce revenue or increase obligations, such as costs related to a natural disaster, extended unplanned plant outages, insurance deductibles, or unexpected costs created by federal or State legislation. The Contingency Reserve may be used to fund unanticipated power supply expenses only after the Power Supply Stabilization Reserve has been fully depleted. The Contingency Reserve will maintain an operating cash equivalent of 60 days of budgeted operations and maintenance expense, less power supply costs. In the event any portion of the Contingency Reserve is used, the balance will be replenished to the targeted funding level within two fiscal years.
- The Capital Reserve will be created and established for providing extensions, additions, replacements, and improvements to the Electric Utility System. The Capital Reserve will maintain a minimum cash equivalent of 50% of the previous year's depreciation expense of the Electric Utility System.
- The Power Supply Stabilization Reserve will be created and established for mitigating power supply cost volatility that causes frequent variation in the Power Supply Adjustment. The Power Supply Stabilization Reserve will maintain a cash equivalent of 90 days of net power supply costs. Net power supply costs are defined as costs eligible for inclusion in the Power Supply Adjustment. The Power Supply Stabilization Reserve will be funded using net revenues after meeting other obligations and consistent with the flow of funds schedule.
- The General Fund Transfer will not exceed 12% of Austin Energy's three-year average revenues less power supply revenue and district energy and cooling revenue, calculated using the current fiscal year estimate and the previous two fiscal years' actual revenues from the City's ACFR.
- Electric rates will be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to support (1) the full cost (direct and indirect) of operations including depreciation, (2) debt service, (3) the General Fund Transfer, (4) equity funding of capital investments, (5) requisite deposits of all reserve accounts, (6) sufficient annual debt service requirements of the Parity Electric Utility Obligations and other bond covenant requirements, if applicable, and (7) any other current obligations. In addition, Austin Energy may recommend to the City Council in the budget directing excess net revenues for the General Fund Transfer, capital investment, repair and replacement, debt management, competitive strategies and other Austin Energy requirements such as working capital. In addition to these requirements, electric rates will be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to ensure a minimum debt service coverage of 2.0x on revenue bonds of the Electric Utility System. A rate adequacy review will be completed every five years, at a minimum, through performing a cost of service study.
- A decommissioning trust will be established external to the City to hold the proceeds for money collected for the purpose of decommissioning the STP. An external investment manager may be hired to administer the trust investments.
- A Non-Nuclear Plant Decommissioning Fund will be established to fund plant retirement. The amount set aside will be based on a decommissioning study of the plant site. Funding will be set aside over a minimum of four years prior to the expected plant closure.

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CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

Rate Regulation

The City Council has original jurisdiction over Austin Energy's retail electric rates. However, certain ratepayers can appeal retail rate changes to the PUCT under PURA §33.101 by filing a petition with the PUCT containing a requisite number of ratepayer signatures from residential customers outside the City limits. State courts have held that the PUCT may apply the same ratemaking standards in such an appeal that they apply to investor-owned utilities.

PUCT has authority to set Austin Energy's recoverable Transmission Cost of Service ("TCOS"). PURA §35.004 requires Austin Energy to provide transmission service at wholesale to another utility, a qualifying facility, an exempt wholesale generator, a power marketer, a power generation company, or a retail electric provider. PURA §35.004 also requires Austin Energy to provide wholesale services at rates, terms of access, and conditions that are not unreasonably preferential, prejudicial, discriminatory, predatory, or anti-competitive. In 2025, the legislature passed Senate Bill 6 ("SB 6"), which provides a framework for large load interconnection of loads of more than 75 MW. SB 6 also directs the PUCT to evaluate the existing Four Coincident Peak transmission cost allocation methodology. Changes to this method may impact Austin Energy's transmission cost. Austin Energy is participating in this rulemaking.

ERCOT serves as the Independent System Operator ("ISO") for the ERCOT power region of Texas. ERCOT was certified in 2000 to serve as ISO by the PUCT under Senate Bill 7 ("SB 7"), adopted by the Texas legislature and signed into law in 1999. The ISO's responsibilities as detailed in SB 7 are to (1) ensure nondiscriminatory access to the ERCOT transmission system; (2) ensure the reliability and adequacy of the ERCOT network; (3) ensure timely and accurate customer switching (between competitive retail electric providers in certain regions); and (4) ensure the accuracy of accounts among wholesale buyers and sellers. ERCOT is responsible for the management and oversight of the day-to-day operations of the transmission network and wholesale market settlement. Under PURA, the PUCT has jurisdiction over ERCOT and oversees its operations and market participant compliance with ERCOT Protocols, Operating Guides, and Other Binding Documents. Austin Energy is a corporate member of ERCOT, and Austin Energy staff serve as municipal representatives in the ERCOT stakeholder process.

SB 7 also amended PURA to require retail deregulation of investor-owned electric utilities in the ERCOT region beginning 2002. SB 7 allows MOUs to choose whether or not to opt-in to retail competition and leaves key municipal utility decisions (e.g., retail rates and utility policies) in the hands of local governing boards or city councils. The City has not opted in to retail competition. As a result, Austin Energy is the sole retail electric power provider within its service territory and the City Council maintains authority over retail rates and policies.

New Public Utility Commission Oversight

In 2025, the Texas Legislature passed laws that give the PUCT new oversight of MOUs. This legislation will require MOUs to adhere to new transmission and distribution structural integrity standards and file pole maintenance management plans with the PUCT as well as develop wildfire mitigation plans. SB 1789 directs the PUCT to develop structural integrity standards for transmission and distribution poles as well as inspection schedules. Austin Energy must adopt these standards within 120 days and submit an annual report detailing compliance with the standards on May 1 of each year. HB 144 requires all investor-owned utilities, cooperatives, and MOUs to submit plans to the PUCT detailing how they will inspect, maintain, and repair distribution poles they own by January 2027, with annual updates due each May. Each plan must outline public safety objectives, include a timeline for inspections and repairs, and provide cost estimates.

HB 145 adds a new requirement for utilities with infrastructure located in wildfire-prone areas such as the City to submit a Wildfire Mitigation Plan to the PUCT. The plan must explain how wildfire risk areas are identified, describe inspection and vegetation management practices and de-energization plans, and outline how the utility communicates with emergency responders and the public. Utilities that comply with an approved plan may use the plan as evidence in a trial and may receive limited immunity from wildfire-related liability, except when damages result from intentional, reckless, or negligent conduct. Austin Energy plans to submit its plan to the PUCT in 2027.

The Texas legislature also passed Senate Bill 6 that sets forth requirements for large loads of 75 MW or greater. If a potential Austin Energy customer is requesting electric service of 75 MW or more, they must go through a detailed and evolving ERCOT process. Austin Energy and the affected large load are legally required to follow this process. There are many specific PUC and ERCOT rules that need to be followed including a mandatory ERCOT interconnection study, which is

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paid for by the requesting customer. Currently, there is a data center pause and validation process required for a data center of 75 MW or more to complete through a Request for Information process before it can interconnect into ERCOT.

ERCOT Wholesale Market Design

Austin Energy is required to participate in the ERCOT wholesale power market, which is dispatched and settled on a nodal basis.

Austin Energy's Energy and Market Operations staff offers Austin Energy's generation resources into the ERCOT market. Likewise, all power to serve Austin Energy's load is procured from the ERCOT market. Participation in this market is mandatory and allows Austin Energy to procure the cheapest source of supply possible to service its customers, whether that power is produced from Austin Energy's own generation resources or procured from the market.

The key components of the nodal market include: establishment of a day-ahead energy market; resource-specific bid curves for energy and ancillary services; congestion pricing incorporating direct assignment of all congestion rents to resources causing the congestion; tradable congestion revenue rights ("CRRs") made available through auctions; nodal energy prices for resources; energy trading hubs; and zonal energy prices for load settlement. For settlement purposes, Austin Energy's generation resources have nodal energy prices and Austin Energy's service territory is identified as a load zone.

The PUCT is currently considering changes to the ERCOT wholesale market to address resource adequacy and operational reliability concerns. In June 2023, a new 10-minute ancillary service, the ERCOT Contingency Reserve Service ("ECRS"), was rolled out to address forecasting error and provide capacity during large load ramps. ERCOT, per legislative directive, is also implementing a new 4-hour ancillary service, the Dispatchable Reliability Reserve Service ("DRRS"). DRRS is expected to reduce procurement of ECRS and lower costly out of market actions that greatly affect prices.

Regarding wholesale market design, the PCM, which would have created a resource adequacy mechanism for ERCOT's energy-only market, was rejected by the PUCT in December 2024. A new firming requirement included in HB 1500 from the 2023 legislative session will be applicable to intermittent resources that have signed interconnection agreements on or after January 1, 2027 and have produced for 1 year. It requires them to demonstrate annual ability to meet or exceed seasonal average generation during times of greatest reliability risk. It is performance-based, allowing operators flexibility in how to meet the standard using technologies like battery storage and contracts with dispatchable resources.

ERCOT met its go-live date of December 5, 2025 for the implementation of real-time co-optimization of plus batteries (RTC+B). Austin Energy staff closely monitors PUCT and ERCOT activities and provides comments to the PUCT and ERCOT regarding possible market design changes.

Federal Rate Regulation

Austin Energy is not subject to the jurisdiction of the FERC under sections 205 and 206 of the Federal Power Act and is not subject to federal statutes and regulation in the establishment of rates, the issuance of securities, or the operation, maintenance and expansion of Austin Energy. Austin Energy participates in ERCOT, a stakeholder organization established under State law similar to the Regional Transmission Organizations envisioned in FERC Order No. 2000.

Pursuant to the Energy Policy Act of 2005, Austin Energy is subject to FERC authority on reliability under section 215. On July 20, 2006, FERC certified the North American Electric Reliability Corporation ("NERC") as the nation's Electric Reliability Organization responsible for developing and enforcing mandatory electric reliability standards under FERC's oversight. Every five years, FERC reviews and approves the Delegation Agreement between NERC and Texas Reliability Entity, Inc. ("Texas RE"), which governs the responsibilities of Texas RE as the Regional Entity responsible for overseeing the NERC reliability standards in the ERCOT region.

The PUCT retains authority over Austin Energy's compliance with the ERCOT protocols and other reliability-related rules. Currently, ERCOT serves as the PUCT's Electric Reliability Monitor ("ERM"). Austin Energy has established a Reliability Compliance Program to examine the requirements for compliance with reliability standards and to evaluate and implement any needed changes to systems and procedures. Austin Energy's compliance with reliability standards is verified through external audits and other oversight processes conducted by Texas RE and the ERM.

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Environmental Regulation - General

Austin Energy is subject to environmental regulation by federal, State and local authorities and has processes in place for assuring compliance with applicable environmental regulations. Austin Energy's Environmental Services section consists of a staff of educated and trained environmental compliance professionals who are responsible for establishing and maintaining compliance programs throughout the utility. The Environmental Services section interprets existing federal, State and local regulations and monitors changes to regulations that affect Austin Energy. Austin Energy maintains an Environmental Management Information System, which delineates roles and responsibilities, and automatically schedules environmental compliance tasks throughout the organization. The Environmental Services staff and facility personnel monitor conformance with the environmental requirements, report deficiencies to facility management, and coordinate corrective actions where appropriate. The Environmental Services section is also responsible for conducting environmental training for the organization.

Environmental Regulation Related to Air Emissions

Cross-State Air Pollution Rule and Clean Air Interstate Rule (CSAPR)

In March 2023, EPA released its Good Neighbor Program, a Final Rule implementing revisions to the CSAPR Nox Emissions Trading Program. This program would implement an ozone emissions cap in upwind states that would decline over time. EPA later announced that it would delay implementation in several states, including Texas, pending court review. The U.S. Supreme Court heard oral arguments in June 2024 and stayed the rule pending further legislation. In November 2024, the Supreme Court issued an interim final rule that administratively stayed the effectiveness of the program requirements.

Greenhouse Gas (GHG) Emissions Standards for Existing Coal-fired Power Plants (Clean Air Act Section 111(d))

In May 2024, EPA published a final rule implementing new GHG emission standards for existing coal-fired power plants (including FPP) and new gas-fired power plants. The standard for existing coal plants is based on a plant's federally enforceable retirement date, with plants that operate past January 1, 2032 required to meet a GHG standard equivalent to 40% co-firing of natural gas, and plants operating past January 1, 2039 must meet the equivalent of 90% carbon capture and sequestration. On June 11, 2025, EPA issued a Proposed Rule to repeal all greenhouse gas emissions standards for the power sector under Section 111 of the Clean Air Act.

Environmental Regulation Related to Hazardous Wastes and Remediation

Coal Combustion Residuals (CCR)

In May 2024, EPA published a Final Rule establishing new requirements for two categories of coal, ash disposal sites that were excluded from regulations under the 2015 CCR rule. Those categories are inactive surface impoundments at inactive electric utilities (legacy CCR surface impoundments or legacy impoundments) and CCR management units (CCRMU). This rule, if implemented as written, will require FPP to conduct additional site evaluation to identify currently unregulated areas where CCRs may have been handled historically in sufficient volumes to justify further detailed assessment. It may also require FPP to implement additional monitoring and CCR management requirements for previously unregulated areas onsite. In August 2025, EPA extended several of the compliance deadlines in the rule and re-opened public comments and is expected to announce more proposed changes to the legacy impoundment rule in January 2026.

Nuclear Regulation

Nuclear generation facilities are subject to regulation by the NRC and are required to obtain liability insurance and a United States Government indemnity agreement in order for the NRC to issue operating licenses. This primary insurance and the retrospective assessment discussed below are to insure against the maximum liability under the Price-Anderson Act (described below) for any public claims arising from a nuclear incident that occurs at any of the licensed nuclear reactors located in the United States.

The STP, in which the City owns a partial interest, is protected by provisions of the Price-Anderson Act, a comprehensive statutory arrangement providing limitations on nuclear liability and governmental indemnities even though the statutory protections for many non-commercial reactors are different. The Price-Anderson Act is set to expire on December 31, 2065. As of January 1, 2025, the limit of liability under the Price-Anderson Act for licensees of nuclear power plants is $16.3 billion per unit per incident, and the maximum amount that each licensee may be assessed following a nuclear incident at

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any insured facility is $165.9 million per unit, subject to adjustment for inflation, for the number of operating nuclear units and for each licensed reactor, payable at $24.2 million per year per reactor for each nuclear incident. The City and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests in STP. For purposes of the assessments, STP has two licensed reactors. The participants (including the City) have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC, in accordance with the financial protection requirements of the Price-Anderson Act.

A Master Worker Nuclear Liability policy, with a maximum limit of $500 million (as of January 1, 2025) for the nuclear industry as a whole, provides protection from nuclear-related claims of workers employed in the nuclear industry after January 1, 1988 who do not use the workers' compensation system as sole remedy and bring suit against another party.

NRC regulations require licensees of nuclear power plants to obtain on-site nuclear property damage insurance in a minimum amount of $1.06 billion. NRC regulations also require that the proceeds from this insurance be used first to ensure that the licensed reactor is in a safe and stable condition so as to prevent any significant risk to the public health or safety, and then to complete any decontamination operations that may be ordered by the NRC. Any funds remaining would then be available for covering direct losses to property.

The owners of STP currently maintain $2.75 billion of nuclear property insurance, which is above the legally required amount of $1.06 billion for such nuclear losses ($2.75 billion is the maximum amount available for purchase from Nuclear Electric Insurance Limited ("NEIL")). Nuclear property insurance consists of $1.5 billion in primary nuclear property damage insurance and shares $1.25 billion of excess nuclear property damage insurance, both subject to a retrospective assessment being paid by all members of NEIL. In the event that property losses as a result of an accident at any nuclear plant insured by NEIL warrants additional funds needed by NEIL, a retrospective assessment could occur. As of April 1, 2025, the maximum aggregate assessment under current policies for accidental outage insurance, primary and excess nuclear property damage insurance is $56.128 million during any one policy year with insurance premiums being prorated per member share. This number changes annually and is calculated as 10 times the current premium for each policy. A small portion of the primary nuclear property damage insurance is provided by European Mutual Association for Nuclear Insurance ("EMANI"), which is also subject to retrospective assessment of up to $2.12 million, which is six times the current calendar year premium.

The NRC regulations set forth minimum amounts required to demonstrate reasonable financial assurance of funds for decommissioning of nuclear reactors. Beginning in 1990, each holder of an operating license is required to submit to the NRC a bi-annual report indicating how reasonable assurance would be provided. The City provides the required report on its share of STP to the NRC, which is based on the minimum amount for decommissioning, excluding waste disposal, as required by the NRC regulations of $105 million per unit (January 1986 dollars). This minimum is required to be adjusted annually in accordance with the adjustment factor formula set forth in the regulations. The 2024 report provided by the City based reasonable assurance on the minimum amount (January 1986 dollars) as adjusted by the adjustment factor formula set forth in the regulations. The City established an external irrevocable trust for decommissioning with JPMorgan Chase Bank, N.A., and as of October 2016, transferred the trust to Wilmington Trust, National Association. The City has been collecting for its share of anticipated decommissioning activities, which may begin as early as 2047, through its rates since Fiscal Year 1989. The market value of assets held in the decommissioning trust as of September 30, 2026 was approximately $305.8 million. For Fiscal Year 2025, Austin Energy collected approximately $5 million for nuclear decommissioning expense. In 2024 dollars, the minimum amount for decommissioning the City's share of STP is $419 million. See "INVESTMENTS – Legal Investments" in this Offering Memorandum.

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Events Affecting the Nuclear Industry

Fukushima

On March 11, 2011, a region of Japan sustained significant loss of life and destruction because of a major earthquake and resulting tsunami. Included in the damage areas were the Fukushima nuclear units, which lost power to components of the backup and safety control systems and began emitting radiation into the surrounding environment. Following the incident, the NRC began looking into the safety aspects of nuclear plant operations in the United States with the objective of assuring that events such as those at the Fukushima plant do not occur in this country. On August 31, 2012, the NRC issued Interim Staff Guidance ("ISG") to U.S. nuclear power plants to ensure proper implementation of three orders the agency issued in March 2012, in response to lessons learned from the Fukushima Daiichi nuclear accident. The ISGs represent acceptable approaches to meeting the orders' requirements before their December 31, 2016 compliance deadline.

The ISGs are not mandatory, but U.S. nuclear power plants would have to seek NRC approval to follow a different compliance approach. As detailed below, all required actions by STP related to these orders have been completed and accepted by the NRC.

The first NRC order requires all U.S. plants to better protect portable safety equipment put in place after the 9/11 terrorist attacks and to obtain sufficient equipment to support all reactors and spent fuel pools at a given site simultaneously. The ISG for this order endorses the industry's updated guidance for dealing with a scenario that knocks out all of a plant's alternating current electric sources. The updated approach includes the use of backup power supplies for devices that would burn off accident-generated hydrogen before it could accumulate to explosive levels. The staff concludes the updated approach will successfully implement the first NRC order. The ISG is available in the Agencywide Document Access and Management System ("ADAMS") under accession number ML12229A174; the associated industry document is available under accession number ML12242A378. STP has completed engineering design and installation of equipment and modifications to address these requirements and has had the final closeout inspection by the NRC. The NRC has accepted STP's completion letter and no further action is required for this order.

The second NRC order applies only to U.S. boiling-water ("BWR") reactors that have "Mark I" or "Mark II" containment designs. Mark I reactors must improve installed venting systems that help prevent core damage in the event of an accident; Mark II reactors must install these venting systems. The ISG for this order provides more detailed technical information on the vents, as well as how vent designs and operating procedures should avoid, where possible, relying on plant personnel taking actions under hazardous conditions. The second ISG is available in ADAMS under accession number ML12229A475. Since the STP units are Pressurized Water Reactors and not BWRs, this order does not apply.

The third NRC order requires all plants to install enhanced equipment for monitoring water levels in each plant's spent fuel pool. The ISG for this order largely endorses an industry document that the staff concludes will successfully implement the order. The ISG defines in more detail the water levels the new equipment must accurately report, as well as standards for equipment mounting, powering and testing, personnel training and other criteria. The final ISG notes several areas, including instrument qualifications and instrument protection from falling debris, where the industry revised its initial approach. An exception in the staff's endorsement sets specific seismic criteria to ensure the instruments will survive an earthquake. This ISG is available in ADAMS under accession number ML12221A399; the associated industry document is available under accession number ML12240A304. STP has completed engineering design and installation of equipment and modifications to address these requirements and has had the final closeout inspection by the NRC. The NRC has accepted STP's completion letter and no further action is required for this order.

Russian Invasion of Ukraine 2022

On February 24, 2022, Russia invaded Ukraine and subsequently the United States and its allies imposed sanctions on various goods and services provided by Russia to the world. Russia supplies approximately 14% and its ally Kazakhstan supplies approximately 35% of uranium to the United States nuclear reactor fleet. According to the Nuclear Energy Institute, Russia supplies approximately 20% of the low-enriched uranium needed to operate United States nuclear reactors. Sanctions imposed on Russian imports to the United States have raised the global cost of enriched uranium, increased generating costs, and could impact reliability. However, STP does not procure any uranium or enrichment services from Russia.

Nuclear Fuel and Tariffs

STP's fuel and fuel fabrication long-term contracts are with North American and European companies. Under these contracts, some portion of the fuel may originate from North America, Europe, Africa, Kazakhstan, or Uzbekistan based on price and availability. Tariffs may impact the price of foreign fuel. Conversion of uranium ore to UF6 is a substantial transformation for determining country of origin. Therefore, fuel converted in France or Canada should be treated as coming from France or Canada from a U.S. Customs standpoint even if the ore was mined in another country.

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COMPARATIVE ANALYSIS OF ELECTRIC UTILITY SYSTEM OPERATIONS
OCTOBER 1, 2020 TO SEPTEMBER 30, 2025
(in thousands rounded)

	Fiscal Year Ended September 30				
INCOME	2025	2024	2023	2022	2021
Revenue	$1,827,789	$1,733,595	$1,819,476	$1,683,920	$1,276,554
Operating Expense	-1,374,512	-1,318,447	-1,446,114	-1,333,238	-980,277
Balance Available for Debt Service	453,277	415,148	373,362	350,682	296,277
Depreciation and Amortization Expense	-204,354	-212,065	-214,138	-277,445	-280,815
Earnings Before Interest Expense	248,923	203,082	159,224	73,237	15,462
Interest Incurred on Debt	-51,042	-79,920	-76,373	-68,680	-69,207
Other	2,769	29,968	8,312	-6,743	-2,492
INCOME (LOSS) BEFORE TRANSFERS[(1)(2)(3)(4)]	$200,650	$153,130	$91,162	($2,186)	($56,237)
PERCENTAGES					
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Operating Expense	-75.20%	-76.05%	-79.48%	-79.17%	-76.79%
Balance Available for Debt Service	24.80%	23.95%	20.52%	20.83%	23.21%
Depreciation and Amortization Expense	-11.18%	-12.23%	-11.77%	-16.48%	-22.00%
Earnings Before Interest Expense	13.62%	11.71%	8.75%	4.35%	1.21%
Interest Incurred on Debt	-2.79%	-4.61%	-4.20%	-4.08%	-5.42%
Other	0.15%	1.73%	0.46%	-0.40%	-0.20%
INCOME (LOSS) BEFORE TRANSFERS	10.98%	8.83%	5.01%	(0.13%)	(4.41%)

(1) Income before transfers to the General Fund and Other Funds for the 12 months ended September 30, 2025. Transfers are as follows (in thousands rounded):
Transfer to General Fund: $125,000
Transfers to Other Funds: $10,504

(2) Excludes Combined Utility Funds' deferred costs recovered in future years of -$246,850 for the 12 months ended September 30, 2025 (in thousands rounded).

(3) Excludes capital contributions of $52,703 for the 12 months ended September 30, 2025 (in thousands rounded).

(4) Excludes other post-employment benefits ("OPEB") accrual of -$205,567, net pension liability accrual of $23,757 and amortization of excess consideration of $419 for twelve months ended September 30, 2025.

Source: City Financial Services Department - Financial Accounting and Reporting.

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OPERATING STATEMENT OF ELECTRIC UTILITY SYSTEM
(in thousands rounded)

	Fiscal Year Ended September 30				
	2025	2024	2023	2022	2021
REVENUE					
ELECTRIC UTILITY					
Domestic and Rural Residential	$667,271 (1)	$621,622	$659,615 (1)	$604,376	$456,953 (1)
Commercial General	866,891 (1)	816,733	862,500 (1)	820,299	636,136 (1)
City General Government Departments	0	3			
Sales to Other Utilities	76	7,334	46,863	55,166	15,813
Transmission	103,245	102,373	94,402	86,064	84,029
Rent from Electric Property	7,403	7,044	7,707	7,451	10,313 (1)
Customers' Forfeited Discounts and Penalties	6,678	7,022	5,971	5,824	3,749
Miscellaneous	125,183 (1)	123,193	111,564 (1)	97,128	64,815 (1)
Total Electric Utility	1,776,747	1,685,324	$1,788,622	$1,676,308	$1,271,808
Interest	$51,042	$48,271	$30,854	$7,612	$4,746
TOTAL REVENUE	$1,827,789	$1,733,595	$1,819,476	$1,683,920	$1,276,554

	Fiscal Year Ended September 30				
EXPENSE	2025	2024	2023	2022	2021
ELECTRIC UTILITY					
Production	$506,612	$492,308	$646,820	$580,544	$255,969 (3)
Joint Facility Production	162,416	153,126	131,496	187,340	183,173
System Control	20,418	19,476	17,826	16,894	15,155
Transmission and Distribution	291,068	297,811	294,799	256,097	234,774
Jobbing and Contract Work	5,206	4,439	5,289	3,409	1,907
Customer Accounting and Collection	28,386	34,455	38,948	25,528	23,456
Customer Services	36,634	35,884	30,043	28,425	26,249
Administrative and General	323,773	280,948	280,893	235,001	239,593 (3)
Total Electric Utility[2]	$1,374,512	$1,318,447	$1,446,114	$1,333,238	$980,276
NET REVENUE AVAILABLE FOR DEBT SERVICE	$453,277	$415,148	$373,362	$350,682	$296,278
Electric Customers	575,086	556,882	541,368	530,698	520,757

Source: City of Austin – Accounting and Financial Reporting.

(1) Inputs in the above table related to the Electric Utility System have been updated in the following categories to reflect appropriate classification of revenue: Domestic and Rural Residential, Commercial General, Rent from Electric Property, Customers' Forfeited Discounts and Penalties and Miscellaneous.

(2) Interest expense, depreciation, amortization, other non-operating items, NPO and OPEB accruals are not included in total expense. Lease and SBITA expenses are included in total expense.

(3) Inputs in the above table related to the Electric Utility System have been updated in the following categories to reflect appropriate classification of expenses: Production, Joint Facility Production, Customer Services, and Administrative and General. Total Electric Utility expenses remain unchanged.

Source: City Financial Services Department - Financial Accounting and Reporting.

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DISCUSSION OF OPERATING STATEMENT

Austin Energy Revenues

Variations in total Austin Energy revenues for the fiscal years ("FY") ended September 30, 2021 through September 30, 2025 were attributable to changes in power supply costs and weather variations as well as increased base rates. Total power supply costs are passed through to the consumer.

Austin Energy Expenses

Changes in Austin Energy expenses for the period FY 2021 through FY 2025 were largely attributable to changes in the power supply costs and general inflationary increases in other expense categories.

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The Electric Utility System (in thousands rounded)

	Fiscal Year Ended September 30				
	2025	2024	2023	2022	2021
Plant Cost					
Total Cost - Electric Utility System	$7,783,574	$7,367,670	$7,022,101	$6,869,742	$6,748,786
Allowance for Depreciation:	4,355,995	4,182,464	3,988,576	3,843,299	3,701,521
Cost after Depreciation	$3,427,579	$3,185,206	$3,033,525	$3,026,443	$3,047,265
Equity in Electric Utility System					
Electric Utility System	$7,783,574	$7,367,670	$7,022,101	$6,869,742	$6,748,786
Plus: Inventories, Materials and Supplies (1)	94,021	93,885	87,885	64,323	68,162
Net Construction Assets and Unamortized Bond Issue Cost	-4,971	31,712	53,016	14,527	57,607
	$7,872,624	$7,493,267	$7,163,002	$6,948,592	$6,874,555
Less:					
Allowance for Depreciation	$4,355,995	$4,182,464	$3,988,576	$3,843,299	$3,701,521
Electric Utility System, Net	$3,516,629	$3,310,803	$3,174,427	$3,105,294	$3,173,034
Revenue Bonds and Other Debt Outstanding (2)	$2,393,343	2,273,590	2,186,862	2,128,250	2,135,581
Net Debt	$2,393,343	2,273,590	2,186,862	2,128,250	2,135,581
Equity in Electric Utility System	$1,123,286	$1,037,213	$987,564	$977,043	$1,037,454
Percentage of Equity in Electric Utility System	31.94%	31.33%	31.11%	31.46%	32.70%

(1) Does not include fuel, oil, gas or coal inventories of approximately $12,928 as of September 30, 2025; consists primarily of spare parts inventory at South Texas Project, Fayette and other Plants.

(2) Includes Revenue Bonds and Tax and Revenue Bonds of $2,165,690 (net of discounts and inclusive of premiums); Commercial Paper of $227,653; General Obligation Bonds of $0; and Contractual Obligations of $0 as of September 30, 2025. Figures are represented in thousands, rounded.

Source: City Financial Services Department - Financial Accounting and Reporting.

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LITIGATION

A number of claims against and legal proceedings challenging actions by the City are pending with respect to various matters arising in the normal course of the City's operations. The City intends to vigorously defend itself against such claims and challenges but no assurance can be given that the City will prevail in all such matters. The City Attorney and City management are of the opinion that the City's available sources for payment are adequate to discharge any foreseeable liability resulting from an adverse adjudication of any such claims and challenges and that resolution of the matters pending (including the matters described below) will not have a material effect on the financial condition of the Electric Utility System.

Electric Utility System…The Electric Utility System has been served in numerous property damage lawsuits, including class action lawsuits, and one wrongful death lawsuit, relating to outages caused by the severe winter storm in February 2021 that affected the ERCOT system. These cases are pending in the multi-district litigation proceeding in Cause No. 2021-18513 in the 215th District Court of Harris County, Texas.

THE CITY

Administration

Incorporated in 1839, the City operates under a Council-Manager form of government under its Home Rule Charter. The City Council is comprised of an eleven-member council, with the Mayor elected at-large, and the remaining members elected from ten single-member districts. Councilmembers, including the Mayor, serve a four-year term, with the terms staggered so that every two years five of the councilmembers and the Mayor stand for election, and five councilmembers stand for election two years later. See "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY – General Information" in this Offering Memorandum.

By charter, the City Council appoints a City Manager for an indefinite term who acts as the chief administrative and executive officer of the City. The duties include, among others, the supervision of all City departments, the preparation and administration of an annual budget and the preparation of a report on the finances and administrative activities of the City.

City Manager - T.C. Broadnax

Mr. T.C. Broadnax began serving as Austin City Manager on May 6, 2024. Prior to being appointed City Manager of the City of Austin, he previously served as the City Manager of the City of Dallas from 2017 to 2024. Prior to joining the City of Dallas, he served as City Manager of Tacoma, Washington and has more than 25 years of local government management experience. Mr. Broadnax is an International City/County Management Association Credentialed Manager and brings an emphasis on five core values of service: Empathy, Ethics, Excellence, Engagement, and Equity. His approach to public sector management and community engagement is rooted in values of inclusion and he has been instrumental in enhancing the quality of life for the residents of the cities he serves. Mr. Broadnax received a Bachelor of Arts degree in Political Science and Communications from Washburn University and a Master of Public Administration degree from the University of North Texas.

Deputy City Manager – Jon Fortune

Mr. Jon Fortune was appointed Deputy City Manager on June 10, 2024. Prior to joining the City of Austin, Mr. Fortune served as Deputy City Manager and Assistant City Manager for Public Safety for the City of Dallas from 2017-2024 and Assistant City Manager for the City of Denton from 2000-2017. Other professional roles include Director of Management and Budget, Chief Finance Officer, and Management Services Administrator, also at the City of Denton from 1991-2000. Mr. Fortune is a credentialed manager with the International City Management Association (ICMA). His diverse experience includes leadership and oversight of all aspects of municipal operations, including public safety, emergency management, finance and budget, economic development, planning and development services, and utility and transportation operations. Mr. Fortune earned his Master's degree in Public Administration from the University of North Texas, a Bachelor's degree in Public Affairs and Administration from the University of Oklahoma and has completed the Senior Executives in State and Local Government program at Harvard University.

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Chief Financial Officer – Ed Van Eenoo

Mr. Ed Van Eenoo was appointed Chief Financial Officer on December 6, 2020 and oversees the City of Austin's Budget and Organizational Excellence, Facilities Management, Financial Services, Fleet Mobility Services, and Austin Technology Services departments. Prior to his appointment as Chief Financial Officer, Mr. Van Eenoo served as Deputy Chief Financial Officer for eight years and as the Budget Officer at the City for four years. Before joining the City, he spent nine years with the City of Chula Vista including time as a Fiscal and Management Analyst, Assistant Director of Budget and Analysis, and four years as the Director of Budget and Analysis. Mr. Van Eenoo received a Bachelor of Science degree in Economics from The University of Eastern Michigan and a Master of Science degree in Applied Economics from Virginia Tech University.

Director of Financial Services – Kimberly Olivares

Ms. Kimberly Olivares currently serves as Director of Financial Services, which includes Accounting and Reporting, Procurement, Real Estate, Redevelopment, and Treasury functions. Financial Services also provides P3 facility delivery across the organization and development of financing structures for strategic initiatives. Ms. Olivares joined the City of Austin in 2003 and has held positions in the City Manager's Office, Public Works Department, and Financial Services Department. Prior roles within Financial Services include CIP Budget Manager, Deputy Budget Officer, Chief Performance Officer, and Deputy Chief Financial Officer. She received her Bachelor of Arts degree from the University of Notre Dame, Master of Public Affairs from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, and Master of Business Administration from St. Edward's University. She currently serves on the Executive Board of the Government Finance Officers Association and also serves as an Adjunct Assistant Professor at the University of Texas at Austin teaching graduate courses in public finance.

Deputy Chief Financial Officer – Diana Thomas

Ms. Diana Thomas currently serves as Deputy Chief Financial Officer, where she oversees Accounting and Reporting, Financial Systems & Information Technology, Support Services, and Treasury within Financial Services. She was appointed to the Deputy Chief Financial Officer position in June 2021 after serving as the City's Controller from 2008 to 2021. Ms. Thomas started her career with the City in 1992 and has held various financial positions during her tenure. In 2006, she led the implementation of the City's new financial system. Ms. Thomas received her Bachelor of Business Administration degree in Finance from the University of Texas at Austin and is a licensed CPA in the state of Texas.

Services Provided by the City

The City's major activities include police and fire protection, emergency medical services, parks and libraries, public health and social services, planning and zoning, general administrative services, solid waste disposal and maintenance of bridges, streets and storm drains. The City owns and operates several major enterprises including electricity (Austin Energy), water and wastewater (Austin Water), airport (Austin-Bergstrom International Airport) and two public event facilities.

Employees

Municipal employees are prohibited from engaging in strikes and collective bargaining under State law. An exception allows fire and police employees to engage in collective bargaining (but not the right to strike) after a favorable vote of the electorate. The voters have approved collective bargaining for fire fighters but not for police officers. Approximately 15% of the City's employees are members of the American Federation of State, County, and Municipal Employees, 8% are members of the American Police Association and 7% are members of the International Association of Fire Fighters. The City does not have automatic escalators in payroll or in its retirement systems.

Annexation Program

Chapter 43 of the Texas Local Government Code regulates annexation of property by Texas municipalities. Under current state law, landowner and/or voter approval is required as part of the process for the annexation of territory into a city. The process varies depending on the characteristics of the area being considered for annexation, generally involving a petition from each landowner, a petition signed by registered voters and owners of land in the area, or an election at which qualified voters approve the proposed annexation. Additionally, the process involves staff review, development of a written service agreement (or regulatory plan for a limited purpose annexation), notification, publication of a newspaper notice, public hearings, and ordinance approval.

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Upon approval, the City provides a wide range of services to the annexed area – police and fire protection, emergency medical services, solid waste collection, and maintenance of public facilities such as water and wastewater, roads, streets, and parks. Failure to provide municipal services in accordance with the service plan may provide grounds for a petition and court action to compel compliance with the service plan or to disannex the area, and may also result in a refund of taxes and fees collected for services not provided. The City has never been forced to disannex due to such failure.

Some of the areas which may be considered for annexation include developed areas for which water, sewer, and drainage services are being provided by utility districts created for such purposes. Existing utility districts, as well as new districts that may be created from time to time, may issue bonds for their own improvements. Such bonds are generally payable from the receipts of ad valorem taxes imposed by the district and, in some cases, are further payable from any net revenues derived from the operation of its water and sanitary sewer systems. State law generally requires that if a city annexes a district, then the district must be annexed in its entirety. Upon annexation by a city, a district is dissolved and the city assumes the district's outstanding bonds and other obligations. The City then levies and collects ad valorem taxes on taxable property within the corporate limits of the city, including the districts, sufficient to pay the principal of and interest on such assumed bonds.

The City also assumes liabilities when it annexes land in an Emergency Services District ("ESD") and that land is disannexed from the ESD. This liability, however, is limited to assumption of a pro-rata share of debt and assumption of those facilities directly used to provide service to the area.

The City Charter and the State's annexation laws provide the City with the ability to undertake two types of annexation. "Full purpose" annexation discussed above, annexes territory into the City for all purposes, including the assessment and collection of ad valorem taxes on taxable property. The second type of annexation is known as "limited purpose" annexation by which territory may be annexed for the limited purposes of "Planning and Zoning" and "Health and Safety." Territory so annexed is subject to ordinances relating to these purposes: chiefly, the City's zoning ordinance, building code, and related ordinances regulating land development. Taxes may not be imposed on property annexed for a limited purpose because municipal services are not provided and residents of the area are restricted to voting only in City elections for City Council and Charter amendments.

Annexations

The following table sets forth (in acres) the City's net annual annexations and disannexations since 2017.

Calendar Year	Full Purpose Acres [(1)]	Limited Purpose Acres
2017	1,283	0
2018	136	0
2019	185	166
2020	65	0
2021	92	243
2022	5,475	51
2023	12	0
2024	-887	0
2025	-85	0
2026	2,582	0

[(1)] Includes acres converted from limited purpose to full purpose status, as well as disannexed acres.

Recent Annexation

In 2026, the City annexed a total of 2,644 acres into the full purpose jurisdiction. 2,597 acres were annexed at the request of property owners. Additionally, the City annexed 47 acres of right-of-way land from Travis County into full-purpose jurisdiction. The largest full purpose annexation was 2,595 acres known as the "Dog's Head" mixed-use development. The area is a largely undeveloped former sand and gravel mining and reclamation site located between the Colorado River, U.S. Highway 183 and State Highway 130, and was annexed in connection with a 45-year development agreement with the property owner contemplating a mixed-use development, a tax increment reinvestment zone, and the owner's consent to annexation subject to certain conditions.

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In August 2023, the City annexed 12 acres at the request of property owners for full-purpose jurisdiction. The single annexation case was greenfield development proposed for high-density multifamily housing.

In 2022, the City annexed 5,526 acres at the request of property owners, of which 5,475 acres were full-purpose annexations and 51 acres were limited purpose annexations. The largest full purpose annexations were for City owned water quality protection lands, which totaled approximately 5,100 acres.

In 2020 and 2021, the City conducted full purpose annexations of greenfield land at the request of property owners. The 157 acres annexed during this time were proposed for development as residential and light industrial uses. In 2019, the City annexed for limited purposes several recently acquired and vacant outparcels located in the Pilot Knob MUD development project. Additionally, at the landowner's request, the City annexed for full purposes a 126-acre undeveloped parcel which the landowner plans to develop into a corporate campus.

In 2018, the City annexed and dissolved the Cascades MUD No. 1 at the request of the property owner. At the time of annexation, the area was undeveloped and the MUD had not issued any debt. The property owner determined that the proposed Cascades at Onion Creek subdivision could be developed as originally planned without the need for a MUD and the City agreed to annex and dissolve the MUD. The taxable assessed value ("TAV") at the time of annexation was $584,827.

The largest of the 2017 annexations was the River Place MUD, area which converted approximately 1,040 acres from the City's limited purpose jurisdiction to full purpose. This area included an estimated population of approximately 3,125 persons. In addition, the City annexed several commercial properties in south Austin. The total TAV for these areas at the time of annexation was $697.2 million.

Future Annexation

Annexations continue to be considered at the request of property owners. No large-scale annexations are currently scheduled in the near future.

Disannexation

In 2023, the 88th Texas Legislature passed House Bill 3053, which requires cities of more than 500,000 people to hold disannexation elections for inhabited areas that they had annexed between March 3, 2015, and December 1, 2017.

On May 4, 2024, six separate special municipal elections were held in different areas in the City, on the question of disannexing each of those six areas. Voters in the parcels of Lost Creek (738 acres), Blue Goose Road (28 acres), and River Place (212 acres) each voted to approve disannexation from the City. On August 29, 2024, the City conducted a public hearing and adopted an ordinance disannexing the Lost Creek, Blue Goose Road, and River Place parcels effective September 9, 2024. The disannexed areas are no longer a part of the City, but still receive utility services from Austin Water and Austin Energy.

In 2025, during the 89th Regular Texas Legislative Session, the Legislature enacted Texas Senate Bill 1844, which amended Texas Local Government Code Section 43.141 and became effective on September 1, 2025. Texas Senate Bill 1844 requires the City to approve disannexation petitions submitted by property owners whose property is adjacent to a navigable waterway and located in an area where a majority of the properties in the petition do not receive municipality water and wastewater services.

Since September 1, 2025, the City Council has held various public hearings and approved the disannexation of numerous properties. The City anticipates receiving additional petitions and conducting additional disannexation public hearings in the future.

Pension Plans

The City has three contributory defined benefit retirement plans for its general municipal, fire, and police employees. These three plans include the City of Austin Employees' Retirement System ("COAERS"), the City of Austin Police Retirement System (the "Police Retirement System") and the City of Austin Fire Fighters Retirement Fund (the "Fire Fighters Retirement Fund"). These plans are single employer funded plans, each with a fiscal year end of December 31. The three retirement plans cover substantially all full-time employees. The contributions made by the City to the COAERS include

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amounts allocable to the City employees within Austin Energy, Austin Water, and Austin Aviation; the contributions allocable to such employees are paid from gross revenues of the respective systems and constitute operating expenses of Austin Energy, Austin Water, and Austin Aviation.

As of January 1, 2026, municipal employees contribute 10.0% and the City contributes 10.05% of payroll. The City also contributes according to a fixed payment plan established to eliminate the unfunded legacy liability existing as of December 31, 2022, over a 30-year period. The fiscal year 2027 budgeted amount related to the unfunded legacy liability payment is $117.1 million.

As of January 1, 2026, fire fighters (who are not members of the Social Security System) contribute 18.7% of payroll, and the City contributes 12.62% to the Fire Fighters Retirement Fund. The City also contributes according to a fixed payment plan established to eliminate the unfunded legacy liability existing as of December 31, 2024, over a 30-year period. The fiscal year 2027 budgeted amount related to the unfunded legacy liability payment is $18.8 million.
As of January 1, 2026, police officers contribute 15.0% and the City contributes 11.97% of payroll to the Police Retirement System. The City also contributes according to a fixed payment plan established to eliminate the legacy liability existing as of December 31, 2020 over a 30-year period. The fiscal year 2027 budgeted amount related to the unfunded legacy liability payment is $46.1 million.

As of December 31, 2025, the amortization period of the unfunded actuarial accrued liability was 28 years for the COAERS, 26.4 years for the Police Retirement System, and 23 years for the Fire Fighters Retirement Fund.

The City's net pension liability was measured as of December 31, 2025, for each of the City's three pension plans. Information on the liabilities and funding measurements of each plan is discussed below.

City of Austin Employees' Retirement System (COAERS). The members of the COAERS include City civilian and EMS employees as well as pension system employees. The COAERS provides plan members with a monthly pension payment derived from a predetermined formula based on length of service, salary history, and payout options. There are two groups in this plan with a vesting period of five years for both plans. Employees hired prior to January 1, 2012 are eligible to retire at any age after 23 years of service, at age 55 with 20 years of service, or at 62 with 5 years of service. The annual retirement benefit is calculated by multiplying the number of years of service by the average of the three highest earning years out of the last 10 years worked; this amount is then multiplied by 3%. Employees hired on or after January 1, 2012, follow a similar structure with modified factors: retirement eligibility occurs at age 62 with 30 years of service, or at 65 with 5 years, and the multiplier is 2.5%. The plan changes creating the second group were implemented to address long-term structural imbalances in the plan.

As of December 31, 2025, the COAERS reported a total net pension liability of $2.1 billion, of which $440.3 million is allocable to Austin Energy, $260.0 million is allocable to Austin Water, and $113.4 million is allocable to Aviation. The COAERS' fiduciary net position as a percentage of the total pension liability was 65.8%. The actuarial accrued liability for the COAERS as of December 31, 2025, was $6.2 billion and the funded ratio was 63.1%. As of December 31, 2024, the COAERS reported a net pension liability of $2.4 billion with a plan fiduciary net position as a percentage of the total pension liability of 59.9%. The actuarial accrued liability for the COAERS was $6.0 billion and the funded ratio was 61.2%.

In 2023, legislation was passed in the 88th Texas Legislature ("SB 1444") to address COAERS' liabilities and place it on an actuarially sound path. SB 1444, as passed by the Texas Legislature and signed by the Governor, includes the following reforms which took effect on January 1, 2024:

- Increased employee contributions from 8% to 10% over a two-year phase-in-period;
- Increased City contributions pursuant to an actuarially determined funding model, which included a carve out of the legacy liability (as of December 31, 2022) into a separate payment over 30 years;
- Established an actuarially determined contribution model to replace the fixed contribution model;
- Modified benefit policies such as service purchase and sick-leave conversions that will mitigate the risk of future costs;
- Eliminated the authority of the COAERS Board to unilaterally provide cost of living adjustments or to change member benefits; and
- Modified the COAERS Board of Trustees governance structure, replacing one active member seat with one City appointed seat.

Police Retirement System. The members of the Police Retirement System include all cadets, upon enrollment in the Austin Police Academy, commissioned law enforcement officers employed by the Austin Police Department, and full-time

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employees of the Police Retirement System. The Police Retirement System provides retirement, death, and disability benefits to plan members and their beneficiaries.

In 2021, legislation was passed in the 87th Texas Legislature to address the Police Retirement System's liabilities and place it on an actuarially sound path. The legislative reforms to the Police Retirement System, which took effect on January 1, 2022, included:

- Established a new benefit tier for new sworn police officers with the following benefit parameters:
  - 2.5% multiplier;
  - retirement eligibility at age 50 and 25 years of service; and,
  - average salary calculated on the highest 60 months;
- Increased employee contributions from 13% to 15%;
- Increased City contributions which included a carve out of the legacy liability (as of December 31, 2020) into a separate payment over 30 years;
- Established an actuarially determined contribution model to replace the current fixed contribution mode;
- Eliminated the authority of the Police Retirement System Board to provide cost of living adjustments, change member benefits or member contribution rates; and
- Reformed the governance structure by replacing one active member seat to a citizen seat appointed by City Council.

The Police Retirement System provides plan members with a monthly pension payment derived from a predetermined formula based on length of service, salary history, and payout options. Benefits are vested after 10 years. For employees hired prior to January 1, 2022, benefits are based on the years of service times the highest 36 months of salary in the last 10 contributing years of service. A multiplier of 3.2% is applied to the years of service. Eligibility occurs with 23 years of creditable service, at age 55 with 20 years of service, or at age 62. For employees hired on or after January 1, 2022, the highest month of salary is increased to 60 months, the multiplier is decreased to 2.5%, and eligibility is at age 50 with 25 years of service or at age 62.

As of December 31, 2025, the Police Retirement System reported a net pension liability of $748.4 million for the 2025 plan year, which is a decrease from the $795.7 million net pension liability reported for the prior 2024 plan year. The fiduciary net position as a percentage of the total pension liability increased to 61.8% for the 2025 plan year from 57.6% in the prior year. In plan year 2024, the Police Retirement System adopted changes to certain plan assumptions in March 2024, based on an experience study dated March 20, 2024, with experience data from January 1, 2018 through December 31, 2022. The assumption changes included a reduction in the wage inflation assumption (from 3.0% to 2.5%), an increase in the administration expenses (from 0.90% to 1.25%), and increases in the overall termination and retirement rates to align with experience and future expectations. The assumption changes, among other contributing factors, resulted in an increase to the actuarial accrued liability. A full description of the assumptions for the Police Retirement System is available in the actuarial reports available on its website.

The actuarial accrued liability for the Police Retirement System as of December 31, 2025, was $2.0 billion and the funded ratio was 59.7%. The actuarial accrued liability for the Police Retirement System as of December 31, 2024, was $1.9 billion and the funded ratio was 58.3%.

Fire Fighters Retirement Fund. The members of the Fire Fighters Retirement Fund include commissioned firefighters and Texas state-certified employees of the Austin Fire Department.

In 2025, legislation was passed in the 89th Texas Legislature ("HB 2802") to address Fire Fighters Retirement Fund's liabilities and place it on an actuarially sound path. HB 2802, as passed by the Texas Legislature and signed by the Governor, included the following reforms:

- Established a new benefit tier for fire fighters hired on or after January 1, 2026, with the following benefit parameters:
  - 3% multiplier;
  - average salary calculated on the highest 60 months;
  - no early retirement option;
  - modifications to the Deferred Retirement Option Program ("DROP") program, including removal of the Retro DROP;
- Significant changes to cost of living adjustments;
- Established an actuarially determined contribution model to replace the current fixed contribution model;

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- Increased City contributions pursuant to an actuarially determined funding model including a carve out of the legacy liability into a separate payment over 30 years;
- Modified the Fire Fighters Retirement Fund Board of Trustees governance structure by increasing from a 5-member board to a 7-member board with the addition of one member seat and one City Council appointed citizen seat.

Members hired before January 1, 2026 are eligible to retire at 50 years of age with at least 10 years of service credit or with at least 25 years of service credit at any age. Retirement benefits are paid in the form of a monthly life annuity based on years of service times the highest 36 months of salary during the member's contributing years of service and the multiplier is 3.3%. Early retirement options are also available.

As of December 31, 2025, the Fire Fighters Retirement Fund reported a net pension liability of $291.9 million, with a plan fiduciary net position as a percentage of the total pension liability of 81.2%. The actuarial accrued liability for the Fire Fighters Retirement Fund was $1.6 billion and the funded ratio was 77.4%. As of December 31, 2024, the Fire Fighters Retirement Fund reported a net pension liability of $349.5 million and plan fiduciary net position as a percentage of the total pension liability of 76.9%. The actuarial accrued liability for the Fire Fighters Retirement Fund as of December 31, 2024, was $1.5 billion and the funded ratio was 76.9%.

The Fire Fighters Retirement Fund adopted changes to certain plan assumptions in April 2024, based on an experience study dated March 25, 2024, with experience data through December 31, 2022. The assumption changes included use of the base PubS(A)-2010 above median mortality tables with fully generational improvement, adoption of a 1.25% of payroll administrative expense assumption, a reduction in the wage inflation assumption (from 3.00% to 2.50%) and changes to various demographic assumption tables. A full description of the assumptions for the Fire Fighters Retirement Fund is available in the actuarial reports available on its website. There was no cost-of-living adjustment granted for 2025.

The financial statements for each plan are accessible on their respective websites. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 10" in this Offering Memorandum for additional information on the City's Pension Plans. Also, see Note 10 of the City's Annual Comprehensive Financial Report for their web addresses.

Other Postemployment Benefits

In addition to the contributions made to the three pension systems, the City provides certain other postemployment benefits ("OPEB") to its retirees. The City's OPEB plan is a defined-benefit single-employer plan. Allocation of City funds to pay OPEB other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City is under no obligation to pay any portion of the cost of OPEB for retirees or their dependents.

OPEB include access to medical, dental, and vision insurance for the retiree and the retiree's family and $1,000 of life insurance on the retiree only. All retirees who are eligible to receive pension benefits under any of the City's three pension systems are eligible for OPEB. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate.

Day-to-day accounting and administration of OPEB activities are provided by the City and recorded in the Employee Benefits Fund. However, at year end an adjustment is made to recognize OPEB expenses in the operating funds that provide funding to the Employee Benefits Fund to pay for the City's portion of these benefits. No separate plan report is available.

The City subsidizes between 16% and 80% of the projected medical premium for retirees and a lesser portion for dependents and surviving spouses depending on years of service at retirement. The retiree must pay the unsubsidized portion of the premium. Both the City and retirees' estimated premiums are deposited in the Employee Benefits Fund, which pays actual claims for medical and prescription drugs and 100% of the retiree's basic life insurance premium. The cost of coverage above the $1,000 level for life insurance premium is paid by the retiree. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental and vision premium.

The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The City funds its OPEB liabilities on a pay-as-you-go basis. The pay-as-you-go cost of providing medical and life benefits was $53.7 million in fiscal year 2025 and $65.5 million in fiscal year 2024.

The City commissions a biennial actuarial valuation of its OPEB liability with a roll-forward prepared in the year in which there is no formal valuation. As of the most recent December 31, 2024 roll-forward actuarial valuation date, the City's total

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OPEB liability decreased to $1.3 billion from $3.2 billion as of the actuarial valuation measured as of December 31, 2023. The decrease in the total OPEB liability was primarily driven by the requirement that Medicare eligible retirees must elect the new Medicare Advantage (MA) benefit plan effective January 1, 2025. Prior to January 1, 2025, enrollment into the MA plan was optional. The MA plans are rated to eliminate cost differences due to the age and the City's contributions toward the MA plan premiums are much lower than contributions to other plan premiums.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 11" in this Offering Memorandum for additional information on the City's OPEB.

Insurance

The Liability Reserve Fund is the insurance fund of the City for settled claims, expenses, and reserves relating to third party liability claims for injury and property damage, including professional liability. The Liability Reserve Fund is used to pay for actual claims incurred and related expenses for settling these claims, for budgeted administrative costs for the fund's operations, and to estimate incurred, but not reported claims. The Liability Reserve Fund had accrued liabilities of approximately $6.4 million for claims and damages at the end of fiscal year 2025. Employee injuries are covered by the City's Workers' Compensation Fund and health claims are covered by the City's Employee Benefits Fund. The accrued liabilities for certain claims and expenses for enterprise funds of the City are funded separately, from funds of the respective enterprise systems.

INVESTMENTS

The City invests its available funds in investments authorized by State law, particularly the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

Legal Investments

Under State law, the City is authorized to invest in:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities;
(2) direct obligations of the State or its agencies and instrumentalities including the Federal Home Loan Banks;
(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
(4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States;
(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;
(6) bonds issued, assumed or guaranteed by the State of Israel;
(7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund ("NCUSIF") or their respective successors;
(8) interest-bearing banking deposits other than those described by subdivision (7) if (i) the funds invested in the banking deposits are invested through (a) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (b) a depository institution with a main office or branch office in this state that the investing entity selects; (ii) the broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account (a) the depository institution selected as described above; (b) an entity described by Section 2257.041(d); or (c) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);
(9) certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by a combination of cash and the FDIC or the NCUSIF, or are secured as to principal by obligations described in clauses (1) through (8) or in any other

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manner and amount provided by law for City deposits;

(10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) and (12) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State;

(11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;

(12) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank;

(13) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with the United States Securities and Exchange Commission Rule 2a-7;

(14) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities;

(15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA," "AAA-m" or at an equivalent rating by at least one nationally recognized rating service; and

(16) a brokered certificate of deposit security invested through a Texas broker approved by the City Council in which the broker or depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity in an amount insured by the United States or an instrumentality of the United States.

The City may also invest bond proceeds in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

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

(i) the value of securities loaned under the program are not collateralized at less than 100%, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool;

(ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City;

(iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and

(iv) the agreement to lend securities has a term of one year or less.

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

The City, as the owner of a municipal electric utility that is engaged in the sale of electric energy to the public, may invest funds held in a "decommissioning trust" (a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation) in any investment authorized by Subtitle B, Title 9, Texas Property Code ("Texas Trust Code"). The Texas Trust Code provides that a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The City has established an external irrevocable trust for decommissioning with Wilmington Trust, N.A. The decommissioning trust market value, as of September 30, 2026, was $305,762,790.

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The City is specifically prohibited from investing in:

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

Investment Policies

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield and maturity; and that also address the quality and capability of investment personnel. The policy includes a list of the type of authorized investments for City funds, the maximum allowable stated maturity of any individual investment owned by the City, the maximum average dollar–weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement must describe the investment objectives for the particular fund using the following priorities:

(1) understanding of the suitability of the investment to the financial requirements of the City;
(2) preservation and safety of principal;
(3) liquidity;
(4) marketability of each investment;
(5) diversification of the portfolio; and
(6) yield.

The City's investment policy authorizes the City to invest its funds and funds under its control in all of the eligible investments described above under "Legal Investments," except those investments described in clauses (3) and (6).

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report detailing:

(1) the investment position of the City;
(2) that all investment officers jointly prepared and signed the report;
(3) the beginning market value and the ending value of each pooled fund group;
(4) the book value and market value of each separately listed asset at the end of the reporting period;
(5) the maturity date of each separately invested asset;
(6) the account or fund or pooled fund group for which each individual investment was acquired; and
(7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) State law.

No person may invest City funds without express written authority of the City Council or the Director of Financial Services of the City.

Additional Provisions

Under State law, the City is additionally required to, among other things:

(1) annually review its adopted policies and strategies,
(2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and

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the City Council,

(3) require a registered representative of business organizations offering to engage in an investment transaction with the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements;

(4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and

(5) provide specific investment training for the Chief Financial Officer of the City, Treasurer, and Investment Officers.

An investment officer of a local government is required to invest bond proceeds or pledged revenue only to the extent permitted by the PFIA and in accordance with (i) statutory provisions governing the debt issuance (or lease, installment sale, or other agreement) and (ii) the local government's investment policy regarding the debt issuance or the agreement.

Current Investments

As of September 30, 2026, the City's investable funds were invested in the following categories.

Type of Investment	Percentage
U.S. Treasuries	62%
U.S. Agencies	13%
Local Government Investment Pools	24%
Money Market Funds	1%

The dollar weighted average maturity for the combined City investment portfolios is 362 days. The City prices the portfolios weekly utilizing a market pricing service.

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TAX MATTERS

Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners of the Bonds who are individuals. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. See "APPENDIX D – Form of Bond Counsel's Opinion" attached to this Offering Memorandum.

The Twenty-Fourth Supplement permits the City, upon the satisfaction of certain conditions, to convert the interest rate mode of the Bonds, or to establish a new interest rate period for the Bonds, following the expiration of the applicable Initial Interest Period. Any such conversion or other action is subject to the receipt of an opinion of nationally recognized bond counsel as described under "DESCRIPTION OF THE BONDS – Interest During the Initial Interest Period" in this Offering Memorandum. Bond Counsel expresses no opinion as to the effect of any such conversion or other action requiring such an opinion on the exclusion of interest on the Bonds from gross income for federal income tax purposes.

In rendering the foregoing opinion, Bond Counsel will rely upon the representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Twenty-Fourth Supplement after the issuance of the Bonds. The Twenty-Fourth Supplement contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed or refinanced with the Bonds by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners of the Bonds from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above.

No ruling has been sought from the Internal Revenue Service ("IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium Bonds on the Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "TAX MATTERS – Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner before

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maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Twenty-Fourth Supplement and the Pricing Certificate, the City has made the following agreement for the benefit of the Holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the main text of this Offering Memorandum within the following tables:

1) "ELECTRIC UTILITY SYSTEM – Customer Base–Average Monthly Number of Customers,"
2) "ELECTRIC UTILITY SYSTEM – Generation & Storage Facilities,"
3) "ELECTRIC UTILITY SYSTEM – Fuel Supply,"
4) "AUSTIN ENERGY'S CUSTOMER RATES – Typical Monthly Residential Electric Bills of Large Texas Cities,"
5) "AUSTIN ENERGY'S CUSTOMER STATISTICS – Five Year Electric Customer Statistics,"
6) Austin Energy's approved rate schedules incorporated into this Offering Memorandum by reference as described in "AUSTIN ENERGY'S CUSTOMER STATISTICS – Electric Rates,"
7) "AUSTIN ENERGY'S CUSTOMER STATISTICS – GreenChoice® Energy Rider,"
8) "AUSTIN ENERGY'S CUSTOMER STATISTICS – Generation and Use Data,"
9) "COMPARATIVE ANALYSIS OF ELECTRIC UTILITY SYSTEM OPERATIONS,"
10) "OPERATING STATEMENT OF ELECTRIC UTILITY SYSTEM,"
11) "DISCUSSION OF OPERATING STATEMENT – The Electric Utility System,"
12) The table of annual results of the City's annexations in "THE CITY – Annexations,"
13) "INVESTMENTS – Current Investments," and
14) Audited financial statements of the City, if not provided as part of such financial information and operating data, when and if available.

The City will (1) update and provide this financial information and operating data within six months after the end of each fiscal year, beginning with the fiscal year ending in 2026 and (2) if not provided as part of the financial information and operating data, audited financial statements, when and if available. If audited financial statements are not available within 12 months after any such fiscal year end, the City will provide notice that the audited financial statements are not available

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and will file unaudited financial statements within such 12-month period and audited financial statements for such fiscal year when and if the audit report on such statements becomes available. The City will provide the updated information to the MSRB through EMMA. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year is October 1 to September 30. Accordingly, it must provide updated financial information and operating data by March 31 of each year (six months after the current fiscal year end of September 30) and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available as described above) by September 30 of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

Disclosure Event Notices

The City shall notify the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the event, of any of the following events with respect to the Bonds: (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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City or obligated person; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor trustee or change in the name of the trustee, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Bond holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data by the time required by the Twenty-Fourth Supplement and the Pricing Certificate. None of the Bonds, the Twenty-Fourth Supplement or the Pricing Certificate make any provision for debt service reserves, credit enhancement or liquidity enhancement. See "SECURITY FOR THE BONDS - No Reserve Fund for the Bonds and Parity Electric Utility Obligations" in this Offering Memorandum.

As used in clause (12) above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the City Council and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. As used in clause (15) and clause (16) above, the term "Financial Obligation" means a: (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that "Financial Obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "Business Day" means a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located.

Availability of Information

In connection with its continuing disclosure agreement entered into with respect to the Bonds, the City will file all required information and documentation with the MSRB in electronic format and accompanied by such identifying information as

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prescribed by and in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

Limitations and Amendments

The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement. No default by the City in observing or performing its obligations under its continuing disclosure undertaking for the Bonds shall constitute a breach of or default under the Twenty-Fourth Supplement or the Pricing Certificate for purposes of any other provision of the Twenty-Fourth Supplement or the Pricing Certificate.

The City may amend its continuing disclosure agreement for the Bonds from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell such Bonds in the offering described in this Offering Memorandum in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of its continuing disclosure agreement for any series of Bonds if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling such Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "CONTINUING DISCLOSURE OF INFORMATION - Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

OTHER RELEVANT INFORMATION

Ratings

The Bonds have received ratings of "[Aa3]" (stable outlook) from Moody's Ratings ("Moody's"), "[AA-]" (stable outlook) from S&P Global Ratings, a division of S&P Global Inc. ("S&P"), and "[AA-]" (stable outlook) from Fitch Ratings, Inc. ("Fitch"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of one or all such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or by any one of them, may have an adverse effect on the market price and marketability of the Bonds. Except as provided under "CONTINUING DISCLOSURE OF INFORMATION – Disclosure Event Notices" in this Offering Memorandum, the City will undertake no responsibility to notify the owners of the Bonds of any such revisions or withdrawal of ratings. [The ratings assigned to the Bonds are long-term ratings; no short-term rating has been requested for the Bonds, which are not supported by a liquidity facility during the Initial Interest Period.]

Registration and Qualification of Bonds

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

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Legal Investments and Eligibility to Secure Public Funds in Texas

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Bonds are (i) negotiable instruments, (ii) investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the PFIA, the Bonds may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "OTHER RELEVANT INFORMATION – Ratings" in this Offering Memorandum. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The City has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Legal Opinions

The delivery of the Bonds is subject to the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding special obligations of the City in accordance with their terms payable solely from and, together with the outstanding Parity Electric Utility Obligations, equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Electric Utility System in the manner provided in the Twenty-Fourth Supplement and the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes, subject to the matters described under "TAX MATTERS" in this Offering Memorandum. The form of Bond Counsel's opinion is attached to this Offering Memorandum as "APPENDIX D."

Bond Counsel was not requested to participate, and did not take part, in the preparation of the Offering Memorandum, and such firm has not assumed any responsibility for this Offering Memorandum or undertaken independently to verify any of the information contained in it, except that, in their capacity as Bond Counsel, such firm has reviewed the information in the Offering Memorandum under the captions "PLAN OF FINANCING," "SECURITY FOR THE BONDS," "DESCRIPTION OF THE BONDS," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION," "OTHER RELEVANT INFORMATION – Registration and Qualification of Bonds," "OTHER RELEVANT INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER RELEVANT INFORMATION – Legal Opinions," and in "APPENDIX C" to verify that the information relating to the Bonds, the Master Ordinance and the Twenty-Fourth Supplement contained under such captions and in APPENDICES C and D in all respects accurately and fairly reflects the provisions thereof and, insofar as such information relates to matters of law, is true and accurate. The opinion of Bond Counsel will accompany the global certificate deposited with DTC in connection with the use of the Book-Entry-Only System. In addition, certain legal matters will be passed upon (i) for the Underwriters by Troutman Pepper Locke LLP, Underwriters' Counsel, and (ii) for the City by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel. The payment of legal fees to Bond Counsel, Underwriters' Counsel, and Disclosure Counsel in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

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

Municipal Advisor

PFM Financial Advisors LLC ("PFM"), Austin, Texas, is employed as Municipal Advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. PFM, in its capacity as Municipal Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the bond documentation with respect to the federal income tax status of the Bonds.

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In preparing this Offering Memorandum, the Municipal Advisor has relied on government officials and other sources to provide accurate information for disclosure purposes. The Municipal Advisor is not obligated to undertake, and has not undertaken, an independent verification of the accuracy, completeness, or fairness of the information contained in this Offering Memorandum. PFM is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Independent Auditors

The financial data listed as 12 months ended June 30, 2026 has been derived from the unaudited internal records of the City. The City's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor the forward-looking financial information, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited financial information and forward-looking information. The unaudited information is preliminary and is subject to change as a result of the audit and may differ from the audited financial statements when they are released.

The financial statements of the City as of September 30, 2025 and for the year then ended included in APPENDIX B to this Offering Memorandum have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing in APPENDIX B.

Underwriting

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Bonds from the City at a price equal to the initial offering prices shown on page ii of this Offering Memorandum, less an underwriting discount of $_____. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

J.P. Morgan Securities LLC ("JPMS") has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Forward-Looking Statements

The statements contained in this Offering Memorandum and in any other information provided by the City that are not purely historical are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Offering Memorandum are based on information available to the City on the date hereof,

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and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included in this Offering Memorandum are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials.

Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Offering Memorandum will prove to be accurate.

Miscellaneous Information

The financial data and other information contained in this Offering Memorandum have been obtained from the City's records, audited financial statements and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained in this Offering Memorandum will be realized. All of the summaries of the statutes, documents and ordinances contained in this Offering Memorandum are made subject to all of the provisions of such statutes, documents and ordinances.

These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects. The Twenty-Fourth Supplement and the Pricing Certificate approved the form and content of this Offering Memorandum, and any addenda, supplement or amendment thereto, and authorized its further use in the offering of the Bonds by the Underwriters.

/s/
Mayor
City of Austin, Texas

ATTEST:
/s/
City Clerk
City of Austin, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

GENERAL INFORMATION

The City of Austin (the "City"), chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at large and ten Council members who are elected by geographic district. The districts, drawn by an independent citizen's commission, are to be adjusted after each U.S. census. Following results of the 2020 Census, the Independent Citizens Redistricting Commission presented a certified map to City Council in October 2021 and the new geographic districts were implemented in 2022. The City's elected officials serve four-year staggered terms subject to a maximum of two consecutive terms. The City Manager, appointed by the City Council, is responsible to the City Council for the management of all City employees, except City Council appointees, and for the administration of all City affairs.

Austin, the capital of Texas, is the fifth most populous city in the state (behind Houston, San Antonio, Dallas, and Fort Worth) and is currently the twelfth in the nation with a population of just over 1 million according to City and U.S. Census Bureau estimates. Geographically, Austin consists of approximately 325 square miles, 7 of those miles are made up of bodies of water. The current estimated median household income for Austin residents is $90,063 according to data reported by Claritas LLC, and Austin's per capita personal income is estimated to be $93,300.

Higher education remains a significant aspect of life in the Austin area. More than 59.6% of Austin residents over 25 years of age hold a bachelor's degree, which remains significantly higher than the state or national rates. Austin is host to six universities, a robust community college system, and numerous other institutions of higher learning. The University of Texas at Austin (UT), a world-class center of education and research, consistently ranks in the top 10 largest public universities in the U.S. in terms of undergraduate enrollment. In the 2026 U.S. News & World Report Best Colleges survey, the university ranks seventh among public universities and its business programs were ranked sixth (tied) among national universities. WalletHub ranked Austin first in a list of best college towns in the country, citing the quality of higher education as well as a greater economic environment, allowing students to easily find work while in school or after graduating.

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Major Initiatives

Imagine Austin – Imagine Austin, a comprehensive plan for the City's future approved by City Council in June 2012, sets a context to guide decision-makers for the next 30 years. The plan adheres to six core principles established in collaboration with Austin citizens:

- Grow as a compact, connected city
- Integrate nature into the city
- Provide paths to prosperity for all
- Develop as an affordable and healthy community
- Sustainably manage water, energy, and other environmental resources
- Think creatively and work together

In 2024, Austin Planning announced plans to update Imagine Austin - the first update since the City transitioned to district representation. The City anticipates the update to be clearer, more actionable, and better aligned with renewed policy goals. In 2025, City Council resolved to provide final consideration for the updated plan by fall 2027.

Citywide Strategic Plan – In keeping with the goals of incorporating performance management in the budget process and following conclusion of the City's most recent plan, the City adopted the Citywide Strategic Plan (CSP). The Citywide Strategic Plan (CSP) is a shared blueprint that guides decision-making and drives progress toward the City's goals. The City's approach to strategic planning emphasizes shared vision and values, council priorities, measurable progress, and actionable strategies. The development of the CSP is guided by six foundational values, known as Strategic Anchors. These anchors are embedded throughout the plan's content and help ensure that all goals, measures, and strategies are aligned with the City's core principles. The new strategic plan anchors are organized around six categories – Equity, Affordability, Innovation, Sustainability & Resiliency, Proactive Prevention, and Community Trust & Relationships.

The CSP Strategic Priorities are high level categories used to organize the goals, measure, and strategies. There are six CSP Strategic Priorities:

1. Community Health & Sustainability
2. Economic & Workforce Development
3. High Performing Government
4. Homelessness & Housing
5. Mobility & Critical Infrastructure
6. Public Safety

FINANCIAL INFORMATION

Internal Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Financial Policies

The City maintains a comprehensive set of Financial Policies to ensure that the City's financial resources are managed prudently and provide a foundation for financial sustainability. Compliance with these policies is reviewed annually as part of the budget process. The policies and results of the review are published in the Approved Budget document. An important element of the policies dictates that current revenue will be sufficient to support current expenditures (defined as "structural balance"). The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the City. At the end of fiscal year 2025, the City's total General Fund reserves equaled 18% of General Fund requirements, consisting of 10% in the Emergency Reserve fund and 8% in the Budget Stabilization Reserve fund.

Long-term Financial Planning

The City continually looks towards and plans for the future. A key City financial policy requires annual preparation of a five-year financial forecast projecting revenues and expenditures for all operating funds. This forecast is used as a tool to develop the following year's operating budget. In addition, the City annually prepares a five-year Capital Improvement Project Program (CIP) that outlines all capital projects in progress, those that will be implemented in the five-year horizon, and related funding sources. Such an approach assists in aligning the City's CIP investments with the Imagine Austin Comprehensive Plan and the City Council's strategic priorities as the City strives to strike a balance between ongoing capital needs necessary to maintain services for a rapidly growing community and strategic investments that support community priorities. City departments prepare several long- and mid-range service plans that provide input into decisions made in the planning and budgeting process. These plans range from clean energy and climate protection to strategic mobility planning and ensuring the City parks, facilities, and programs keep pace with the City's growth. Maintaining sound financial and economic development policies within the City organization allows for a high level of services for the community. It also results in positive bond ratings, which measures the City's ability to repay its debt. A strong bond rating allows for lower interest expense. The City's bond ratings for general obligation bonds remained AAA, the highest rating available, for S&P Global Ratings and were upgraded to AAA for Fitch Ratings, Inc., and Aaa for Moody's Ratings. The upgrades reflect legislative changes to the firefighter pension plan that improved its long-term sustainability, as well as recognition of the City's financial resilience, economic strength, and effective management practices.

Budgetary Control

The annual operating budget is proposed by the City Manager and approved by the City Council after public discussion. Annual budgets are legally required for the General Fund, debt service funds, and certain special revenue funds. While not legally required, annual budgets are also adopted for the enterprise and internal service funds. Annual updates to the Capital Improvements Program budgets follow a similar process. Multi-year budgets are adopted for capital projects and grant funds. The City's fiscal year 2025 budget provided a two-year outlook, supporting a more long-term approach to financial planning.

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Throughout the year, primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. The City Manager is authorized to transfer appropriation balances within a department of the City. The City Council must approve amendments to the budget and transfers of appropriations from one department to another. As demonstrated by the statements and schedules included in the 2025 audit, the City continues to meet its responsibility for sound financial management.

Fiscal Year 2025-26 Budgetary Information

The fiscal year 2026 Budget continued a focus on employee retention. Council approved a 4% across the board civilian wage increase. Council also approved an increase to the Living Wage from $21.63 per hour to $22.05 per hour. The budget development process integrated a collaborative approach to the City's finances with business planning, performance measurement, and resident input. The fiscal year 2026 budget was developed with three critical focus areas: (1) People - prioritizing engagement with our people, (2) Place - strengthening our community's sense of place, creating a more livable, affordable and resilient Austin, and (3) Partnerships - building stronger partnerships with local, regional, and international partners. Substantial investments in the fiscal year 2026 budget focused on the City's commitment to providing essential services, supporting public safety, addressing homelessness, and investing in the health and well-being of its community.

The balanced fiscal year 2026 Amended Budget totals $6.2 billion and includes $1.5 billion for the General Fund, providing for the continuation of high-quality public safety, health, library, parks, water, energy, infrastructure, development, and other services for the citizens of Austin and visitors. Budgeted revenue comes from utility charges (42%), various taxes, including property and sales tax (30%), charges for services and goods (15%), and other revenue such as interest, fees, and transfers (13%). The fiscal year 2026 budget was approved and amended with a 4.64-cent increase to the property tax rate, from 47.76 cents to 52.40 cents per $100 of taxable value. Increases in utility fees for Austin Energy, Austin Resource Recovery and the Transportation User Fee created an overall 7.7% increase in City taxes and charges paid by the typical Austin homeowner.

Fiscal Year 2026-27 Budget Information

The Approved fiscal year 2027 General Fund Budget was prepared in accordance with guidelines provided by the City Council. The City adopted its fiscal year 2026-27 budget at a meeting held August 12, 2026. At such meetings, the City Council determined that the budget would need more taxes than the current fiscal year provided and adopted an ad valorem tax rate of $0.579948, which consists of $0.444636 for maintenance and operations and $0.135312 for debt service.

The City's largest enterprise department, Austin Energy, serves just over half a million customers within a service territory of approximately 437 square miles in the Greater Austin area. Austin Energy's fiscal year 2027 budget projects $2.0 billion in revenue and includes a 5% increase in base rates. In addition to base rates, the City Council approved pass-through rates to the Power Supply Adjustment, Regulatory Charge, and Community Benefit Charges that are reviewed at least annually and are passed through dollar-for-dollar on customers' bills. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and an increasing portfolio of renewable energy sources such as solar, wind, and biomass. Future energy sources include a utility-scale battery storage facility.

The City's second largest enterprise department is Austin Water, which provides water and wastewater services to more than one million retail and wholesale customers spanning more than 544 square miles within the Austin and surrounding areas. On August 12, 2026, the City Council approved the fiscal year 2027 budget, which includes $883.1 million in budgeted revenues and transfers in. The budget also includes a 7.8% rate increase for the average residential customer to improve system resiliency, keep pace with customer growth, and support operational optimization for Austin Water.

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ADDITIONAL INFORMATION

Ten Largest Employers (As of September 30, 2025)

Employer	Industry	Employees	Percent of MSA Total [1]
State Government	Government	41,620[2]	3.04
The University of Texas at Austin	Education	32,369[3]	2.36
H-E-B	Retail	27,271[6]	1.99
Tesla, Inc.	Manufacturing	21,191[6]	1.55
City of Austin	Government	16,403[5]	1.20
Federal Government	Government	16,100[4]	1.17
Dell Computer Corporation	Computers	13,000[6]	0.95
St. David's Healthcare Partnership	Healthcare	12,639[6]	0.92
Ascension Seton [7]	Healthcare	12,635[6]	0.92
Amazon.com LLC	Retail	11,000[6]	0.80

Source: 2025 Annual Comprehensive Financial Report.
Notes: Data subject to change as more precise numbers become available.
[1] Texas Workforce Commission - Total refers to the Metropolitan Statistical Area (MSA) the No. of Jobs is 1,371,100 for 2025.
[2] Texas State Auditor's Office: Regular and Part Time State Employees for 2025 in Bastrop, Caldwell, Hays, Travis and Williamson Counties.
[3] The University of Texas at Austin: Appointments and Workday Filled Positions.
[4] Bureau of Labor Statistics Federal Government employees in Austin-Round Rock-San Marcos MSA ("Austin MSA") in September 2025.
[5] 2025-26 City of Austin Approved Budget, page 916 (Personnel Summary: 2024-25 Amended column).
[6] Austin Business Journal, October 2025
[7] Seton Healthcare Network changed their name to Ascension Seton on April 1, 2019.

Demographic and Economic Statistics - Last Ten Years

Year	City of Austin Population [1][6]	Area of Incorporation (Square Miles) [1]	Population MSA [2]	Income (MSA) (thousands of dollars) [2]	Median Household Income MSA [3]	Per Capita Personal Income MSA [3]	Unemployment Rate (MSA) [4]
2016	887,692	326	2,062,211	$107,664,294	$56,163	$52,208	3.3%
2017	913,245	325	2,115,230	117,458,116	56,849	55,530	3.1%
2018	936,238	326	2,168,316	127,439,164	63,191	58,773	2.9%
2019	954,138	327	2,187,161	138,650,094	65,950	63,393	2.6%
2020	971,512	327	2,300,135	147,166,207	69,001	63,982	6.3%
2021	992,631	327	2,358,634	167,393,441	71,186	70,971	3.5%
2022	994,396	328	2,423,170	184,158,832	80,412	75,999	2.8%
2023	999,538	333	2,473,275	199,026,444	80,284	80,471	3.6%
2024	1,002,463	331	2,526,214	219,406,316 [5]	83,830	86,900 [5]	3.5%
2025	1,010,524	325	2,566,264 [3]	239,496,295 [5]	90,063 [3]	93,300 [5]	3.8%
2016-2025 Change	13.84%	(0.37%)	24.44%	122.45%	60.36%	78.71%	

Note: Prior year statistics are subject to change as more precise numbers become available.
[1] Source: City of Austin, Planning Department, Demographics & Data Division (2025 Vintage) based on full-purpose jurisdictions. Reported as of September 30, 2025.
[2] Source: Bureau of Economic Analysis, data as of February 2025.
[3] Source: Claritas, a Nielsen Company.
[4] Source: Bureau of Labor Statistics; United States Department of Labor as of September 30, 2025.
[5] Data not available for 2024 or 2025. Figures are estimated.
[6] The City Demographer has restated the full-purpose population for 2016-2025.

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City Sales Tax Collections (In Millions) (1)

Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount
1-1-21	$19.781	1-1-22	$26.385	1-1-23	$29.410	1-1-24	$30.174	1-1-25	$28.935	1-1-26	$30.515
2-1-21	25.532	2-1-22	30.963	2-1-23	33.666	2-1-24	33.772	2-1-25	36.046	2-1-26	36.668
3-1-21	18.927	3-1-22	24.307	3-1-23	27.506	3-1-24	26.712	3-1-25	28.110	3-1-26	29.309
4-1-21	17.768	4-1-22	24.174	4-1-23	26.758	4-1-24	29.106	4-1-25	25.766	4-1-26	30.574
5-1-21	26.089	5-1-22	31.042	5-1-23	32.064	5-1-24	34.679	5-1-25	32.199	5-1-26	35.446
6-1-21	23.139	6-1-22	27.873	6-1-23	25.599	6-1-24	29.904	6-1-25	30.225	6-1-26	30.679
7-1-21	23.952	7-1-22	28.586	7-1-23	29.860	7-1-24	29.966	7-1-25	30.136	7-1-26	32.521
8-1-21	26.558	8-1-22	31.773	8-1-23	32.428	8-1-24	30.586	8-1-25	30.483	8-1-26	36.054
9-1-21	25.021	9-1-22	29.397	9-1-23	28.401	9-1-24	30.105	9-1-25	31.123		
10-1-21	25.356	10-1-22	29.675	10-1-23	29.965	10-1-24	29.612	10-1-25	29.766		
11-1-21	28.990	11-1-22	31.441	11-1-23	30.475	11-1-24	31.260	11-1-25	32.456		
12-1-21	25.930	12-1-22	29.425	12-1-23	29.037	12-1-24	31.267	12-1-25	33.169		
	$287.043		$345.041		$355.169		$367.143		$368.414		$261.77

(1) Sales taxes are not pledged to the payment of the Bonds.
Source: Austin Budget & Organizational Excellence.

Utility Connections

	Utility Connections		
Year	Electric (1)	Water (1)	Gas (1)
2016	461,345	227,432	223,158
2017	472,701	231,014	226,749
2018	485,204	235,174	221,314
2019	496,258	239,291	238,753
2020	507,660	243,820	239,063
2021	520,757	247,037	240,263
2022	530,698	250,705	240,048
2023	541,368	252,918	241,114
2024	556,882	255,084	245,956
2025	575,086	256,694	246,164

(1) Based on the City's fiscal year, which runs October 1 through September 30.
Source: Various, including the City of Austin, City of Austin's 2025 ACFR, Texas Gas Services, Atmos Energy, CenterPoint Energy and Si Energy.

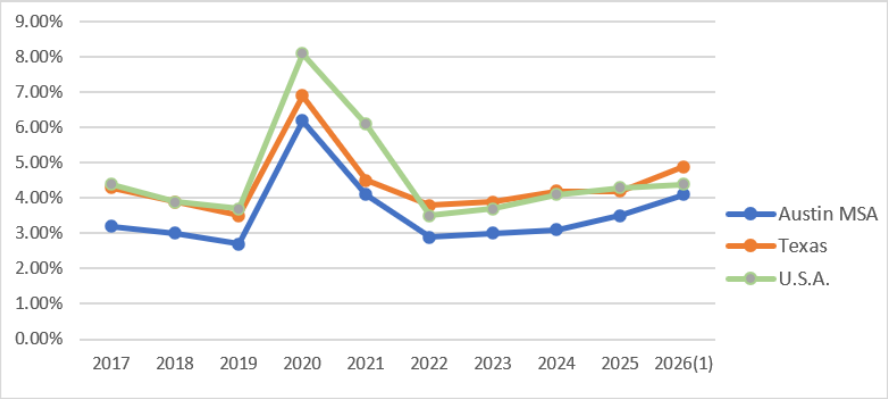
Employment by Industry in the Austin Metropolitan Area (1)

	2022	% of total	2023	% of total	2024	% of total	2025	% of total	2026(2)	% of total
Mining, Logging, and Construction	77,500	5.91%	86,000	6.34%	89,900	6.52%	90,200	6.49%	99,600	6.96%
Manufacturing	72,100	5.50%	73,700	5.43%	73,200	5.31%	73,100	5.26%	86,500	6.04%
Trade, Transportation, and Utilities	215,800	16.46%	218,500	16.11%	216,800	15.72%	219,600	15.81%	213,700	14.92%
Information	53,400	4.07%	52,300	3.85%	49,800	3.61%	47,800	3.44%	49,000	3.42%
Financial Activities	78,500	5.99%	83,600	6.16%	89,900	6.52%	91,700	6.60%	93,100	6.50%
Professional and Business Services	283,100	21.59%	286,700	21.13%	282,100	20.45%	276,100	19.87%	291,900	20.38%
Education and Health Services	146,200	11.15%	159,000	11.72%	165,100	11.97%	169,300	12.19%	171,900	12.00%
Leisure and Hospitality	146,800	11.20%	147,100	10.84%	147,600	10.70%	149,200	10.74%	156,800	10.95%
Other Services	49,600	3.78%	52,600	3.88%	53,700	3.89%	54,100	3.89%	56,400	3.94%
Government	188,100	14.35%	197,200	14.54%	211,200	15.31%	218,300	15.71%	213,100	14.88%
Total nonfarm employment	1,311,100	100%	1,356,700	100%	1,379,300	100%	1,389,400	100%	1,432,000	100%

(1) Austin-Round Rock-San Marcos MSA includes the counties of Travis, Bastrop, Caldwell, Hays and Williamson. Information is updated periodically; data contained in this Offering Memorandum is the latest provided. Based on calendar year.
Source: U.S. Bureau of Labor Statistics. Non-seasonally adjusted.
(2) Preliminary numbers as of June 2026.

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Average Annual Unemployment Rate



Year	Austin MSA	Texas	U.S.A.
2017	3.2%	4.3%	4.4%
2018	3.0%	3.9%	3.9%
2019	2.7%	3.5%	3.7%
2020	6.2%	6.9%	8.1%
2021	4.1%	4.5%	6.1%
2022	2.9%	3.8%	3.5%
2023	3.0%	3.9%	3.7%
2024	3.1%	4.2%	4.1%
2025	3.5%	4.2%	4.3%
2026[(1)]	4.1%	4.9%	4.4%

Source: U.S. Bureau of Labor Statistics, accessed on August 27, 2026. Unemployment rates are non-seasonally adjusted. Information is updated periodically; the BLS revised certain prior year unemployment data for the Austin MSA on May 19, 2026.
(1) Reflects the June 2026 monthly unemployment rate.

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Residential Sales Data (Austin MSA)

Year	Number of Sales	Total Volume ($)	Average Price ($)
2017	33,723	12,342,647,379	366,000
2018	34,585	13,139,775,094	379,926
2019	37,004	14,552,357,537	393,264
2020	40,202	17,610,911,774	438,060
2021	41,094	23,315,863,219	567,378
2022	33,686	21,081,470,805	625,822
2023	30,506	17,521,689,917	574,368
2024	30,814	17,485,040,873	567,438
2025	30,287	17,286,815,265	565,061
2026[1]	19,307	11,040,895,633	584,089

Source: Real Estate Center at Texas A&M University; accessed August 27, 2026.
[1] As of July 2026.

City-Wide Austin Office Occupancy Rate

Year	Occupancy Rate
2017	89.5%
2018	89.4%
2019	89.4%
2020	90.0%
2021	80.7%
2022	78.9%
2023	72.9%
2024	71.2%
2025	71.0%
2026[1]	73.1%

[1] As of 2nd Quarter 2026.
Source: Cushman & Wakefield.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

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APPENDIX C

SUMMARY OF CERTAIN MASTER ORDINANCE PROVISIONS

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APPENDIX D

FORM OF BOND COUNSEL'S OPINION

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