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

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 19, 2026

NEW ISSUE – BOOK-ENTRY-ONLY

Ratings:
Fitch: "A-"
S&P: "A"
Insurance: Applied For
(See "RATINGS" herein)

In the opinion of Norton Rose Fulbright US LLP ("Bond Counsel"), assuming continuing compliance by the City (defined below) after the date of initial delivery of the Bonds (defined below) with certain covenants contained in the Ordinance (defined herein) and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals (see "TAX MATTERS" herein).

$210,515,000*
CITY OF CORPUS CHRISTI, TEXAS
(A political subdivision of the State of Texas located in Nueces, San Patricio, Aransas and Kleberg Counties, Texas)
UTILITY SYSTEM SENIOR LIEN REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2026A

Dated: December 1, 2026 **Due: July 15, as shown on page 2**
Interest to accrue from the Delivery Date (defined below)

Authority for Issuance . . . The City of Corpus Christi, Texas (the "City") is issuing its $210,515,000* Utility System Senior Lien Revenue Improvement and Refunding Bonds, Series 2026A (the "Bonds"). The Bonds are being issued pursuant to the Constitution and the general laws of the State of Texas, including particularly Chapters 1207, 1371 and 1502, each as amended, Texas Government Code, the City's Home Rule Charter, and an ordinance authorizing the issuance of the Bonds (the "Ordinance") adopted by the City Council of the City (the "City Council") on May 12, 2026. As permitted by Chapter 1371, as amended, Texas Government Code, the City Council, in the Ordinance, delegated to certain City officials the authority to establish the final terms of sale of the Bonds, which final sales terms will be evidenced in an "Approval Certificate" related to the Bonds.

Security for the Obligations . . . The Bonds are special obligations of the City payable as to principal and interest solely from and equally and ratably secured, together with the currently outstanding Previously Issued Parity Obligations (defined herein) and any Additional Senior Lien Obligations (defined herein) hereafter issued by the City, by a lien on and pledge of the Senior Lien Pledged Revenues (defined herein) of the City's Combined Utility System. The Bonds do not constitute an indebtedness or general obligation of the City and are not payable from funds raised or to be raised by taxation by the City or any other political subdivision of the State of Texas. As further described herein under "THE BONDS – SECURITY AND SOURCE OF PAYMENT," the Bonds are secured by a lien on and pledge of the Senior Lien Pledged Revenues, consisting primarily of a first and prior lien on and pledge of the Net Revenues that is on parity with the lien thereon and pledge thereof securing the repayment of the Previously Issued Parity Obligations and is senior and superior to the lien thereon and pledge thereof securing the repayment of the Subordinate Lien Obligations and any Inferior Lien Obligations hereafter issued.

Payment Terms . . . Interest on the Bonds will accrue from the Delivery Date (defined below) and will be payable on July 15 and January 15 of each year, commencing July 15, 2027, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued as fully registered bonds in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds for so long as the Bonds are maintained in DTC's Book-Entry-Only System. Book-entry interests in the Bonds will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Bonds (the "Beneficial Owners" or "Bondholders") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners (see "BOOK-ENTRY-ONLY SYSTEM" herein).

Purpose . . . Proceeds from the sale of the Bonds will be used for the purposes of (i) designing, planning, building, improving, extending, enlarging, and repairing the City's Combined Utility System (defined herein); (ii) refunding a portion of the City's outstanding debt obligations (the "Refunded Bonds") for debt service savings (see "SCHEDULE I – SCHEDULE OF REFUNDED BONDS"); and (iii) paying the costs of issuance relating to the Bonds (see "PLAN OF FINANCING – PURPOSE").

CUSIP PREFIX: 220245
See Maturity Schedule, Interest Rates, Initial Yields, and CUSIP Numbers on Page 2

Legality . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchasers thereof named below (the "Underwriters") and subject to the approving opinions of the Attorney General of the State and the opinion of Norton Rose Fulbright US LLP, Austin and San Antonio, Texas, Bond Counsel (see "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX D – FORM OF BOND COUNSEL'S OPINION" herein). Certain legal matters will be passed upon for the City by the City Attorney and for the Underwriters by their counsel McCall, Parkhurst & Horton L.L.P., San Antonio, Texas.

Delivery Date . . . It is expected that the Bonds will be available for initial delivery to the Underwriters through the services of DTC on December 17, 2026 (the "Delivery Date").

Siebert Williams Shank **Morgan Stanley**
Cabrera Capital markets LLC **Frost Bank** **Raymond James**

* Preliminary, subject to change.

$210,515,000*
CITY OF CORPUS CHRISTI, TEXAS
UTILITY SYSTEM SENIOR LIEN REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2026A

Maturity Schedule, Interest Rates, Initial Yields, and CUSIP Numbers for the Bonds

CUSIP Prefix(1): 220245

Maturity July 15	Principal Amount*	Interest Rate	Initial Yield	CUSIP Suffix(1)
2027	$ 195,000			
2028	3,315,000			
2029	3,480,000			
2030	4,555,000			
2031	4,770,000			
2032	905,000			
2033	950,000			
2034	995,000			
2035	1,045,000			
2036	1,100,000			
2037	1,155,000			
2038	1,215,000			
2039	1,285,000			
2040	4,085,000			
2041	6,390,000			
2042	6,740,000			
2043	8,275,000			
2044	8,730,000			
2045	9,210,000			
2046	9,720,000			
2047	10,255,000			
2048	10,820,000			
2049	11,415,000			
2050	12,040,000			
2051	12,705,000			
2052	13,400,000			
2053	14,170,000			
2054	14,985,000			
2055	15,850,000			
2056	16,760,000			

(Interest accrues from the Delivery Date)

*Preliminary, subject to change.

(1) CUSIP numbers are included solely for the convenience of Beneficial Owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf 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 the CUSIP Services. None of the City, the Financial Advisor, or the Underwriters is responsible for the selection or correctness of the CUSIP numbers set forth herein.

REDEMPTION . . . The City reserves the right, at its option, to redeem the Bonds having a stated maturity on or after July 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on July 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "THE BONDS – REDEMPTION OF THE BONDS"). Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as Term Bonds.

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USE OF INFORMATION

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule" or "Rule 15c2-12") and in effect on the date of this Preliminary Official Statement, this document 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.

This Official Statement which includes the cover page, schedule, and appendices hereto, and the information contained herein are subject to completion and amendment. Under no circumstances will this Official Statement constitute an offer to sell or the solicitation of an offer to buy nor will 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 such jurisdiction.

No dealer, broker, salesperson, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof (see "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis).

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with their respective 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.

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

NONE OF THE CITY, THE FINANCIAL ADVISOR OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC"), OR ITS BOOK-ENTRY-ONLY SYSTEM, OR THE BOND INSURER AND ITS MUNICIPAL BOND INSURANCE POLICY, IF ANY, DESCRIBED HEREIN UNDER THE HEADINGS "BOND INSURANCE" AND "BOND INSURANCE RISKS," AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC AND THE BOND INSURER, RESPECTIVELY.

The agreements of the City and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES AND SCHEDULE ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12.

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OFFICIAL STATEMENT SUMMARY

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

THE CITY ..... The City of Corpus Christi, Texas (the "City") is a political subdivision and a municipal corporation of the State of Texas located in Nueces, San Patricio, Aransas and Kleberg Counties, Texas. The City was incorporated in 1853 and first adopted its Home Rule Charter in 1915. The City's Home Rule Charter has not been amended since 2016. The City operates under a Council form of government with a City Council comprised of the Mayor and eight Council members elected for two-year terms. The City Manager is the Chief Administrative Officer for the City. The City is approximately 468 square miles (162 square miles in land and 306 square miles in water) in area (see "APPENDIX C – GENERAL INFORMATION REGARDING THE CITY").

THE BONDS ..... The Bonds will accrue interest from the date of initial delivery thereof to the Underwriters, which is anticipated to occur on December 17, 2026 (the "Delivery Date"), and such interest shall be payable on July 15 and January 15 in each year, commencing July 15, 2027, until maturity or prior redemption. The Bonds will mature on the dates, in the principal amounts, and will bear interest at the rates set forth, on page 2 of this Official Statement.

AUTHORITY FOR ISSUANCE..... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1207, 1371 and 1502, each as amended, Texas Government Code; the City's Home Rule Charter; and an ordinance authorizing the issuance of the Bonds adopted by the City Council on May 12, 2026 (the "Ordinance"). As permitted by Chapter 1371, as amended, Texas Government Code, the City Council, in the Ordinance, delegated to certain City officials the authority to establish the final terms of sale of the Bonds, which final sales terms will be evidenced in an "Approval Certificate" relating to the Bonds.

SECURITY AND SOURCE OF PAYMENT..... The Bonds are special obligations of the City which, collectively with the Previously Issued Parity Obligations and any Additional Senior Lien Obligations hereafter issued by the City (collectively, the "Senior Lien Obligations"), are payable solely from and equally and ratably secured by a lien on and pledge of the Senior Lien Pledged Revenues (defined herein), including such revenues within the System Fund and the other funds created by the Ordinance, which includes a first and prior lien on and pledge of the Net Revenues (defined herein) that is on parity with the lien thereon and pledge thereof securing the repayment of the Previously Issued Parity Obligations and is senior and superior to the lien thereon and pledge thereof securing the repayment of the Subordinate Lien Obligations and any Inferior Lien Obligations hereafter issued; and the Senior Lien Pledged Revenues are further pledged to the establishment and maintenance of the Bond Fund and the Reserve Fund as provided in the Ordinance. (See "THE BONDS – SECURITY AND SOURCE OF PAYMENT" herein.)

REDEMPTION..... The City reserves the right, at its option, to redeem the Bonds having a stated maturity on or after July 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on July 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "THE BONDS – REDEMPTION OF THE BONDS" herein). Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as Term Bonds.

USE OF PROCEEDS..... Proceeds from the sale of the Bonds will be used for the purposes of (i) designing, planning, building, improving, extending, enlarging, and repairing the City's Combined Utility System (defined herein); (ii) refunding a portion of the City's outstanding debt obligations (the "Refunded Bonds") for debt service savings (see "SCHEDULE I – SCHEDULE OF REFUNDED BONDS"); and (iii) paying the costs of issuance relating to the Bonds (see "PLAN OF FINANCING – PURPOSE" herein).

RATINGS..... The Bonds and the Previously Issued Parity Obligations of the City have been rated "A-" by Fitch Ratings, Inc. ("Fitch") and "A" by S&P Global Ratings, a Standard & Poor's Financial Services LLC Business ("S&P") without regard to credit enhancement. The Previously Issued Parity Obligations of the City also have an underlying rating of "A1" by Moody's Investors Service, Inc. ("Moody's"). No application to Moody's has been made for a rating on the Bonds (see "RATINGS" herein).

*Preliminary, subject to change.

BOND INSURANCE..... The City has made application and anticipates receiving bids from various municipal bond insurers for insurance on the Bonds. The City will evaluate whether to have some or all maturities of the Bonds insured based on an analysis of bids received from such companies. See "RATINGS," "BOND INSURANCE," and "BOND INSURANCE RISKS."

TAX MATTERS..... In the opinion of Norton Rose Fulbright US LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 as amended to the date hereof (the "Code"), and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D attached hereto.

BOOK-ENTRY-ONLY SYSTEM..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to its Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (initially, BOKF, NA, Dallas, Texas) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the purchasers of the Bonds ("Beneficial Owners") (see "BOOK-ENTRY-ONLY SYSTEM" herein).

PAYMENT RECORD..... The City has not defaulted on its general obligation bonds since a refunding program instituted in 1936 to cure a default (but which involved no reduction in interest rate). The City has not defaulted on the City's Combined Utility System revenue debt since 1948, when it issued refunding bonds in settlement of non-voted water revenue bonds.

DELIVERY DATE..... Delivery of the Bonds is subject to receipt of the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Bond Counsel as to legality and certain other matters.

THE CITY'S WATER CHALLENGES . The City's water supply consists primarily of surface water and the watersheds providing streamflow to these resources have experienced exceptional and persistent heat and drought since at least 2021, resulting in significant depletion of the water available to the City. While current water levels represent a recovery attributable to recent rainfall, persistent regional droughts combined with sustained and growing demand for water has resulted in a significant focus by the City to consider additional water supply sources. City staff currently projects September 2029 as the potential date when available water supply is projected to be insufficient to meet demand within 180 days (a "Level 1 Water Emergency"). Water resource development, however, is typically an expensive, multi-year process, and efforts to obtain new reliable and meaningful water resources reflect this fact. See "THE CITY'S WATER CHALLENGES" and "THE CITY'S COMBINED UTILITY SYSTEM" for further discussion on this topic.

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CITY ADMINISTRATION

ELECTED OFFICIALS

City Council	Length of Service	Term Expires[2]	Occupation
Paulette M. Guajardo Mayor	5 Years[1]	November 2026	Self-Employed
Roland Barrera Councilmember At-Large	7 Years	November 2026	Insurance Agent Self-Employed
Mark Scott Councilmember At-Large	6 Months	November 2028	President, San Jacinto Title Services
Carolyn Vaughn Councilmember At-Large	6 Months	November 2026	Business Owner
Everett Roy Councilmember District 1	2½ Years	November 2026	Bank President
Sylvia Campos Councilmember District 2	2½ Years	November 2026	Retired
Eric Cantu Councilmember District 3	6 Months	November 2026	Self-Employed
Kaylynn Paxson Councilmember District 4	6 Months	November 2026	Director of Community Enrichment
Gil Hernandez Councilmember District 5	6 Years	November 2026	Self-Employed

(1) Excludes terms of service as a member of the City Council from 2016-2021.
(2) The entirety of the City Council is elected in November every two years. Results from the November 3, 2026 election were canvassed at the November 17, 2026 City Council meeting. All City Council positions, except for one At-Large position, are subject to a run-off election to be held on December 12, 2026. The current City Council will hold over their positions until the new City Council is sworn in at the January 12, 2027 meeting of the City Council.

CERTAIN CITY OFFICIALS

Name	Position	Length of Service with the City
Peter Zanoni	City Manager	8 Years
Michael Rodriguez	Deputy City Manager	7 Years
Sergio Villasana	Director of Finance	2 Years
Buck Brice[1]	Interim City Attorney	16 Years
Rebecca L. Huerta[2]	City Secretary	30 Years

(1) Miles Risley retired as the City Attorney effective August 1, 2026. Buck Brice is serving as the Interim City Attorney while the City conducts a search for a permanent City Attorney.
(2) Rebecca Huerta has announced her retirement effective January 4, 2027. The City is conducting a search for a permanent City Secretary. If a new City Secretary is not in place by December 15, 2026, the City Council will appoint an interim City Secretary while the search is being conducted.

CONSULTANTS AND ADVISORS

Bond Counsel ..... Norton Rose Fulbright US LLP
Austin, Texas
Certified Public Accountants ..... Weaver & Tidwell, LLP
Houston, Texas
Financial Advisor ..... Specialized Public Finance Inc.
Corpus Christi, Texas

For additional information regarding the City, please contact:

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Corpus Christi, Texas 78401
(361) 826-3227

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Managing Director
Specialized Public Finance Inc.
711 North Carancahua Street, Suite 1615
Corpus Christi, Texas 78401
(361) 278-1310

CCW Water System Overview

Regional Water Supplier

Serves the City of Corpus Christi, several municipalities, water districts, and industries within a 70-mile radius of the City, selling "raw" and "treated" water

Nueces
- Corpus Christi
- Agua Dulce
- Bishop
- Driscoll
- Port Aransas
- Violet

San Patricio
- Portland
- Ingleside
- Gregory
- Odem
- Taft
- Mathis

Bee
- Beeville

Aransas
- Rockport
- Fulton
- Aransas Pass

Jim Wells
- Alice

Live Oak
- State Park

Kleberg
- Kingsville
- Ricardo



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PRELIMINARY OFFICIAL STATEMENT
Relating to

$210,515,000*
CITY OF CORPUS CHRISTI, TEXAS
(A political subdivision of the State of Texas located in Nueces, San Patricio, Aransas and Kleberg Counties, Texas)
UTILITY SYSTEM SENIOR LIEN REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2026A

INTRODUCTION

This Official Statement, which includes the cover page, the schedule, and appendices hereto, provides certain information in connection with the issuance by the City of Corpus Christi, Texas (the "City" or the "Issuer") of its $210,515,000* Utility System Senior Lien Revenue Improvement and Refunding Bonds, Series 2026A (the "Bonds").

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of rates, financial information, revenues/expenses of the Combined Utility System (defined herein), and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Capitalized terms used in this Official Statement have the same meaning assigned to such term in the Ordinance, except as otherwise indicated herein. This Official Statement contains information regarding the Bonds and certain other information about the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of documents may be obtained from the City's Financial Advisor, Specialized Public Finance Inc., Corpus Christi, Texas, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The final Official Statement (defined herein) pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

THE CITY'S WATER CHALLENGES

The City's water supply consists primarily of surface water received from Lake Corpus Christi Reservoir, Choke Canyon Reservoir, Lake Texana, and the Colorado River. The City and the watersheds providing streamflow to these resources have experienced exceptional and persistent heat and drought since at least 2021, resulting in significant depletion of the water available to the City. As of October 30, 2026, Choke Canyon Reservoir was 21.1% full, Lake Corpus Christi was 79.5% full, and Lake Texana was 82.6% full. The levels of Choke Canyon Reservoir and Lake Corpus Christi represent a recovery, attributable to recent rainfall, from levels of 7.3% and 8.9% full, respectively, as of May 1, 2026; Lake Texana's level represents a recovery, also attributable to recent rainfall, from a level of 56.7% full as of February 26, 2026.

Significant industrial and manufacturing development in and around the City over a roughly ten-year period beginning around 2013 (and accelerated around 2022) dramatically increased the demand for water by the City's customer base, with industrial/manufacturing users accounting for roughly 60% of all customer demand. The City has long planned to address its long-term water needs through seawater desalination and has invested significant time and resources toward this result; however, recent actions by the City Council over the past year indicate an unwillingness by the City Council to move forward with the City's Inner Harbor Seawater Desalination Treatment Plant project.

Faced with a rapidly shrinking supply attributable to the persistent regional drought, combined with sustained and growing demand, City staff in March 2026 presented to City Council its expectation that the City would experience a "Level 1 Water Emergency" – the point when water demand is projected at six months from exceeding supply – as early as September 2026. As a result of significant rainfall in the Nueces and Frio River watersheds producing major inflows into the Western Region (defined herein) reservoir system, combined with the City's ongoing investment in alternative water supply and conservation efforts across all customer classes, the City improved from Stage 3 to Stage 2 on August 4, 2026, and further improved to Stage 1, effective August 26, 2026, and City staff now projects September 2029 as the potential date for a Level 1 Water Emergency. City staff has developed a Level 1 Water Emergency plan, which includes a methodology for developing an allocation for classes of water customers – residential, large volume (industrial), wholesale and commercial – if the plan is implemented upon the City becoming six months away from exceeding estimated water supply. City Council approved this plan at its June 2, 2026 meeting. If such methodology is implemented the City expects that demand will be reduced sufficiently so that it does not exceed the water supply available. For more information regarding the Level 1 Water Emergency plan, please see the "THE CITY'S COMBINED UTILITY SYSTEM" in this Official Statement. The City has acknowledged that declaration of a Level 1 Water Emergency could negatively impact the region's economy.

*Preliminary, subject to change.

In addition to conservation and use restrictions, the City is actively and rapidly seeking to procure additional water sources to supplement its traditional surface water portfolio (see "THE CITY'S COMBINED UTILITY SYSTEM" for further detail on these efforts). Water resource development, however, is typically an expensive, multi-year process, and efforts to obtain new reliable and meaningful water resources reflect this fact. While the combined effects of continued improvement of regional drought conditions, conservation, and availability of new water resources could delay or prevent declaration of a Level 1 Water Emergency, the City makes no guarantee of this outcome or predictions regarding its likelihood.

This water challenge and the City's efforts to address it has received significant local, State, and national media and political attention, including criticism from Texas Governor Greg Abbott (who referenced a potential State take-over of the City's water system). The City has received no formal indication that any State action regarding its local governance is intended. Such an action by the State would be without precedent; accordingly, the City makes no statement regarding the likelihood of State action attempting to modify the local governance construct of the City or of its water system or the potential or actual impact that could result from such an attempt by the State of Texas. In contrast, the State and its agencies have been supportive of the City's efforts to procure additional water sources. The City on several occasions has requested and received expedited review and approval from the Texas Commission on Environmental Quality ("TCEQ") and the Texas Department of Transportation ("TxDOT") on various permitting and other administrative requirements pertaining to the City's efforts. The Texas Water Development Board ("TWDB") has made significant financial commitments to the City and its water projects included in TWDB's State Water Plans. TWDB also approved a $30 million grant to the City in support of the City's Nueces County Groundwater Wells Project (see "THE CITY'S COMBINED UTILITY SYSTEM – THE CITY'S WATER SYSTEM" herein) and an additional $16 million grant to the City in support of the City's Mary Rhodes Pipeline Upgrades Project. The Executive Director of the TCEQ issued an emergency order to temporarily suspend certain permit conditions in the 2001 Agreed Order (see "ENVIRONMENTAL REGULATIONS – NUECES ESTUARY FRESH WATER INFLOW REQUIREMENTS") in response to an application filed by the City and the TCEQ affirmed the emergency order on September 9, 2026.

The City is unable to predict the impact of its ongoing water challenges on the City, its economy, its governance and finances, or the Combined Utility System. The City Council approved increases to water and wastewater rates across all customer classes at its July 28, 2026 meeting, effective January 1, 2027, to pay for the anticipated costs of additional water resources, which will themselves increase the costs of living, operating, and manufacturing in the City and region. This most recent water rate adjustment averaged 5% across the four customer classes (residential, commercial, large volume, and wholesale-treated), and water rates are anticipated to increase between 5% and 16% per year over the five-year plan to support annual operations and the development of new water supply projects. This most recent wastewater rate adjustment averaged 2% across the customer classes, and wastewater rates are anticipated to increase on average 3% per year over the five-year plan to support annual operations and consent decree requirements. Investors should carefully consider the current water supply shortage faced by the City and the potential economic impact of such shortage when making an investment decision relative to the Bonds.

For additional information regarding the City's water resources and its existing water challenges, see "THE CITY'S COMBINED UTILITY SYSTEM" in this Official Statement.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purposes of (i) designing, planning, building, improving, extending, enlarging, and repairing the City's Combined Utility System (defined herein); (ii) refunding a portion of the City's outstanding debt obligations (the "Refunded Bonds") for debt service savings (see "SCHEDULE I – SCHEDULE OF REFUNDED BONDS"); and (iii) paying the costs of issuance relating to the Bonds

REFUNDED BONDS . . . The Refunded Bonds, and interest due thereon, are to be paid on their redemption date from funds to be deposited with BOKF, NA, Dallas, Texas (the "Escrow Agent") pursuant to an Escrow Agreement with respect to the Bonds, dated as of May 12, 2026 (the "Escrow Agreement"), between the City and the Escrow Agent.

The Ordinance authorizing the issuance of the Bonds provides that from a portion of the proceeds of the sale of the Bonds received from the Underwriters, along with a City contribution (if any), the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds to their redemption date. Such funds will be held separately by the Escrow Agent, under the Escrow Agreement, in a special escrow account (the "Escrow Fund"), a portion of which will be held uninvested in cash and the remainder may be used to purchase a portfolio of securities authorized by Section 1207.062, Texas Government Code, as amended, which authorization includes direct noncallable obligations of the United States and noncallable obligations of an agency or instrumentality of the United States rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and guaranteed by the full faith and credit of the United State of America (the "Federal Securities") maturing in time to make such payment. Under the Escrow Agreement, such Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds. Such maturing principal of and interest on the Federal Securities and uninvested cash will not be available to pay debt service on any of the Bonds.

Prior to, or simultaneously with, the issuance of the Bonds, the City will give irrevocable instructions to provide notice to the owners of the Refunded Bonds that certain Refunded Bonds will be redeemed prior to stated maturity from money held under the Escrow Agreement.

Public Finance Partners LLC (the "Verification Agent") will verify that as of December 17, 2026 (the "Delivery Date"), the mathematical accuracy of the schedules that demonstrate the Federal Securities, if any, will mature and pay interest in such amount which, together with uninvested funds, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds (see "VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS" herein).

By the deposit of a portion of the proceeds of the Bonds and cash from the City (if any) with the Escrow Agent pursuant to the Escrow Agreement, and the investment of a portion thereof in the Federal Securities, if any, the City will have effectuated the defeasance of the Refunded Bonds pursuant to the terms of the City ordinances authorizing their issuance. It is the opinion of Bond Counsel (defined herein) that, as a result of the foregoing, and in reliance upon the report of the Verification Agent, the Refunded Bonds will no longer be payable from the pledge of Net Revenues, but will be payable solely from the amounts on deposit in the Escrow Fund and held for such purpose by the Escrow Agent, and that the Refunded Bonds will be defeased to their redemption date and are not to be included in or considered to be indebtedness of the City for the purpose of a limitation of indebtedness or for any other purpose.

The City has covenanted in the Escrow Agreement to make timely deposits to such Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Bonds, if for any reason, the cash balances on deposit or scheduled to be on deposit in such Escrow Fund are insufficient to make such payment.

SOURCES AND USES OF FUNDS . . . The proceeds of the Bonds, together with other lawfully available funds of the City, if any, will be applied approximately as follows:

Sources of Funds:	
Principal Amount	
Reoffering Premium	
Transfers from Prior Issue Debt Service Funds	
Total Sources of Funds	$ -
Uses of Funds:	
Deposit to Project Fund	
Deposit to Escrow Fund	
Underwriters' Discount	
Costs of Issuance/Rounding Amount	
Total Uses of Funds	$ -

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THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is hereby made to the Ordinance for the detailed provisions thereof (see "APPENDIX A – CERTAIN PROVISIONS OF THE ORDINANCE" attached hereto).

GENERAL . . . The Bonds are dated December 1, 2026 (the "Dated Date"). The Bonds will accrue interest from the date of initial delivery thereof to the Underwriters, which is anticipated to occur on December 17, 2026 (the "Delivery Date"), and such interest shall be payable on July 15 and January 15 in each year, commencing July 15, 2027, until maturity or prior redemption. The Bonds will mature on the dates, in the principal amounts, and will bear interest at the rates set forth, on page 2 of this Official Statement.

The Bonds will be issued in fully registered form and will be in principal denominations of $5,000 or any integral multiple thereof for each maturity. Principal of and interest on the Bonds are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM." In the event the Book-Entry-Only System is discontinued, the interest on the Bonds payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by the Paying Agent/Registrar (the "Registered Owner"), as of the Record Date (defined herein), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested in writing by and at the risk and expense of the Registered Owner. In the event the Book-Entry-Only System is discontinued, principal of the Bonds will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and the general laws of the State of Texas, including particularly Chapters 1207, 1371 and 1502, each as amended, Texas Government Code, the City's Home Rule Charter, and an ordinance authorizing the issuance of the Bonds (the "Ordinance") adopted by the City Council of the City (the "City Council") on May 12, 2026. As permitted by Chapter 1371, as amended, Texas Government Code, the City Council, in the Ordinance, delegated to certain City officials the authority to establish the final terms of sale of the Bonds, which final sales terms will be evidenced in an "Approval Certificate" related to the Bonds.

SECURITY AND SOURCE OF PAYMENT . . . *Creation of City's Combined Utility System* . . . In 1990, the City established by ordinance (the "1990 Ordinance") a unified water, wastewater, and gas utility system (as further defined and described herein, the "Combined Utility System"). Previously, each utility system of the City was operated as a separate enterprise fund, and the City still maintains internal records to account for each of those utility systems as separate enterprise funds. The City's Combined Utility System is now comprised of the City's water system, storm water drainage system, wastewater disposal system, and gas system, which, together with all future extensions, improvements, enlargements and additions thereto, and all replacements thereof, is referred to herein as the "Combined Utility System" (see "THE CITY'S COMBINED UTILITY SYSTEM" for further description). The City's Combined Utility System will not include any water, storm water, wastewater, or gas utility facilities which are declared by the City not to be part of the City's Combined Utility System, and which are financed with Special Project Bonds (as defined and described in the Ordinance). The City does not currently have outstanding any Special Project Bonds.

Pursuant to the terms of the 1990 Ordinance, the City issued its Utility System Revenue Refunding Bonds, Series 1990 (the "Series 1990 Bonds"). Under the terms of the 1990 Ordinance, the City reserved the right to issue additional bonds secured by and payable from a first and prior lien on and pledge of the Net Revenues (defined herein) on parity with the lien thereon and pledge thereof securing the repayment of the Series 1990 Bonds (such bonds were formerly known as the "Priority Bonds"). No Priority Bonds now remain outstanding, and the City has covenanted to not issue any additional Priority Bonds (as further described below).

Establishment of a Junior Lien Finance System; Past, Current, and Future Issuances; Closing of Prior Lien . . . Pursuant to the terms of the City ordinances authorizing the issuance of the Priority Bonds, and as authorized by Section 1502.052, as amended, Texas Government Code (which permits the grant of a lien on Net Revenues at the level of priority determined by the City Council), the City Council is authorized to create and establish a revenue financing system supported by a lien on and pledge of the Net Revenues that is subordinate and inferior to the lien thereon and pledge thereof securing the Priority Bonds. Pursuant to this authority, the City Council established a junior lien revenue finance system in support of the City's Combined Utility System, secured (primarily) by a lien on and pledge of Net Revenues that was junior and inferior to the lien thereon and pledge thereof securing the Priority Bonds, but senior and superior to any Subordinate Lien Obligations and Inferior Lien Obligations. The obligations issued at the junior lien revenue finance system level since the establishment of this lien level are referred to herein, collectively, as the "Previously Issued Parity Obligations," as further described in the Ordinance (see "APPENDIX A – CERTAIN PROVISIONS OF THE ORDINANCE" attached hereto).

The City established the junior lien revenue finance system to realize relief from certain covenant requirements included in the City ordinances authorizing the issuance of the Priority Bonds (including, primarily, the requirement to automatically fund a debt service reserve fund with cash or a debt service reserve fund surety policy from a provider with minimum thresholds concerning credit quality, as determined by credit rating, in connection with each issue of additional Priority Bonds). Since such establishment, the City has not issued any series of additional Priority Bonds and has identified the junior lien revenue finance system as its "working lien." Given this identification, the City has determined that continuing to issue additional Priority Bonds subject to these covenants is no longer financially necessary or desirable. The City has, therefore, covenanted in the Ordinance and in each City ordinance authorizing the issuance of Previously Issued Parity Obligations beginning with the ordinance authorizing the issuance of the "City of Corpus Christi, Texas Utility System Senior Lien Revenue Improvement and

Refunding Bonds, Series 2023," dated June 13, 2023 (the "2023 Ordinance") to not issue additional Priority Bonds. Currently, no Priority Bonds remain outstanding, and all Previously Issued Parity Obligations have been elevated to (and enjoy) a first and prior lien position relative to the lien on and pledge of the Net Revenues included in the definition of Senior Lien Pledged Revenues (defined below) serving as the primary source of security and repayment therefor.

Redesignation of the Junior Lien Finance System as the Senior Lien Finance System . . . The City, in the 2023 Ordinance and in each ordinance authorizing a series of Senior Lien Obligations since then (including the Ordinance), has determined that the Bonds and any additional bonds issued on parity with the Previously Issued Parity Obligations bear the designation "Senior Lien" to evidence the first and prior lien on and pledge of the Net Revenues as the primary lien for issuing the City's Combined Utility System debt. For the avoidance of doubt, the Bonds and any Additional Senior Lien Obligations hereafter issued by the City are on parity with those Previously Issued Parity Obligations that bear the "Junior Lien" designation. The City does not intend to issue Combined Utility System debt bearing the "Junior Lien" designation while any Previously Issued Parity Obligations bearing the "Junior Lien" designation remain Outstanding.

Under the Ordinance, the term "Senior Lien Obligations" shall mean (i) the Previously Issued Parity Obligations, (ii) the Bonds, (iii) any Additional Senior Lien Obligations, and (iv) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured solely by a lien on and pledge of the Senior Lien Pledged Revenues (defined below).

Pledge of the Senior Lien Pledged Revenues . . . The Bonds are special obligations of the City issued as Additional Senior Lien Obligations on parity with the currently outstanding Previously Issued Parity Obligations, enjoying a first and prior lien position relative to the lien on and pledge of the Senior Lien Pledged Revenues. The Senior Lien Pledged Revenues are further pledged to the establishment and maintenance of the Bond Fund and the Reserve Fund as provided in the Ordinance. Upon issuance of the Bonds, the City will have $1,746,252,000* principal amount of Senior Lien Obligations outstanding.

The term "Senior Lien Pledged Revenues" means (1) the Net Revenues, plus (2) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged by the City to the payment of the Bonds, and at the City's discretion, any Additional Senior Lien Obligations, and excluding those revenues excluded from Gross Revenues.

The term "Net Revenues" means all Gross Revenues less Operating Expenses.

The term "Gross Revenues" means all revenues, income, and receipts derived or received by the City from the operation and ownership of the Combined Utility System, including the interest income from the investment or deposit of money in any Fund created or confirmed by the Ordinance or maintained by the City in connection with the Combined Utility System, other than those amounts subject to payment to the United States of America as rebate pursuant to section 148 of the Code.

The term "Operating Expenses" means the expenses of operation and maintenance of the Combined Utility System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City, reasonably and fairly exercised by the passage of appropriate ordinances, are necessary to render adequate service, or such as might be necessary to meet some physical accident or condition which would otherwise impair any Senior Lien Obligations, Subordinate Lien Obligations, Inferior Lien Obligations, or other Debt of the Combined Utility System. Operating Expenses shall include the purchase of water, sewer and gas services as received from other entities and the expenses related thereto and, to the extent permitted by law, Operating Expenses may include payments made on or in respect of obtaining and maintaining any Credit Facility. Operating Expenses shall never include any allowance for depreciation, property retirement, depletion, obsolescence, and other items not requiring an outlay of cash and any interest on the Bonds or any Debt.

Operating Expenses also include contract payments to the Nueces River Authority ("NRA") for its Water Supply Facilities Revenue Refunding Bonds (City of Corpus Christi Lake Texana Project), Series 2015, of which $6,520,000 in aggregate principal amount are outstanding, which mature on July 15, 2027 (see "THE CITY'S COMBINED UTILITY SYSTEM FINANCIAL INFORMATION – THE CITY'S WATER SYSTEM – HISTORICAL SURFACE WATER SUPPLY – EASTERN REGION" and "– BONDS PAYABLE FROM CITY'S COMBINED UTILITY SYSTEM REVENUES" herein).

See "CERTAIN PROVISIONS OF THE ORDINANCE" attached hereto as APPENDIX A for a more complete definition of these defined terms.

The Bonds are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, constituting the City's Combined Utility System. **The Bonds do not constitute an indebtedness or general obligation of the City, the State, or any other entity, are not payable from any funds raised or to be raised by taxation, and Beneficial Owners of the Bonds will never have the right to demand payment thereof from the levy of ad valorem taxes or from any other source not pledged to the payment of the Bonds** (see "THE BONDS – BONDHOLDERS' REMEDIES" herein).

PERFECTION OF SECURITY INTEREST FOR THE BONDS . . . Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Senior Lien Pledged Revenues, and such pledge is therefore valid, effective and perfected. Should Texas law be amended while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Senior Lien Pledged Revenues is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, in order to preserve to the Beneficial Owners of the Bonds a security interest in such pledge, the City has agreed in the Ordinance to take such measures as it determines is reasonable and necessary to enable a filing of a security interest in said pledge to occur.

*Includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.

RATE COVENANT . . . In the Ordinance, the City expressly agreed, while any of the Senior Lien Obligations are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the City's Combined Utility System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

a) To pay all Operating Expenses, or any expenses required by statute to be a first claim on and charge against the Gross Revenues of the City's Combined Utility System;

b) To produce Net Revenues, together with any other lawfully available funds, equal to at least 1.15 times the Average Annual Debt Service Requirements on the outstanding Senior Lien Obligations and to deposit the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of the Senior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a lien on and pledge of the Net Revenues, including the Senior Lien Pledged Revenues, that is senior and superior to the lien thereon and pledge thereof securing the repayment of the Subordinate Lien Obligations and the Inferior Lien Obligations;

c) To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the amounts that may be deposited in the special funds established for the payment of the Subordinate Lien Obligations;

d) To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on the Inferior Lien Obligations as the same become due and payable and to deposit the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of the Inferior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a lien on and pledge of the Net Revenues that is subordinate and inferior to the lien thereon and pledge thereof securing the repayment of the Senior Lien Obligations and the Subordinate Lien Obligations; and

e) To pay, together with any other lawfully available funds, any other legally incurred Debt payable from the Net Revenues of the City's Combined Utility System and/or secured by a lien on any part of the City's Combined Utility System.

FUNDS AND ACCOUNTS AND FLOW OF FUNDS . . . The Ordinance provides that the Gross Revenues will be deposited into the System Fund and will be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

First: To the payment of all necessary and reasonable Operating Expenses or other expenses required by statute to be a first charge on and claim against the revenues of the Combined Utility System.

Second: To the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security and benefit of the Senior Lien Obligations.

Third: To the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security and benefit of the Previously Issued Subordinate Lien Obligations and any Additional Subordinate Lien Obligations hereafter issued by the City.

Fourth: To the payment of the amounts that must be deposited in any special funds and accounts created and established for the payment, security, and benefit of any Inferior Lien Obligations hereafter issued by the City.

Any Net Revenues remaining in the System Fund following such transfers may be used by the City for payment of other obligations of the Combined Utility System, and for any other lawful purpose (see "APPENDIX A – CERTAIN PROVISIONS OF THE ORDINANCE – Section 12: System Fund" attached hereto).

RESERVE FUND . . . As additional security for the repayment of the Bonds, a Reserve Fund has been established under the Ordinance. The Ordinance specifies that the Reserve Fund be prospectively funded, in the manner permitted under the Ordinance and if at all, in an amount equal to 100% of the Average Annual Debt Service Requirements of all Outstanding Senior Lien Obligations (the "Required Reserve Amount").

The issuance of Additional Senior Lien Obligations requires a showing that the City has provided for the funding of the Required Reserve Amount, in a manner permitted under the Ordinance, after giving effect to the Additional Senior Lien Obligations then proposed.

The City's obligation to fund the Reserve Fund in an amount equal to the Required Reserve Amount shall be suspended for so long as the Senior Lien Pledged Revenues for each Fiscal Year are equal to at least 110% of the Average Annual Debt Service Requirements of all Outstanding Senior Lien Obligations. In the event that the Senior Lien Pledged Revenues for any two consecutive Fiscal Years are less than 110% (unless such percentage is below 100% in any Fiscal Year, in which case the hereinafter–specified requirements will commence after such Fiscal Year) of the Average Annual Debt Service Requirements of all Outstanding Senior Lien Obligations, the City will be required to commence making the deposits to the Reserve Fund, as provided above, and to continue making such deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve Amount or (ii) the Senior Lien Pledged Revenues for the Fiscal Year have been equal to not less than 110% of the Average Annual Debt Service Requirements of all Outstanding Senior Lien Obligations.

No Bond proceeds will be deposited into the Reserve Fund, and the City has not previously been required to fund the Reserve Fund. See "CERTAIN PROVISIONS OF THE ORDINANCE – Section 14: Reserve Fund" in APPENDIX A attached hereto for additional provisions that will apply if the City becomes obligated to fund the Reserve Fund.

ADDITIONAL BONDS . . . In the Ordinance, the City has reserved the right to issue (i) Additional Senior Lien Obligations, which are secured by and payable from a lien on and pledge of the Senior Lien Pledged Revenues, on parity with the pledge thereof and lien thereon securing the other Senior Lien Obligations, including the Bonds, (ii) Additional Subordinate Lien Obligations, which are primarily secured by and payable from a lien on and pledge of the Net Revenues of the Combined Utility System that is senior and superior to the lien thereon and pledge thereof securing any Inferior Lien Obligations hereafter issued by the City (but subordinate and inferior to the lien on and pledge of Net Revenues including the Senior Lien Pledged Revenues), and (iii) Inferior Lien Obligations, which are primarily secured by and payable from a lien on and pledge of the Net Revenues of the City's Combined Utility System that is inferior and subordinate to the pledge of and lien on the Net Revenues securing the payment of all City obligations secured by and payable from a lien on and pledge of any part of Net Revenues, including the Senior Lien Obligations and the Subordinate Lien Obligations.

The City's issuance of Additional Senior Lien Obligations payable from and secured by a lien on and pledge of the Senior Lien Pledged Revenues, on parity with the lien thereon and pledge thereof securing the then-outstanding Senior Lien Obligations, is subject to complying with certain conditions in the Ordinance. For the issuance of Additional Senior Lien Obligations, and in addition to certain other covenants, the Net Earnings for the preceding Fiscal Year or for any 12 consecutive calendar month period out of the 15-month period immediately preceding the month the ordinance authorizing the issuance of the Additional Senior Lien Obligations is adopted, must be at least equal to 1.15 times the Average Annual Debt Service Requirements for all then-Outstanding Senior Lien Obligations after giving effect to the Additional Senior Lien Obligations then proposed. The Ordinance defines "Net Earnings" for the purposes of issuing Additional Senior Lien Obligations as Gross Revenues of the System after deducting the Operating Expenses of the System and the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security and benefit of the Senior Lien Obligations. In making a determination of Net Earnings, the City Manager may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least 60 days prior to the last day of the period for which Net Earnings are determined and, for purposes of satisfying any of the Net Earnings test described above, make a pro forma determination of the Net Earnings of the System for the period of time covered by the City Manager's certification or opinion based on such change in rates and charges being in effect for the entire period covered by the City Manager's certificate or opinion (see "APPENDIX A – CERTAIN PROVISIONS OF THE ORDINANCE – Section 19: Issuance of Additional Senior Lien Obligations, Additional Subordinate Lien Obligations, and Inferior Lien Obligations" attached hereto).

The issuance of Additional Senior Lien Obligations also requires satisfaction of certain conditions precedent, including additionally funding, as necessary, the Reserve Fund (see "THE BONDS – RESERVE FUND" herein). The Ordinance also specifies the conditions upon which Additional Subordinate Lien Obligations and Inferior Lien Obligations may be issued (see "APPENDIX A – CERTAIN PROVISIONS OF THE ORDINANCE – Section 19: Issuance of Additional Senior Lien Obligations, Additional Subordinate Lien Obligations, and Inferior Lien Obligations" attached hereto).

REDEMPTION OF THE BONDS . . . *Optional Redemption of the Bonds* . . . The City reserves the right, at its option, to redeem the Bonds having a stated maturity on or after July 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on July 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

Mandatory Redemption of the Bonds . . . Any consecutive serial maturities of Bonds grouped into one or more "term" Bonds (the "Term Bonds") shall be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance.

SELECTION OF BONDS FOR REDEMPTION . . . The respective years of maturity of the Bonds called for redemption will be selected by the City. If less than all of the Bonds are redeemed within a stated maturity at any time, the Bonds to be redeemed will be selected by the Paying Agent/Registrar at random and by lot or other customary method in multiples of $5,000 within any stated maturity.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City is required to cause a notice of redemption to be sent by United States mail, first-class, postage prepaid, to each Registered Owner of any Bond to be redeemed, in whole or in part, at the address of the Registered Owner appearing on the registration books relating to the Bonds kept by the Paying Agent/Registrar (the "Security Register") at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE BENEFICIAL OWNERS OF BONDS FAILED TO RECEIVE SUCH NOTICE.

All notices of redemption must (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state the Bonds, or the portion of the principal amount thereof to be redeemed, will become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, will cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, must be made at the designated corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Registered Owner. If a Bond is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as provided in the Ordinance, such Bond (or the principal amount thereof to be redeemed) so called for redemption will become due and payable, and on the redemption date designated in such notice, interest on said Bond (or the principal amount thereof to be redeemed) called for redemption will cease to accrue and such Bond will not be deemed to be Outstanding.

NOTICES OF REDEMPTION THROUGH THE DEPOSITORY TRUST COMPANY . . . 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 of Bonds, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds only to DTC (hereinafter defined). Any failure by DTC to advise any Direct Participant (hereinafter defined), or of any Direct Participant or Indirect Participant (hereinafter defined) 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 held

by the City will reduce the outstanding principal amount of Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of Bonds held for the account of Direct Participants in accordance with its rules or other agreements with Direct Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to Direct Participants, Indirect Participants or the persons for whom Direct Participants act as nominees, with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or Beneficial Owners of the selection of portions of the Bonds for redemption (see "BOOK-ENTRY-ONLY SYSTEM").

AMENDMENTS . . . Subject to the provisions of the Ordinance, the City may amend the Ordinance without the consent of or notice to any Beneficial Owners of the Bonds in any manner not detrimental to the interests of such Beneficial Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the Beneficial Owners of a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the Beneficial Owners of all of the Bonds, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bonds are due and payable, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, change the place or places at or the coin or currency in which any Bonds or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bonds over any other Bonds, or (3) reduce the aggregate principal amount of Bonds required for consent to any amendment, addition, or waiver.

PAYING AGENT/REGISTRAR . . . The principal of the Bonds will be paid to the Registered Owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar, which initially is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), at its offices located in Dallas, Texas (the "Designated Trust Office"). Interest on the Bonds will be paid to the Beneficial Owners shown on the records of the Paying Agent/Registrar on the Record Date (see "THE BONDS – RECORD DATE FOR INTEREST PAYMENT" herein), and such interest will be paid by check sent by United States mail, first-class postage prepaid, to the address of such Registered Owner appearing on the registration books of the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the Registered Owner.

SUCCESSOR PAYING AGENT/REGISTRAR . . . The City reserves the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the City must be a bank, a trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Bonds. Upon a change in the Paying Agent/Registrar for the Bonds, the City will promptly cause a written notice thereof to be sent to each Registered Owner of the Bonds by United States mail, first-class postage prepaid, which notice will give the address of the new Paying Agent/Registrar.

OWNERSHIP . . . The City, the Paying Agent/Registrar, and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and for the further purpose of making and receiving payment of the interest thereon, and for all other purposes, whether or not such Bond is overdue. Neither the City nor the Paying Agent/Registrar will be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the owner of any Bond in accordance with the Ordinance will be valid and effective and will discharge the liability of the City and the Paying Agent/Registrar for such Bond to the extent of the sums paid.

RECORD DATE FOR INTEREST PAYMENT . . . The date for determining the party to whom interest on a Bond is payable on any interest payment date is the last business day of the preceding month, as specified in the Ordinance (the "Record Date").

In the event of a nonpayment of interest on a scheduled payment date, and for thirty days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which is 15 days after the Special Record Date) must be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Bonds when payment of the principal of and premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise) is provided by irrevocably depositing with a paying agent (or other financial institutions permitted by applicable Texas law) in trust (1) money in an amount sufficient to make such payment and/or (2) Defeasance Securities (defined herein) of such maturities and interest payment dates and to bear interest at such rates as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), be sufficient to make such payment, or (3) a combination of money and Defeasance Securities together so certified sufficient to make such payment. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinance). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested money on deposit for such defeasance, and to withdraw for the benefit of the City money, in excess of the amount required for such defeasance.

The Ordinance provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of

the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (d) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Bonds. Authorized City officials may further limit permitted Defeasance Securities in connection with the sale of the Bonds.

Upon such deposit as described above, such Bonds will no longer be regarded to be outstanding or unpaid for purposes of applying any limitation or indebtedness. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the City has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the Beneficial Owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the Security Register of the Paying Agent/Registrar. So long as any Bonds remain Outstanding, the Paying Agent/Registrar will keep the Security Register at the Designated Trust Office in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar will provide for the registration and transfer of the Bonds in accordance with the terms of the Ordinance.

Each Bond shall be transferable only upon the presentation and surrender thereof at the Designated Trust Office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Owner or his authorized representative in a form satisfactory to the Paying Agent/Registrar. Upon due presentation and surrender of a Bond for transfer, the Paying Agent/Registrar is required to authenticate and deliver in exchange therefor, under such reasonable regulations as the Paying Agent/Registrar may prescribe, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity, in the principal amount of $5,000 or any integral multiple thereof, and bearing interest at the same rate as the Bond or Bonds so presented and surrendered.

All Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Trust Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in such aggregate principal amount as discussed above equal to the unpaid principal amount of the Bond delivered in accordance with the Ordinance and shall be entitled to the benefits and security of the Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The Paying Agent/Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any reasonable standard or customary fee or charge of the Paying Agent/Registrar for a conversion or exchange shall be paid by the one requesting such conversion or exchange, except that the City shall pay such fee or charge in the case of the conversion or exchange of an assigned and transferred Bond.

Future Registration . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred, exchanged and assigned on the Security Register only upon presentation and surrender thereof to the Paying Agent/Registrar, and such transfer or exchange of the Bonds will be without expense or service charge to the Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the Designated Trust Office of the Paying Agent/Registrar, or sent by United States mail, first-class postage prepaid, to the new Registered Owner or his assignee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the contracting party or assignee of the Owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer will be in denominations of $5,000 for any one maturity or any integral multiple thereof and for a like aggregate principal amount of the Bond or Bonds surrendered for exchange or transfer.

See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Limitation on Transfer of Bonds . . . Neither the City nor the Paying Agent/Registrar are required (1) to make any transfer or exchange during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or (2) to transfer or exchange any Bonds so selected for redemption; provided however, that such limitation of transfer is not applicable to an exchange by the Registered Owner of the unredeemed balance of a Bond that is subject to redemption in part.

Replacement Bonds . . . The City has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the City and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The City may require payment of taxes, governmental charges, and other expenses (including attorney's fees and expenses of the Paying Agent/Registrar) in connection with any such replacement.

BONDHOLDERS' REMEDIES . . . If the City defaults in the payment of principal, interest, or redemption price on the Bonds when due, fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or

obligations set forth in the Ordinance, the Beneficial Owners of the Bonds may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so it rests with the discretion of the court, 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. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Beneficial Owners upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Beneficial Owners. The Texas Supreme Court (the "Court") has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*"), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, as amended, Texas Government Code ("Chapter 1371") which pertains to the issuance of public securities by issuers such as the City, permits City to waive governmental immunity in the proceedings authorizing the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (as further described under the caption "THE BONDS – AUTHORITY FOR ISSUANCE"), the City has not waived the defense of governmental immunity with respect thereto. Because it is unclear whether the Texas Legislature has effectively waived the City's governmental immunity from a suit for money damages outside of Chapter 1371, Beneficial Owners may not be able to bring such a suit against the City for breach of the Bonds or the Ordinance. Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of the municipality.

In *Wasson Interests, Ltd., v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson*"), the Court addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources." While the Court recognized that the distinction between government and proprietary functions is not clear, the *Wasson* opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed *Wasson* for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship.

Notwithstanding the foregoing, such governmental immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the Beneficial Owners cannot themselves foreclose on property within the City or sell property within the City to enforce the lien on and pledge of Senior Lien Pledged Revenues to pay the principal of and interest on the Bonds. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Senior Lien Pledged Revenues, such provisions are 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 Beneficial Owners of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce Beneficial Owners' 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 Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and as to general principles of equity that permit the exercise of judicial discretion (see "INVESTMENT CONSIDERATIONS – BANKRUPTCY" herein).

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BOND INSURANCE

The City anticipates receiving bids from various municipal bond insurers for bond insurance on the Bonds and plans to evaluate whether to have some or all maturities of the Bonds insured based on an analysis of bids actually received from such companies. In the event the City obtains bond insurance from a municipal bond insurance company (the "Bond Insurer") for some or all maturities of the Bonds, the Final Official Statement for the Bonds will disclose any relevant information relating to any such municipal bond insurance policy (the "Policy").

BOND INSURANCE RISKS

The City has yet to determine whether any insurance will be purchased for some or all maturities of the Bonds. If a Policy is purchased, the following investment considerations would apply to such bond insurance.

GENERAL . . . In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the City which is recovered by the City from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absent such prepayment by the City (unless the Bond Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS – BONDHOLDERS' REMEDIES"). The Bond Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Beneficial Owners.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the Senior Lien Pledged Revenues as described herein. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

If a Policy is acquired, the long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims-paying ability. The Bond Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds, whether or not subject to a Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds.

The obligations of the Bond Insurer under a Policy are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law. None of the City, the City's Financial Advisor or the Underwriters has made independent investigation into the claims-paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . . Fitch Ratings, Inc., Moody's Investor Services, Inc., S&P Global Ratings, a Standard & Poor's Financial Services LLC Business (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, previous events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Bonds. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Bonds and the claims-paying ability of any such bond insurer, particularly over the life of the Bonds.

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BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but such parties take no responsibility for the accuracy or completeness thereof.

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

DTC will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, 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 companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase.

Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 Paying Agent/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 Bonds within a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption proceeds, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The Paying Agent/Registrar and the City, as long as the DTC Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Ordinance, or other notices with respect to such Bonds only to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant to notify the Beneficial Owners, of any notices and their contents or effect will not affect the validity of the redemption of the Bonds called for redemption or of 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 own rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of the Bonds to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. So long as Cede & Co. (or other authorized DTC nominee) is the registered owner of the Bonds, neither the City nor the Paying Agent/Registrar will have any responsibility or obligation to Direct 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 Direct Participants, Indirect Participants, or Beneficial Owners of the selection of portions of the Bonds for redemption.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement, it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to Beneficial Owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, payment or notices that are to be given to Beneficial Owners under the Ordinance will be given only to DTC.

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

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed certificates representing the Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Ordinance and summarized under "THE BONDS – TRANSFER, EXCHANGE, AND REGISTRATION" herein.

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THE CITY'S COMBINED UTILITY SYSTEM

The City's Combined Utility System includes the City's water, storm water, wastewater, and gas systems and is internally managed by the City's division-designated Utility Department. Descriptions of each of these divisions are provided below.

THE CITY'S WATER SYSTEM . . . *Service Area*. The City's water system (the "Water System") service territory is located within Region N – Coastal Bend, one of the Texas Water Development Board's 16 State of Texas water planning regions, and includes 11 Texas counties (Aransas, Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, Live Oak, McMullen, Nueces, and San Patricio). The City provides retail water service within its corporate limits, as well as retail and wholesale water service within an approximately 70-mile radius of its municipal boundaries. The City's metropolitan statistical area, consisting of Aransas, Nueces, and San Patricio counties, accounts for 77% of the Coastal Bend Region's population and 81% of the total personal income. Region N's major water demand areas are primarily municipal systems in the greater Corpus Christi area and large industrial (manufacturing, steam-electric, and mining) users primarily located along the Corpus Christi and La Quinta Ship Channels. The City, as a retail and a wholesale water provider, along with City wholesale customers San Patricio Municipal Water District ("SPMWD") and South Texas Water Authority ("STWA") (both of whom acquire from the City 100% of their water for treatment and/or redistribution to their own customers), satisfy approximately 75% to 80% of the region's water demands. A map generally depicting the City's water service territory is included within this Official Statement on page 8.

Historical Surface Water Supply. The City has historically obtained its water supply from surface water resources drawn from the Nueces River Basin and the Frio River Watershed in what the City refers to as its "Western Region" and from the Lavaca-Navidad Watershed and Lower Colorado River Basin in its "Eastern Region." See "'INVESTMENT CONSIDERATIONS – CONCENTRATION OF ESSENTIAL WATER TREATMENT AND TRANSPORTATION ASSETS" for a description of recent events affecting the Mary Rhodes Pipeline.

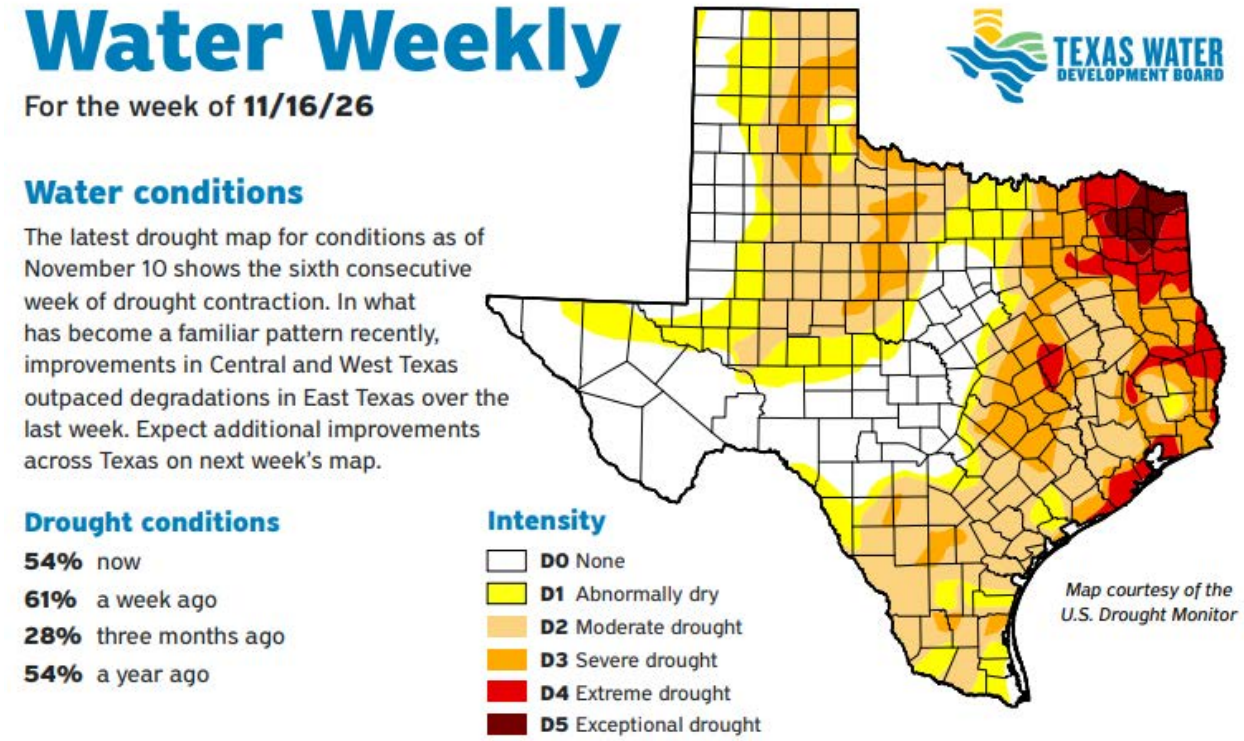
Western Region. The City's Western Region water sources are derived from the Nueces River Basin (which includes the Frio River Watershed), a single hydrologic unit covering 16,950 square miles and across which flows three principal rivers – the Atascosa, the Frio, and the Nueces. The Frio River, above its confluence with the Atascosa and Nueces Rivers near the City of Three Rivers, is impounded by Choke Canyon Dam to form Choke Canyon Reservoir (surface area of 25,438 acres and a storage capacity of 662,821 acre-feet at 220.5 feet mean sea level (MSL)). South of the City of Three Rivers, the Nueces River is impounded by the City-owned and operated Wesley E. Seale Dam to form the Lake Corpus Christi Reservoir (surface area of 19,748 acres and a storage capacity of 256,339 acre-feet at 94 feet MSL). Though independent lakes with distinguishable sources of recharge, the Choke Canyon Dam and Reservoir and Lake Corpus Christi are jointly operated and together referred to herein as the "CCDR/LCC Reservoir System."

To deliver water to the City through the CCDR/LCC Reservoir System, water is released from Choke Canyon Reservoir into the Frio River, traveling approximately 10 miles before merging with the Nueces River and flowing an additional 30 miles (approximate) to Lake Corpus Christi. Water received into Lake Corpus Christi from Choke Canyon Reservoir, combined with its own impounded water, is released into the Nueces River to flow to intake pumps near the community of Calallen, where it is delivered by pipe to the City's O.N. Stevens Water Treatment Plant (the "Stevens Plant"), located on the northwest side of the City. At the Stevens Plant, CCDR/LCC Reservoir System water is blended with other City water sources, treated, and distributed throughout the Water System.

The principal purpose of the CCDR/LCC Reservoir System is provision of municipal and industrial water to the region. Ownership of water impounded in the CCDR/LCC Reservoir System is allocated among various owners, with the City being the largest water rights holder in the Nueces River Basin and the largest user of water from CCDR/LCC Reservoir System. Use of water captured in and a part of the CCDR/LCC Reservoir System is subject to permit conditions requiring, in accordance with operational procedures ordered by the Texas Commission on Environmental Quality ("TCEQ"), that a certain target pass-through amount in acre-feet per year depending on the combined storage capacity in the CCDR/LCC Reservoir System be passed through for estuaries by a combination of releases and spills from the CCDR/LCC Reservoir System and return flows to the Nueces and Corpus Christi Bays and other receiving estuaries. If the combined storage capacity in the CCDR/LCC Reservoir System is greater than or equal to 70%, the target pass-through amount is 138,000 acre-feet per year; if the storage capacity is between 40% and 70%, the target pass-through amount is 97,000 acre-feet per year; if the storage capacity is between 30% and 40%, the target pass-through amount is 14,400 acre-feet per year; if the storage capacity is less than 30%, the target pass-through requirement is suspended. On September 9, 2026, the TCEQ suspended (for 120 days) this target pass-through requirement when the CCDR/LCC Reservoir System is at or below 50%. Subject to these limitations, the City has access to up to 443,890 of 467,172 acre-feet of permitted annual diversion rights of water impounded in the CCDR/LCC Reservoir System.

The Nueces River Basin is a traditionally hot and arid region of Texas, averaging only 24 inches of precipitation annually. Droughts are common in the region, and can be significant. Average inflows into the CCDR/LCC Reservoir System continue to trend lower with each successive drought, with the most recent hydrology update for the Corpus Christi Water Supply Model (through 2015) showing a drought of record in the Nueces River Basin from 2007 to 2013. More recently, the region has been the focal point of a multi-year regional drought that reached extreme levels (as determined by the U.S. Drought Monitor) in 2025 and early 2026 that the Coastal Bend Regional Water Planning Group believes has exceeded conditions of the drought of record. As a result of these persistent conditions, the Texas Water Development Board ("TWDB") has approved a "safe yield" (being reliability of supply 100% of the time, drought conditions notwithstanding) for all users of the CCDR/LCC Reservoir System to be 75,000 acre-feet per year (which amount is used in the TWDB's 2026 Coastal Bend Regional Water Plan as a regional planning tool, but is not a limitation on the City's rights to water in the CCDR/LCC Reservoir System). These conditions along with conservative regional planning based on the 75,000 acre-feet per year "safe yield" resulted in the City's development and deployment of water supply and management plans based on assumptions that no water is available to it from CCDR/LCC Reservoir System, which is a significant departure from its historical planning when this resource at times supplied up to 95% of the City's water supply needs (see table appearing under "THE CITY'S COMBINED UTILITY SYSTEM – THE CITY'S WATER SYSTEM – SUMMARY" for a depiction of the City's water sources used to satisfy customer demand over the preceding five years).

The drought status below provided by the TWDB in November 2026 depicts the areas of Texas most impacted by the recent drought. Though updated weekly, the conditions represent prolonged periods of below normal rainfall. This map, when paired with the map provided below depicting the watersheds that yield the City's surface water supply, evidences the impact of this natural disaster on the City. The TWDB provides weekly drought monitoring updates at the following url (which is provided for convenience; any information available through this url is not made a part of this Official Statement in any way): waterdatafortexas.org/drought/twdb-reports.



As a result of the recent drought conditions, Lake Corpus Christi experienced a historical low in May 2026 (8.9% of capacity) and Choke Canyon Reservoir the same in May 2026 (7.3% of capacity), for a historical low in May 2026 (7.7% of capacity) for the CCDR/LCC Reservoir System. Late spring and summer rainfall has significantly relieved these conditions, but lower than average water levels persist. On October 30, 2026, Choke Canyon Reservoir and Lake Corpus Christi registered water levels of 21.1% and 79.5%, respectively, of full capacity. This recovery has allowed the City to assume availability of 343,464 acre feet from the CCDR/LCC Reservoir System through October 30, 2026, assuming historically average recharge.

Eastern Region. Lavaca River Basin. Lake Texana is located approximately 100 miles northeast of the City, seven miles east of Edna in Jackson County on the Navidad River, a major tributary to the Lavaca River. At capacity, this reservoir can store 159,840 acre-feet of water and encompasses a surface area of about 9,676 acres at the conservation pool elevation of 44 feet above MSL. The lake and dam are managed by the Lavaca-Navidad River Authority ("LNRA") for municipal and industrial water supply and recreational purposes.

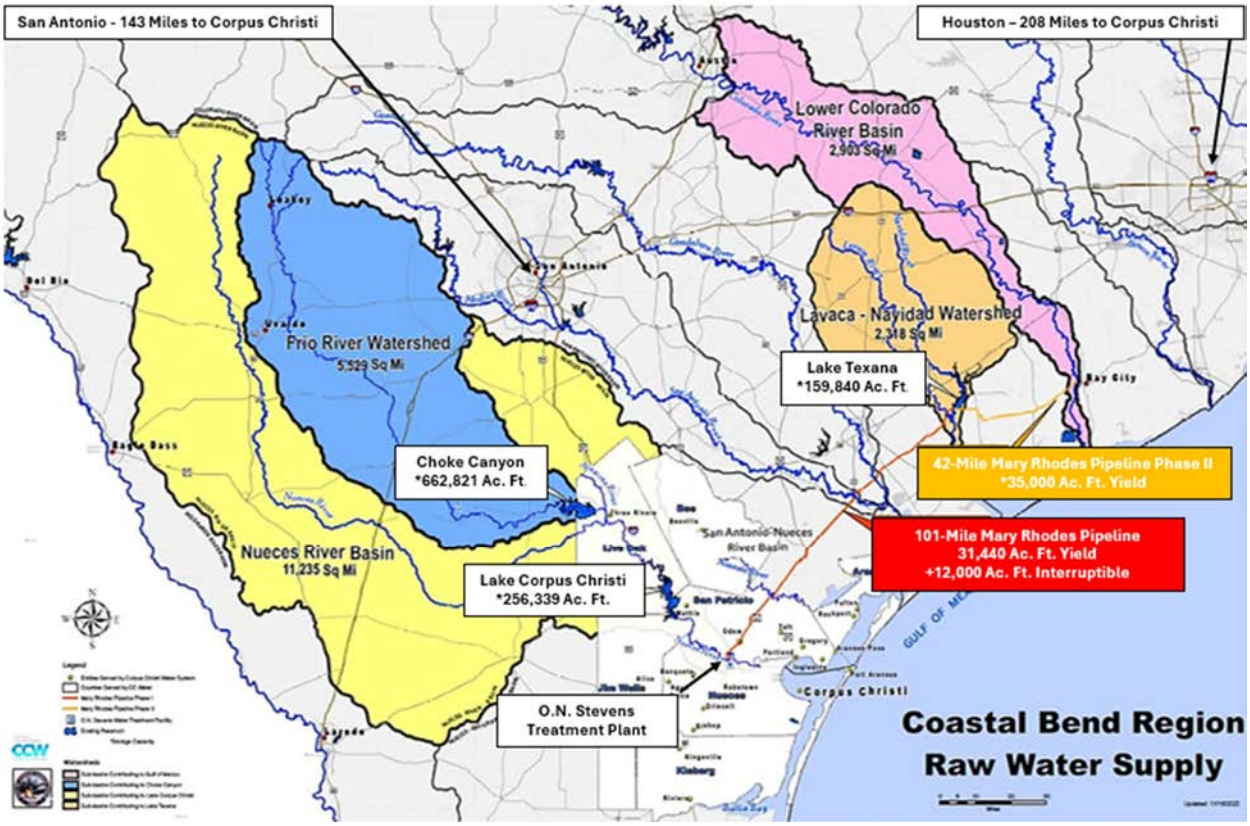
Under a contract between the City and LNRA, the City is entitled, in perpetuity, to annually take from Lake Texana 43,440 acre-feet of water, with 31,440 acre-feet available on a non-interruptible basis and 12,000 acre-feet on an interruptible basis (meaning the water is available for the calendar year when Lake Texana is at or higher than an elevation of 43 feet above MSL at the beginning of that calendar year). Historically, Lake Texana experiences rapid rises and falls in water levels. On October 30, 2026, the LNRA reported Lake Texana's level at 41.5 feet above mean sea level, meaning that the lake is currently 82.6% of capacity and is below the conservation level.

Water is delivered from Lake Texana to the Stevens Plant through a 101-mile, 64-inch reinforced steel and concrete, City-owned and operated pipeline known as the "Mary Rhodes Pipeline" that has an ultimate carrying capacity of 107,800 acre-feet per year. Design, right-of-way acquisition, and construction of the Mary Rhodes Pipeline was funded by bonds issued by the NRA, whose repayment is guaranteed and made by the City as an operation and maintenance expense of the City's Combined Utility System pursuant to a Water Transmission Facilities Contract between the City and the NRA. These bonds are currently outstanding in a principal amount of $6,520,000 and mature on July 15, 2027.

Colorado River Basin. The City owns 35,000 acre-feet per year of among the most senior water rights along the Colorado River (determined by the TWDB to be available to the City during the region's drought of record), permitting the City to pump water from the Colorado River at a maximum diversion rate of 298 acre-feet per day. Completed and operational in 2016, the City constructed the necessary infrastructure, including a new river pump station, sedimentation basin, booster pump station, six-million-gallon ground storage tank, associated improvements to the existing pump station at Lake Texana, and a 41-mile, 54-inch pipeline known as "Mary Rhodes II," to transport this water

from the Colorado River into Lake Texana for withdrawal and transport to the City through the original Mary Rhodes Pipeline. With respect to this project, the City has entered various agreements with the LNRA under which the City has acquired permanent easements and rights of ways to accommodate Mary Rhodes II and obtained access to necessary transmission facilities owned by LNRA for an initial period expiring on December 14, 2035 and an extension period, exercisable at the City's option, for an additional 50 years. The City coordinates with the Lower Colorado River Authority ("LCRA") to manage the water levels and availability in the Colorado River. The LCRA's water planning and models, as well as the TWDB's Coastal Bend Region N Water Use Model, reflect the City's Colorado River water rights.

Summary. The following map shows the regions that produce the City's surface water supply, as well as the locations of the significant transportation and treatment components of the City's Water System (Mary Rhodes Pipeline, Mary Rhodes II, and Stevens Plant).



The map to the right produced by the TWDB shows average annual rainfall across Texas for the 30-year period from 1971 to 2000, demonstrating a progression of increased precipitation moving from west to east and across the various river basins depicted in the water supply map above.

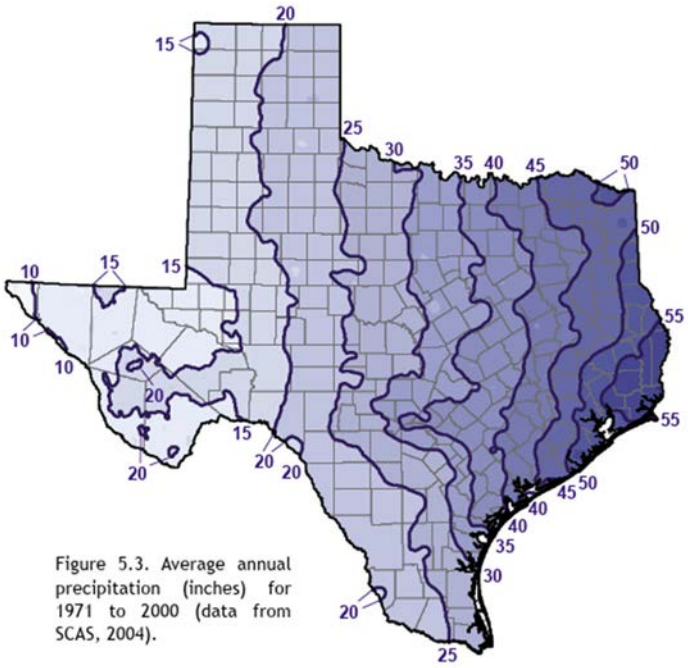


Figure 5.3. Average annual precipitation (inches) for 1971 to 2000 (data from SCAS, 2004).

The following table shows, by water supply source, the City's satisfaction of its water customer demand (excluding wholesale water) over the prior four calendar years:

Total Distribution to Customers by Year (MGD*)	**2022**	**2023**	**2024**	**2025**
CCDR/LCC Reservoir System	47.98	48.12	43.20	22.09
Lake Texana	32.72	35.19	37.26	38.48
Colorado River	9.73	7.02	8.76	27.25
Total Supply Used to Meet Demand**	90.42	90.34	89.21	87.82

*Approximate. Total figures may not add due to rounding. Figures are provided in million gallons per day ("MGD") as converted from acre-feet per year (an acre-foot of water equals 325,851 gallons and 3.069 acre-feet equals a million gallons).
**See "Customers of the City's Water System" below for a depiction, by customer category, of demand over the same reporting period.

New Water Supply. Given the City's recent challenges with its persistent droughts, it has actively worked to develop a more diversified portfolio of alternative water supply projects. The City's strategic goal is to add new supply from groundwater, wastewater reuse, seawater desalination, and additional surface water sources. Given current customer demand of 125 million gallons per day (total distribution to customers for 2026 is projected to be approximately 107.13 MGD), the City has engaged a consultant to determine the minimum MGD the City would need on a daily basis to meet its needs. Currently, the City estimates that it has access to annual, permitted contractual water supply of 497.51 MGD though 396.28 MGD of this is derived from the CCDR/LCC Reservoir System (see "SUMMARY OF WATER EXISTING AND NEW WATER SUPPLY" below).

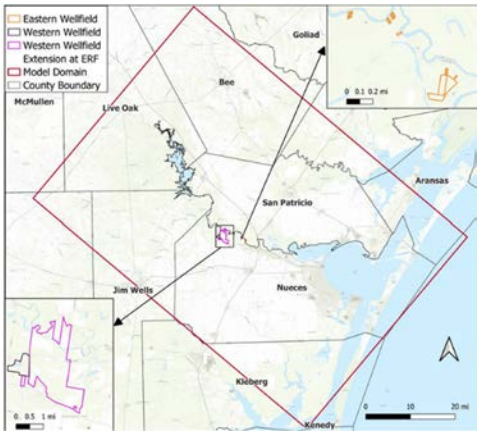
Based on current schedules, the City projects it will bring approximately 17 MGD of new water supply online during 2026, 15 MGD in 2027, and 30 MGD in 2028, for a cumulative total of 62 MGD across groundwater, wastewater reuse, and other sources. These projections are subject to change based on permitting outcomes, construction timelines, rainfall, and other factors. In particular, projected deliveries from the hereinafter-described Evangeline Aquifer project remain to be determined pending further communication from the San Patricio Groundwater Conservation District (the "SPGCD") on the hereinafter-described contested case schedule.

Large scale projects, such as new water resource projects currently being undertaken by the City invariably involve risks and external challenges that are difficult, if not impossible, to predict, anticipate, guard against, mitigate, or (in some cases) overcome. As a result, the City cannot predict or guarantee that these new water resource projects will be completed in accordance with the foregoing descriptions or that their availability will prevent declaration of a Level 1 Water Emergency in the future. These descriptions are provided to describe the City's plans and assumptions relative to these projects as of the date of this Official Statement. See "INVESTMENT CONSIDERATIONS" herein.

The principal new water supply projects currently in various stages of development include the following:

Groundwater Projects. The City is developing three groundwater programs, each of which is at a different stage of development. These programs are described in the following paragraphs.

Nueces County Groundwater Program and Brackish Water Reverse Osmosis Treatment Facility. The City's Nueces County Groundwater Program is comprised of twenty operational wells at Eastern and Western Well Fields located in northwestern Nueces County along the banks of the Nueces River. The City owns permitted rights allowing it to produce up to 36 MGD from these well fields. The City is currently producing 15 MGD from this source and is transporting raw water to the Stevens Plant for treatment via the Nueces River under a bed-and-banks permit. The City is currently constructing a pipeline from these well fields to the Stevens Plant, which is expected to become operational in January 2027 and eliminate the need to transport produced water by the river. The Eastern Well Field is on City-owned property with full land and mineral rights. The Western Well Field is on City-owned property with full land and mineral rights. The western extension of the Western Well Field is owned by ERF Real Estate, Inc., but the City has easement access and full water rights.



The salinity content of the groundwater produced from these wellfields requires limiting the amount that can be blended with other City sources at the Stevens Plant before additional treatment is required. To address this issue, the City is constructing a $45 million reverse osmosis ("Brackish Reverse Osmosis"), modular treatment facility, expected to come online in March 2027 and reaching full capacity by 2028. At full capacity, the City expects that the Nueces Groundwater Program and the Brackish Reverse Osmosis Treatment facility will produce 21 MGD.

On January 22, 2026, the TWDB approved a resolution authorizing a grant in the amount of $30 million from TWDB's general revenue fund for the Nueces County Groundwater Program.

Evangeline Aquifer Project. The City has obtained in perpetuity rights to 24 MGD from the Evangeline Aquifer, to be produced from a wellfield in San Patricio County north of the City and piped for treatment southeast to the Stevens Plant. The City is in the process of obtaining production and transportation permits from the SPGCD; however, protests to these permits were filed and contested case proceedings are now pending before an administrative law judge. The contested case hearings are set to occur from June 21, 2027 through June 25, 2027. A scheduling order has not been provided. The City is not a party to the contested case hearings and will not acquire any property rights until the SPGCD issues the production, drilling and transport permits.



Notwithstanding these protests, the City expects resolution in a manner that will permit production and delivery of water supply from this source in the relative near term. Accordingly, the City has spent approximately $140 million on design and development of the necessary infrastructure so that, upon obtaining necessary permits, the City can expeditiously begin to produce water from this source and distribute the same to its customers. Evangeline Aquifer water does not require further desalination like groundwater produced from the Nueces County wellfields described above. As of November 1, 2026, construction on the Evangeline Aquifer project site continues. Approximately 47% of pipe installation is complete, with 76,809 linear feet of pipe installed and 84,925 linear feet remaining to be installed. Work currently in progress includes construction of the pump station, road construction, site access improvements, and preparations to connect to the Mary Rhodes Pipeline. Concurrently, Evangeline Laguna LP's counsel has submitted a proposed scheduling order to the Administrative Law Judge and all parties to the contested case proceedings regarding the drilling and transport permits, and the Administrative Law Judge is expected to affirm the hearing dates within the near term. The City currently expects to complete the pipeline in December 2026; however, water will not be available until the contested case proceedings have resolved. The City anticipates water being available for transport in 2028. At capacity, the Evangeline Aquifer project is expected to produce and deliver to the Stevens Plant for treatment and further distribution 24 MGD, subject to the outcome of the contested case proceedings.

On January 22, 2026, the TWDB approved a resolution authorizing a grant in the amount of $16 million from TWDB's general revenue fund for the Evangeline Aquifer project, specifically for improvements to the Mary Rhodes pipeline.

Seven Seas Water Group. The City Council, on May 5, 2026, authorized City staff to negotiate with Seven Seas Water Group a take-or-pay water supply contract that would support development of a 5,000 acre well field in Nueces County and related reverse osmosis treatment facility. As of August 31, 2026, at the site, a test hole has been drilled to a depth of 3,500 feet to enable geophysical logging. The logging is complete, and a hydrogeologist has selected the target formation for water-quality and water-quantity testing. The drilling contractor is currently constructing a test well with a target total depth of 2,300 feet and a diameter of 4-inches.

Reclaimed Water for Industrial Reuse Project . . . The City is advancing the Reclaimed Water for Industrial Reuse Project, which is intended to increase the reliability, capacity, and efficiency of the City's non-potable reuse system and take industrial users off the potable water system. The City has utilized wastewater effluent for non-potable reuse since the 1960s and currently reuses approximately 3% of the total effluent produced by its water reclamation plants, with the remainder discharged into creeks, bays, and estuaries. The Reclaimed Water for Industrial Reuse Project is designed to substantially expand that reuse capacity. Under a contract with Ardurra Group, Inc., the City has evaluated and designed facilities to deliver between 10 and 11 MGD of reclaimed wastewater from the Oso Water Reclamation Plant ("WRP") to a new 10-million-gallon ground storage tank at the Greenwood WWTP for supply to industrial customers, significantly reducing potable water demand.

The infrastructure includes approximately 10.5 miles of 36-inch force main, pump stations, electrical systems, and other mechanical appurtenances. Key components also include a 250,000-gallon below-ground storage tank and a new vertical turbine pump station. Environmental and regulatory evaluations have confirmed that the project will have no adverse environmental impacts and that the project aligns with the TWDB's 2026 Coastal Bend Regional Water Plan (Region N).

The guaranteed maximum price for total construction, including the reclaimed water transmission main, pump station, wet well, and related infrastructure, is $107,531,622, with the final phase of the project expected to be completed in mid-2027. The City has secured committed end users for the reclaimed water supply. The City Council has approved contracts with Valero ("Valero") and Flint Hills Resources ("FHR"), which together account for approximately 11 MGD of the 17 MGD available. Valero and FHR will begin utilizing reclaimed water by the end of the calendar year. Valero plans to use 3 MGD in the initial phase of its project, expanding to up to 8 MGD in subsequent phases, while FHR anticipates starting at 1 MGD and increasing to 3 MGD in later phases. A total of 16 MGD is targeted to be utilized in an offset of potable water demand by mid-2027. The arrangement with FHR supports beneficial reuse of treated wastewater, generates new revenue for the City, and promotes industrial investment in the region. Notably, the reclaimed water provided under these agreements is not subject to drought allocation under Texas Water Code Section 11.039, which enhances supply reliability for industrial reuse because every additional MGD supplied with reclaimed water reduces the City's water demand by a corresponding amount.

Seawater Desalination. The City is pursuing multiple seawater desalination initiatives and while significant City resources have been applied toward delivery of a seawater desalination project, the City does not anticipate the near-term commencement of construction of any such project. While seawater desalination remains the City's expected solution to its long-term water needs, it has not relied on water availability from any such project when formulating its near-term water supply availability plans. For several years, the City pursued a specific seawater desalination project: the Inner Harbor Seawater Desalination Treatment Plant project. The City received three commitments for financial assistance from the TWDB totaling $760,335,000 for the Inner Harbor Seawater Desalination Treatment Plant project, and the City has issued four series of utility system revenue bonds to the TWDB pursuant to these commitments totaling $235,225,000 (the "Inner Harbor Bonds"). To date, the City has incurred expenditures of approximately $60,000,000 pertaining to the Inner Harbor Seawater Desalination Treatment Plant project. However, recent actions by the City Council over the past year indicate an unwillingness by the City Council to move forward with this specific project. During this time, the City has continued to engage in discussions with the TWDB regarding the status of the project and potential options available to the City for the unspent bond proceeds and the unissued commitments. Prior requests of the City to the TWDB that the unspent funds and the remaining commitment be redirected toward another City water supply project have been denied by the TWDB. Because the use of the unspent bond proceeds is specific to the project, TWDB approval is a necessary condition precedent to any remediating strategies relative to this debt. The City continues to remain engaged in discussions with the TWDB on options available to the City for the unspent funds and the unissued commitments. However, if the TWDB rejects the City's request to redirect the unspent funds and the project is formally terminated by the City Council, the City will continue to explore remedial actions, including the option to defease the Inner Harbor Bonds.

Other seawater desalination projects that have been discussed by the City include the Harbor Island project (Nueces River Authority), the CC Polymers (Aquatech) project, and the Barney Davis project. In October of 2025, the City Council approved a non-refundable $2,700,000 reservation fee to the Nueces River Authority to reserve up to 50 MGD of treated water per day from the contemplated Harbor Island project. The Nueces River Authority anticipates initial water delivery from the Harbor Island project by December of 2029.

Summary of Water Existing and New Water Supply. As of August 1, 2026, the City's annual, permitted contractual water supply includes the following:

Existing Water Supply Source	Acre-Feet	Percentage of Permitted Water Supply
CCDR/LCC Reservoir System	443,890* (396.28 MGD)	80%
Lake Texana	31,442** (28.07 MGD)	6%
Colorado River	35,004 (31.25 MGD)	6%
Nueces County Groundwater Field	46,956 (41.92 MGD)	8%
Total	**557,292 (497.52 MGD)**	**100%**

*Subject to availability; see "THE CITY'S COMBINED UTILITY SYSTEM – THE CITY'S WATER SYSTEM – HISTORICAL SURFACE WATER SUPPLY – WESTERN REGION" for description of impact of recent drought on availability.
**Excludes 12,000 acre feet (10.7 MGD) of interruptible supply if offered to the City by LNRA. See "THE CITY'S COMBINED UTILITY SYSTEM – THE CITY'S WATER SYSTEM – HISTORICAL SURFACE WATER SUPPLY – EASTERN REGION" for description of this water resource.

The City's new water supply sources, projected yields, dates of availability and operation at capacity, and status of development are summarized in the following table.

Water Supply Source	Projected Water Supply Yield	Projected First Date of Availability	Projected Date for Operation at Capacity	Status of City Procurement
Nueces County Groundwater Field/Brackish Reverse Osmosis	21 MGD	Q1, 2027	Q1, 2028	Funded/Under Construction
San Patricio County Groundwater Field (Evangeline Aquifer Project)	24 MGD	TBD	TBD	Funded/100% Designed/Under Construction
Water Reuse Program	17 MGD	Q4, 2026	Q4, 2028	Funded/Under Construction
Total	**62 MGD**			

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The City currently projects the following water supply sources to be available to meet its water customer demand over the next five fiscal years:

Total Distribution to Customers by Year (MGD*)	2026	2027	2028	2029	2030
CCDR/LCC Reservoir System	46.21	43.89	11.20	14.61	18.12
Lake Texana	28.07	28.07	28.07	28.07	28.07
Colorado River	31.25	31.25	31.25	31.25	31.25
Nueces County Groundwater Field**	1.61	2.14	2.14	2.14	2.14
San Patricio County Groundwater Field	0.00	0.00	24.00	24.00	24.00
Wastewater Reuse Project	0.00	5.00	17.00	17.00	17.00
Total Sources	**107.13**	**110.34**	**113.65**	**117.06**	**120.57**

*Approximate. Total figures may not add due to rounding. Figures are provided in million gallons per day as converted from acre-feet per year.
**While the City anticipates full access to the operational capacity of 21 MGD from the Brackish Reverse Osmosis treatment facility by Q1 2028, the City will prioritize the other water supply sources to meet water customer demand each year.

Water Production and Distribution. Untreated water from each of the City's current surface water supply sources is delivered to and processed at the Stevens Plant, a City-owned and operated water treatment facility currently rated at 161.5 MGD production capacity (but with a reliable treatment capacity of 120 MGD), and is projecting total distribution to customers for 2026 to be approximately 107.13 MGD. To ensure that the Stevens Plant can operate during electrical outage periods, the City has, on-line at this Stevens Plant, the ability to generate 8 megawatts of electricity. The City is currently overhauling the Stevens Plant to increase the production capacity to 200 MGD (but with a reliable treatment capacity of 165 MGD) to accommodate the new water supply projects as they come on line, as well as increase the efficiency of the Stevens Plant, the reliability and resiliency of the operation of the Stevens Plant, and the quality of the water treated. The Stevens Plant, expansion and improvement project commenced in Fiscal Year 2025 and is expected to be completed in Fiscal Year 2028 at an overall estimated cost of $500,000,000. These costs are included in the City's current Capital Improvement Plan.

The City has three ground storage reservoir pump stations and six elevated storage tanks with total distribution system storage of 38.9 million gallons. The elevated storage tanks are used to provide emergency storage and to absorb peak demand loads.

The water distribution system has approximately 1,800 miles of pipe ranging in size from 2 inches to 60 inches.

Customers of the City's Water System. *General*. The City's water customers are generally divided into five categories – large volume, wholesale (untreated water), wholesale (treated water), commercial, and residential.

Water usage by these customer classes over the past four years are provided in the following table.

	Water Usage (in MGD) by Calendar Year			
Customer Class	2022	2023	2024	2025
Large Volume	31.28	32.67	29.51	32.19
Wholesale (Raw)	29.68	28.99	30.74	30.62
Wholesale (Treated)	15.75	15.93	16.56	14.49
Commercial	15.59	16.39	15.42	14.33
Residential	16.10	15.97	14.43	13.29
Total Usage*	**108.41**	**109.96**	**106.66**	**104.93**

*Approximate. Total figures may not add due to rounding. Figures are provided in million gallons per day as converted from billions of gallons per year and are provided on a calendar year and will not tie-out with the figures in Table 1 which are reported in millions of gallons a year on a fiscal year basis.

See Table 3 entitled "Number of Water Customers" included herein under the caption "THE CITY'S COMBINED UTILITY SYSTEM OPERATIONS" for a numerical depiction of the City's customers over the prior five Fiscal Years.

Retail Customers. In addition to its residential customer base, the City provides raw and treated water supplies to meet needs of manufacturing, mining, and steam and electric water users in Nueces County. The largest retail customers of the City's treated water based on revenues for fiscal year ending September 30, 2025 are listed in Table 4 in this Official Statement (see "THE CITY'S COMBINED UTILITY SYSTEM OPERATIONS").

Wholesale Customers. The City, as the sole source provider, sells water to SPMWD and the STWA, who both further treat and/or distribute water to cities, water districts, and water supply corporations for residential, commercial, and industrial customers. Additionally, the City has contractual obligations to provide consumptive water use plus up to 10% growth each year to the City of Alice, the City of Beeville, the City of Mathis, Nueces County Water Control & Improvement District No. 4 (the City of Port Aransas), Violet Water Supply Corporation, and

STWA. The City is contracted to provide up to 3,363 acre feet per year ("ac-ft/yr") to City of Three Rivers and up to 83,800 ac-ft/yr to SPMWD (up to 46,800 ac-ft/yr of raw water and 37,000 ac-ft/yr of treated water).

THE CITY'S STORM WATER DRAINAGE SYSTEM . . . *General* . . . The City began funding storm water via the water rate in 1989. The EPA issued the first National Pollutant Discharge Elimination System ("NPDES") and Municipal Separate Storm Sewer System (MS4) permit to the City in 1995. In 2021, the City adopted a new storm water drainage fee to pay for storm water infrastructure and moved responsibility for management of the storm water system from Corpus Christi Water to the City's Public Works Department. The operations and maintenance costs, as well as the cost of financing the capital budget, of the storm water system are paid using drainage utility fees, which are budgeted using a self-sustaining enterprise fund of the City. As of September 30, 2025, the Storm Water Division of the City had 147 budgeted employees.

System Assets And Infrastructure . . . The City's storm water system serves to collect and manage stormwater and runoff generated within the City. The storm water system's physical assets consist of a network of infrastructure including: underground storm drain pipes and culverts of varying diameters; surface water inlets, catch basins, and junction boxes; open channels, drainage ditches, and improved earthen waterways; detention and retention basins; and outfall structures that discharge collected stormwater to Corpus Christi Bay and adjacent coastal waters.

Storm Water Utility Fee And Drainage Utility Charge . . . The City uses municipal drainage charges to support storm water operations. The charges are based on impervious area for each residential property, billed in three tiers. Impervious area for billing non-single-family residential properties is based on an Intensity of Development factor for the type of land use. The fee is determined based on the amount of impervious surface on each property that is developed using an Equivalent Residential Unit ("ERU"). Each ERU is equivalent to 3,280 square feet of impervious area. Residential customers will fall within a tier, and non-residential customers are individually calculated based on the property's specific impervious area. For the month of June 2026, the City sent out 104,753 bills that included municipal drainage charges. The storm water system has more customers than the City's water system or waste water system because many residents in the area use well water and septic systems, but nearly all parcels of land in the City are subject to the storm water drainage requirements and related fees.

Storm Water Capital Plan The City's FY 2027 Adopted Capital Budget includes $36.7 million for storm water capital projects, representing approximately 9% of the City's total capital program for such fiscal year. The City's ten-year Capital Improvement Plan for fiscal years 2025 through 2034 includes approximately $368.4 million of planned storm water expenditures, reflecting the City's continued commitment to addressing critical infrastructure needs, improving system integrity, adding capacity, and advancing lifecycle management of storm water assets. In fiscal year 2026, storm water capital expenditures are allocated across the following categories: Infrastructure, Pipes & Outfall ($8,350,000); Bridges, Ditches, Curb & Gutters ($2,870,000); Creek & Bay Water ($825,000); and storm water utility support for street projects ($19,344,580). Key near-term capital initiatives include:

- North Beach Drainage Improvements that will mitigate chronic localized flooding, address high water table challenges, and upgrade stormwater capacity along Beach Avenue, Gulfspray Avenue, and the Eco Park area;
- A citywide infrastructure rehabilitation and replacement program that will restore or replace structurally deteriorated, failing, or undersized drainage system components to extend asset service life and maintenance of all major channel, outfalls, and Storm Water infrastructure; and Systemwide storm water pipe inspection that will utilize closed-circuit television ("CCTV") and condition-assessment technology to map underground pipe integrity, identify blockages, and prioritize data-driven asset management.

THE CITY'S WASTEWATER SYSTEM . . . *Service Area*. The wastewater system service area is located primarily within the City limits.

Wastewater Customers. Currently, the wastewater system has approximately 95,712 customers in a 129.66 square mile area, located primarily within the City. City ordinance determines whether properties in the City are put on system. Generally, lots that are large enough to allow for septic systems are not required to connect to the City's waste water system.

Wastewater Collection System. The City's wastewater collection system consists of over 1,302 miles of wastewater mains, 20,536 wastewater manholes and 107 lift stations. The collection system consists of a network of clay, fiberglass, cast and/or ductile iron, asbestos cement, reinforced concrete, and PVC lines ranging in size from 2.0-inch diameter (for force mains) to 60-inch diameter (for trunk mains). City utilities employees assume the responsibility of operation, maintenance, repair and rehabilitation for every aspect of the wastewater collection system except for that portion on private property. On an annual basis, utilities staff, with the assistance of service contractors, responds to nearly 15,000 customer calls, installs over 200 clean-outs, repairs, replaces or rehabilitates about 80 manholes, and inspects 50 miles of mains using closed-circuit television monitoring. See "ENVIRONMENTAL REGULATIONS" for a discussion concerning regulatory action stemming from the occurrence of sanitary sewer overflows (or "SSOs").

Wastewater Treatment. The City owns and operates six wastewater treatment plants with a combined average daily flow treatment capacity of 42.7 MGD. All of the treatment plants utilize an activated sludge process. See "ENVIRONMENTAL REGULATIONS – STATUS OF DISCHARGE PERMITS FOR CITY'S WASTEWATER TREATMENT PLANTS" for discussion of each treatment plant's discharge permit.

System Improvements. In the City's 2025-2026 fiscal year, the average treated wastewater effluent at the City's six wastewater treatment plants is approximately 30 million gallons per day. The City's Water Utilities Department is currently using a Computerized Maintenance Management System ("CMMS"), as a method to maintain efficiency for maintenance and repair efforts of the work force. All data is collected in this Maximo/GIS work management system to assist in addressing Capacity, Management, Operations, and Maintenance ("CMOM").

Other major projects, which the City will commence and/or complete in the near future that will benefit the environment and improve service to ratepayers include:

- Citywide Lift Station Repair
- Citywide Wastewater Indefinite Delivery/Indefinite Quantity (ID/IQ) Program
- Wastewater Treatment Plants & Lift Station SCADA Improvements
- Williams Lift Station Upgrades and Force Main Replacement
- Waldron Lift Station Force Main Replacement
- Greenwood WWTP Flood Mitigation & Backup Generators
- Greenwood WWTP Process Upgrades (DAF & Odor Control)
- Hewitt / Santa Fe Wastewater Line Upsizing to Oso WRP
- Oso WRP Process Upgrade and BPC Facility Decommissioning
- Whitecap, Odor Control, Process & Bulkhead Improvements

U.S. DOJ Consent Decree . . . The City has entered into a consent decree with the United States Department of Justice concerning the occurrence and reduction of sanitary system overflows (see "ENVIRONMENTAL REGULATIONS" herein). The City, five years into this 15-year decree, has largely completed necessary maintenance and operations expenditures thereunder with lower than assumed rate support impact, due primarily to the performance of the required work with in-house resources. To comply with the consent decree the City implemented a capital asset monitoring, maintenance and replacement program to ensure the City meets its permitted requirements. Necessary capital improvements to the wastewater system have been performed, with additional capital improvements included in the City's 10-year Capital Improvement Plan hereafter described (see "THE CITY'S COMBINED UTILITY SYSTEM – CAPITAL IMPROVEMENT PLAN" herein).

THE CITY'S GAS SYSTEM . . . *Service Area*. The City's gas system provides retail natural gas distribution service within the City and certain areas outside the City limits. On September 30, 2025, the City purchased the Rockport-area gas distribution system from the City of Rockport extending the system's service area into Aransas County. The Rockport system includes gas service areas within and surrounding the City of Rockport and the towns of Fulton and Lamar. The acquisition increased the gas system's territory from about 180 to 220 square miles. Recent growth within the legacy system has been concentrated in the northwest and south portions of the City and on Padre Island.

Gas Customers . . . As of July 2026, the combined gas system was serving approximately 64,000 active customer meters, of which 96% are residential and 4% commercial and industrial. Customers are billed monthly under applicable rate schedules, generally through a service component and a purchased-gas adjustment component determined by the City and Rockport gas system rate structure and supply arrangements. The Rockport gas system rate structure previously adopted through an ordinance by the City of Rockport remains in place while the City of Rockport continues billing customers for the City until October 1, 2027. This temporary billing arrangement was an interlocal agreement established in the definitive closing documents to help smooth the transition of billing and payment responsibilities for City staff and the Rockport system customers.

Gas Supply . . . The legacy gas system in Nueces County currently receives 100% of its supply from Kinder Morgan, and the Rockport System receives 100% of its supply from Targa. Kinder Morgan delivers about 85% of its supply to the legacy system through two principal gate stations in the Corpus Christi System; the remainder flows through two points to serve the Annaville/Calallen Distribution System, and a smaller remote system on Hwy 44 for seasonal agricultural use. Targa supplies the Rockport System through three city gates in Lamar, Fulton, and Rockport. Total gas load requirements vary from about 8 million cubic feet per day ("MMCFD") in summer to about 20 MMCFD in the winter with peaks near 40 MMCFD during sustained colder winter periods. The terms in the prior supply agreement with Kinder Morgan provided that Kinder Morgan was obligated to pay a daily reservation fee of $1,650 for 60 MMCFD of maximum daily quantity and a cost of gas rate based on the Houston Ship Channel daily midpoint price index plus $0.41 per MMBtu for actual daily volumes delivered. The existing four-year natural gas purchase contract became effective in 2022 and included a three-month extension through October 2026. The City Council approved a new three-year natural gas supply agreement with Kinder Morgan on October 20, 2026. The new agreement started on November 1, 2026 and includes daily and Federal Energy Regulatory Commission first-of-the-month Houston Ship Channel nomination options with 45,000 MMBtu per day of firm capacity reservation which exceeds the Maximum Historical System Demand of 40,000 MMBtu/Day.

In order to ensure the rates charged to customers are sufficient to pay certain fluctuating costs associated with the delivery of natural gas, the City's gas rates and charges include a purchased gas adjustment (the "PGA") charged to customers for the amount of gas they use that varies each month based on the City's current cost to buy natural gas. The PGA includes adjustments for transmission-related operating costs, debt service, fixed rate/volume gas resale losses, as well as gas processing and storage.

Gas Distribution . . . The gas system consists of about 1,760 miles of gas pipeline, 1,225 being steel mains of various sizes up to 16 inches, all under cathodic protection, and about 535 miles of polyethylene or other plastic mains. The City's Utilities Department normally installs 10 to 15 miles of new or replacement main each year. The majority of new and replacement projects are designed and constructed using in-house City resources, helping to control costs. There are 89 pressure regulating stations that maintain gas supply and pressure to 34 separate low-pressure districts.

System Improvements and other business ventures . . . The gas department has streamlined its operations and increased its revenue potential through new business ventures and system expansion activities. The City's gas system has grown significantly in 2026, moving from the 15th to the 13th largest publicly owned gas system in the nation and 2nd largest in the State of Texas. At the same time, the City gas system has maintained low customer rates and what it believes to be an excellent record of customer service and regulatory compliance. As of 2026, the cost-of-service gas rate for the City's residential customers is the lowest rates in the State of Texas based on the Texas Railroad Commissions

6 MCF rate comparison report of the 20 largest gas systems in Texas. Multiple new business opportunities and programs are currently being pursued to further increase the department's growth potential.

In 2016, the gas department completed the construction of a larger compressed natural gas ("CNG") station to provide better service to its CNG customers. As of FY2026 with the addition of the Rockport CNG station, the gas department operates two CNG stations delivering around 20,000 GGE per month (gas gallon equivalent) to City-owned vehicles and privately owned vehicles. The gas department is also expanding on its CNG program by generating additional revenue through renewable energy credits.

In 2023, the gas department completed over 1 mile of pipeline and construction of a new City Gate on North Padre Island to assist the City of Port Aransas and Mustang Island oil and gas producers with gas supply security. Other than natural gas produced on Mustang Island, the City's natural gas system is the only source of natural gas supply for Port Aransas. Excess gas from the Mustang Island producers is supplied to the City's gas department at a discount below market prices and when the producers are offline the gas department provides the City of Port Aransas with retail gas supply. The gas department has provided back-up supply to the City of Port Aransas for 30% of the days since 2023.

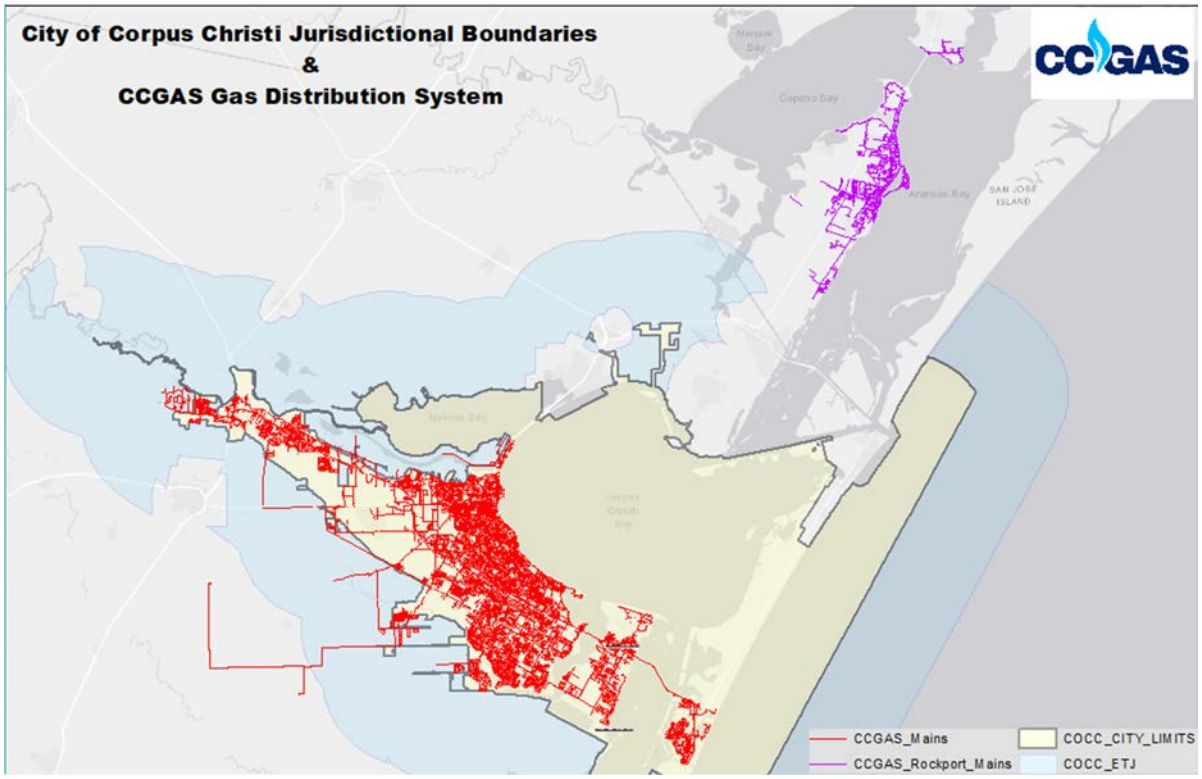
In 2024, the gas department received a $4,200,000 grant from the Pipeline and Hazardous Materials Safety Administration ("PHMSA") for the replacement of over seven miles of pipeline in its legacy system. In 2026 the gas department submitted PHMSA replacement grant proposals for two replacement projects on the Rockport Gas System and one on the City system totaling approximately $30,000,000.

On September 29, 2025, the City acquired the gas distribution system of the City of Rockport (the "Rockport Gas System") for a purchase price of $5,500,000. The Rockport Gas System serves over 4,600 gas customers through approximately 190 miles of gas pipeline, with a service territory encompassing the City of Rockport, unincorporated areas of Aransas County, and the towns of Fulton and Lamar. Total annual gross revenues of the Rockport Gas System are estimated at approximately $3,200,000, with an estimated annual growth rate of approximately 2%.

The acquisition followed a competitive bid process. On May 6, 2023, the City of Rockport submitted the question of the sale of its gas system to the voters in a special election, and the voters approved the sale by a margin of approximately 60% in favor. In October 2024, the City received an invitation from RBC Capital to participate as a qualified gas system operator in the competitive bid process for the sale of the Rockport Gas System. The City identified an opportunity to expand its gas system and recognized a public service obligation to provide reliable gas service to a neighboring community that had experienced difficulty in operating its gas utility. Following a five-month due diligence period, the City provided notice to City Council during an executive session of its intent to submit a non-binding letter of intent to the City of Rockport, which was submitted on March 28, 2025. The City of Rockport received five qualified bids and selected the City as the preferred buyer, notwithstanding that the City's bid was the second-lowest bid submitted. A resolution authorizing the purchase of the Rockport Gas System was unanimously approved by City Council on July 29, 2025. Upon closing, the City assumed 100% of system operations. To facilitate an orderly transition and minimize customer disruption, the City of Rockport continued to handle customer billing for the first two years following closing pursuant to a mutual agreement, in exchange for a fee equal to 4% of gross receipts. A 20-year franchise agreement with the City of Rockport was approved by City Council on September 9, 2025, which includes a franchise fee equal to 10% of Rockport inside-City-limits meter fees payable to the City of Rockport.

In 2025 and 2026, the gas department completed two interconnect gathering line projects that include installing over 30 miles of 8" high-density polyethylene pipe from 2 other landfills to the City's renewable natural gas processing plant at the City's Cefe Valenzuela landfill. This project reduces CO2 emissions by transporting previously flared landfill gas to the City's renewables plant, and will provide additional revenue to the City through additional renewable natural gas royalties and long-term transport fee revenue.

In 2026, the gas department completed a major milestone towards its goal of developing an underground natural gas storage facility by acquiring 3,022 acres of property strategically located approximately five miles east-southeast of Aqua Dulce in an area known as the Aqua Dulce Gas Hub, which is the most active gas hub in South Texas with an average throughput of over 7 billion cubic feet per day of natural gas from Permian Basin and Eagle Ford shale transmission lines. The acquisition secures pore space rights for a reservoir with a potential storage capacity exceeding 40 billion cubic feet (BCF). The estimated total cost of the project is approximately $100 million, pending the FY2027 Capital Improvement Plan update. Of this amount, approximately $50 million is attributable to pre-development costs, of which approximately $30 million has been expended on studies and land acquisition as of September 2026; approximately $20 million is projected for FY2027 for property and mineral rights and additional engineering costs necessary to complete pre-development activities required for permitting the facility; and a possible additional $22 million is anticipated for initial well drilling if necessary. The reservoir was selected after completing a two-year countywide reservoir analysis and selection study with Nitec LLC. On July 17, 2024, the City entered into a collaborative agreement with ARM Energy to jointly pursue the commercialization of the future storage facility under a final definitive agreement in the form of a future lease agreement or joint venture. Under the basic structure of the contemplated arrangement, ARM Energy would fund, build, own, and operate the facility and provide all additional capital required to expand the facility to commercial scale. In exchange for the City's investment and work product, the definitive agreement is expected to provide a proportionate return on investment to the City through annual payments and reserved firm storage service capacity. The commercial market value, location, size, and quality of the reservoir is expected to be a leverageable asset for the gas department, providing new business revenue as well as increased gas supply and price security to City customers. The estimated operational date of the facility is the second quarter of 2029. The City makes no representation as to the final cost, timeline, or terms of the ARM Energy arrangement.



AUTHORIZED EXPANSION OF THE CITY'S COMBINED UTILITY SYSTEM . . . The City has reserved the right to add to its Combined Utility System the following: solid waste disposal system, additional utility (including electricity), telecommunications, technology, and any other similar enterprise services, and all replacements, additions, and improvements to any of the foregoing, within or without the City limits.

CAPITAL IMPROVEMENT PROGRAM . . . The City's Office of Management and Budget prepares a "Capital Budget" annually which serves as an annual financial and planning tool, matching capital projects with available funding sources. The Capital Budget must be reviewed and recommended by the City's Planning Commission to the City Council for approval. The Capital Budget is an estimate of capital expenditures and may be amended by the City Council to address critical needs which may emerge during the year. Upon approval of the Capital Budget by the City Council, the sources of funds identified in the Capital Budget pertaining to its fiscal year are appropriated for the corresponding expenditures. The Capital Budget for the City's Fiscal Year ending September 30, 2027 was approved by City Council on September 8, 2026 (the "FYE 2027 Capital Budget").

The sources of funds and projects approved in the City's Capital Budget represent year one of the City's "Capital Improvement Program," which covers a ten-year period. Years two and three of the Capital Improvement Program, the "short-range" of the overall Capital Improvement Program, represent a refinement of priorities and identification of projects for future funding in the short-term. Years four and later of the Capital Improvement Program, the "long-range" of the overall Capital Improvement Program, identifies and prioritizes future capital needs to guide long-term planning. The Capital Improvement Program is reviewed and revised annually as part of the creation and approval of the Capital Budget.

The total annual projected capital improvement expenditures by component of the Combined Utility System as reflected in the FYE 2027 Capital Budget, specifically projects approved for the City's Fiscal Year ending September 30, 2027 and projects identified in the "short-range" over the Capital Improvement Program, are as follows:

	2027	2028	2029	2030	2031	Total
Water	$ 161,662,178	$ 200,269,692	$ 234,868,000	$ 196,842,000	$ 280,076,000	$ 1,073,717,870
Wastewater	118,641,915	143,089,181	99,523,150	143,994,400	154,468,500	659,717,146
Storm Water	36,748,246	16,548,200	7,750,000	31,633,000	59,333,000	152,012,446
Gas	93,241,906	73,204,975	35,605,290	26,350,000	26,350,000	254,752,171
Total Annual Requirements	**$410,294,245**	**$433,112,048**	**$377,746,440**	**$398,819,400**	**$520,227,500**	**$2,140,199,633**

The projected funding sources for the total annual projected capital improvement expenditures in the chart above are as follows:

	2027	2028	2029	2030	2031
Water Revenues	$ 10,750,000	$ 10,060,000	$ 8,000,000	$ 10,000,000	$ 10,000,000
Water Debt Proceeds	150,912,178	190,209,692	226,868,000	186,842,000	270,076,000
Wastewater Revenues	9,700,000	9,700,000	9,700,000	10,000,000	10,000,000
Wastewater Debt Proceeds	108,941,915	119,551,290	89,823,150	133,994,400	144,468,500
Wastewater Grants/Other	-	13,837,891	-	-	-
Stormwater Debt Proceeds	30,129,248	16,548,200	7,750,000	31,633,000	59,333,000
Stormwater Grants/Other	6,618,998	-	-	-	-
Gas Debt Proceeds	90,149,738	56,212,009	32,402,800	26,350,000	26,350,000
Gas Grants/Other	3,092,168	16,992,966	3,202,490	-	-
Total Sources	**$ 410,294,245**	**$ 433,112,048**	**$ 377,746,440**	**$ 398,819,400**	**$ 520,227,500**

The following table sets forth the projected Net Revenue of the City's System available for debt service and the projected debt service coverage ratio for the following fiscal years (see "REVENUES AND EXPENSES OF THE CITY'S COMBINED UTILITY SYSTEM; NET REVENUES AVAILABLE FOR DEBT SERVICE; COVERAGE RATIOS – PROJECTED NET REVENUES AVAILABLE FOR DEBT SERVICE AND DEBT SERVICE COVERAGE"):

	2026	2027	2028	2029	2030
Net Revenue Available for Debt Service	$135.5M	$151.8M	$173.2M	$201.8M	$225.6M
Debt Service Coverage	1.37x	1.17x	1.28x	1.24x	1.21x

The foregoing projections are based on a number of assumptions and estimates. The debt service coverage ratio for the City's Fiscal Year ending September 30, 2027 assumes the issuance of the Bonds and $150,000,000 in Additional Senior Lien Obligations issued during the Fiscal Year ending September 30, 2027. The projected debt service coverage ratios for the City's Fiscal Years ending September 30, 2028 through 2030 identified in the table above do not assume the issuance of Additional Senior Lien Obligations during those Fiscal Years, nor do they take into account any potential future increases in rates (as described below). The City has not yet budgeted projections for its Fiscal Year ending September 30, 2031.

The City's recent practice of approving and funding projects identified in the Capital Improvement Program has been to identify and approve the project and utilize lawfully-available funds to commence the project, then utilize utility system revenue bond proceeds to reimburse the City for the previously expended funds. Of the anticipated $200,000,000* in new money Bond proceeds to be deposited into the Project Construction Fund on the Delivery Date, approximately $119,500,000* is allocated to reimbursement for prior capital expenditures to improve the water system and approximately $80,500,000* is allocated to reimbursement for prior capital expenditures to improve the wastewater system. The water system allocation will reimburse the City for expenditures made from cash on hand in connection with the 2023 through 2025 water capital improvement program. The wastewater system allocation will reimburse the City for expenditures made from cash on hand in connection with the 2023 through 2025 wastewater capital improvement program.

On July 28, 2026, the City Council approved water and wastewater rate increases, effective January 1, 2027. The water rate increases averaged 5% for the four customer classes and it is anticipated that water rates will increase between 5-16% per year over the next five years to support annual operations and the Capital Improvement Program, which includes new water supply projects. The wastewater rate increases averaged 2% across the customer classes and it is anticipated that the wastewater rates will increase by an average of 3% per year over the next five-years to support annual operations and the Capital Improvement Program, which will also address the consent decree requirements (see "ENVIRONMENTAL REGULATIONS – *Consent Decree in United States of America and State of Texas v. City of Corpus Christi*" herein). The City will continue to utilize the PGA to raise gas rates to a level sufficient to raise revenues to support the gas system's annual operations and Capital Improvement Program. Currently, the City's storm water utility fee and drainage utility charge supports the storm water system's annual operations. The City is considering hiring a consultant to review the fees and charges of the storm water system and to determine whether increases to the fees and charges may be required to support the storm water system's Capital Improvement Program.

*Preliminary, subject to change.

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THE CITY'S COMBINED UTILITY SYSTEM OPERATIONS

SOURCE OF INFORMATION . . . The following statistical section is primarily derived from the City's Supplemental Continuing Disclosure for the year ended September 30, 2025, and dated March 31, 2026. Certain interim financial reports are made available periodically by the City to the general public and are accessible at http://www.cctexas.com.

Certain historical financial information presented in this Official Statement in table format was derived from the City's annual audited financial reports, though the presentation format itself was not separately audited.

The operating results of the City's Combined Utility System reflect the results of past operations and are not necessarily indicative of results of operations for any future period. Future operations will be affected by changes in rates, operating costs, water, wastewater and natural gas, and other industry regulation, environmental regulation, economic growth of the community, population, weather, and other matters the nature and effect of which cannot at present be determined (see "FORWARD-LOOKING STATEMENTS" herein).

WATER SYSTEM STATISTICS:

TABLE 1 – WATER SALES (IN MILLION GALLONS)

The following table sets forth the volume of treated and untreated water sold by the City through its Combined Utility System to various types of customers in each of the City's five most recent fiscal years:

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
TREATED WATER					
Inside City:					
Residential[1]	4,933	5,398	5,665	6,064	5,837
Commercial[2]	3,912	4,156	4,119	4,171	4,686
Industrial[3]	699	689	617	515	626
Other[4]	724	878	912	850	701
Subtotal	10,268	11,121	11,313	11,600	11,850
Outside City Retail:					
Residential[1]	25	70	79	61	59
Commercial[2]	703	721	1,159	760	47
Industrial[3]	9,617	8,786	10,117	9,046	8,665
Other[4]	4	7	10	3	7
Subtotal	10,349	9,584	11,365	9,870	8,778
Outside City Wholesale	5,442	6,102	5,727	4,985 [5]	1,347
Total Treated Water	26,059	26,807	28,405	26,455	21,975
UNTREATED WATER	12,693	12,174	11,783	12,610	12,157
TOTAL	38,752	38,981	40,188	39,065	34,132

(1) Includes one and two family residences.
(2) Includes multi-family (over two family) residential.
(3) Includes large volume customers.
(4) Includes hospitals, schools, churches, municipal and other governmental uses.
(5) Increase attributable to, in part, a new wholesale customer of the City: Gulf Coast Growth Ventures.

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TABLE 2 – WATER SALES (IN DOLLARS)

The following table sets forth the total revenues from sales of treated and untreated water made to various types of customers through the City's Combined Utility System in each of the City's five most recent fiscal years:

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
TREATED WATER					
Inside City:					
Residential[(1)]	$ 36,663,056	$ 37,396,898	$ 39,953,229	$ 43,002,390	$ 45,805,510
Commercial[(2)]	25,961,939	29,879,194	28,760,663	30,710,930	34,395,935
Industrial[(3)]	3,275,043	2,979,856	2,699,847	2,564,504	3,823,199
Other[(4)]	3,473,369	4,342,154	4,021,438	4,154,541	4,590,514
Subtotal	$ 69,373,407	$ 74,598,102	$ 75,435,177	$ 80,432,365	$ 88,615,158
Outside City Retail:					
Residential[(1)]	$ 480,802	$ 524,706	$ 485,227	$ 436,373	$ 322,684
Commercial[(2)]	4,253,604	4,835,181	5,491,528	3,111,523	2,114,316
Industrial[(3)]	47,177,227	37,395,369	32,590,050	30,226,266	30,598,265
Other[(4)]	38,246	55,294	62,927	52,012	42,902
Subtotal	$ 51,949,879	$ 42,810,550	$ 38,629,732	$ 33,826,174	$ 33,078,167
Outside City Wholesale	16,956,352	16,312,551	13,172,784	11,362,506	4,106,095
Total Treated Water	$ 138,279,638	$133,721,202	$ 127,237,693	$ 125,621,045	$ 125,799,420
UNTREATED WATER[(5)]	14,048,654	12,509,370	11,798,591	13,035,482	13,520,228
TOTAL	$ 152,328,292	$146,230,572	$ 139,036,284	$ 138,656,527	$ 139,319,648

(1) Includes one and two family residences.
(2) Includes multi-family (over two family) residential.
(3) Includes large volume customers. Increases in revenues beginning with the City's Fiscal Year ending September 30, 2023 is attributable to, in part, rate increases predicted on a "cost of service model" that took effect January 1, 2022.
(4) Includes hospitals, schools, churches, municipal and other governmental use.
(5) Prepared from City's Combined Utility System records on a cash basis and therefore will not agree with the financial statements in APPENDIX B, which is prepared on an accrual basis. During the transition to a new billing software, some accounts were reclassified. Water sales do not include miscellaneous charges.

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TABLE 3 – NUMBER OF WATER CUSTOMERS

The following table sets forth the number of the Combined Utility System water customers of each type for treated and untreated water as of the end of its five most recent fiscal years:

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
TREATED WATER					
Inside City:					
Residential[(1)]	90,452	89,767	89,315	88,187	87,776
Commercial[(2)]	7,687	7,729	7,779	7,794	7,758
Industrial[(3)]	4	4	4	5	7
Other[(4)]	986	997	962	957	945
Subtotal	99,129	98,497	98,060	96,943	96,486
Outside City Retail:					
Residential[(1)]	602	571	528	498	455
Commercial[(2)]	141	140	140	133	135
Industrial[(3)]	14	14	14	14	17
Other[(4)]	13	11	11	13	14
Subtotal	770	736	693	658	621
Outside City Wholesale	5	5	5	5	5
Total Treated Water	99,904	99,238	98,758	97,606	97,112
UNTREATED WATER	7	8	8	8	8
TOTAL	99,911	99,246	98,766	97,614	97,120

(1) Includes one and two family residences.
(2) Includes multi-family (over two family) residential.
(3) Includes large volume customers.
(4) Includes hospitals, schools, churches, municipal and other governmental uses. In some cases, individual governmental entities may have multiple accounts due to multiple facilities.

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TABLE 4 – LARGEST WATER CUSTOMERS (BASED ON REVENUES)

The following table sets forth the largest retail and wholesale purchasers of treated and untreated water from the City's Combined Utility System as of the end of its four most recent fiscal years:

	Fiscal Year Ended September 30,			
	2025	2024	2023	2022
Retail Treated Water				
Valero Refining Company[(1)]	$ 16,136,250	$ 11,542,349	$ 11,105,135	$ 12,076,727
Lyondell (formerly Equistar; Formerly Oxy)[(1)]	9,966,533	8,090,082	5,717,408	6,352,261
Citgo Refining-East Plant[(1)]	6,533,052	5,618,200	4,344,390	3,948,531
Flint Hills Resources Refining-West Plant (formerly Koch)[(1)]	7,248,496	6,028,202	6,517,299	2,864,031
Calpine	2,765,760	2,512,083	2,039,996	2,282,793
Javelina Company[(1)]	1,057,519	1,419,292	1,411,507	1,558,742
Flint Hills Resources Refining-East Plant (formerly Koch)[(1)]	1,727,487	1,568,764	1,516,953	1,528,293
Citgo Refining-West Plant[(1)]	2,078,941	1,802,902	1,510,374	1,649,090
Coastal Bend Y-Grade Logistic LP/Epic Crude[(1)(3)]	2,425,836	2,189,500	3,279,148	1,226,430
Air Liquide	1,601,778	1,468,540	1,317,199	1,043,973
Total	$ 51,541,652	$ 42,239,914	$ 38,759,409	$ 34,530,871
Wholesale Treated Water				
South Texas Water Authority	$ 1,734,079	$ 1,506,555	$ 1,306,752	$ 1,331,844
Port Aransas	1,037,588	1,341,980	1,295,404	1,425,187
San Patricio Municipal Water District	13,921,692	13,185,336	10,318,203	8,374,935
Violet Water Supply[(1)]	262,993	278,680	252,425	230,541
Total	$ 16,956,352	$ 16,312,551	$ 13,172,784	$ 11,362,507
Wholesale Untreated Water				
San Patricio Municipal Water District	$ 9,807,377	$ 8,767,851	$ 8,125,463	$ 8,416,008
Alice Water Authority	1,436,062	1,085,800	1,144,200	1,714,481
Beeville Water Supply District	893,523	851,535	780,090	947,878
Mathis	226,022	249,890	217,420	224,962
Total	$ 12,362,984	$ 10,955,076	$ 10,267,173	$ 11,303,329
Industrial Untreated Water				
Flint Hills Resources Refining (formerly Koch)	$ 839,111	$ 838,965	$ 901,131	$ 1,100,608
Various Industrial Customers[(1)(2)]	846,560	715,329	630,287	631,545
TOTAL	$ 1,685,671	$ 1,554,294	$ 1,531,418	$ 1,732,153

(1) Indicates that the revenue is made up of multiple accounts for this customer.
(2) Celanese and Lake Water accounts.
(3) The new name of Epic Plant is Coastal Bend Y-Grade Logistic.

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TABLE 5 – WATER SYSTEM STATISTICS

The following table sets forth selected statistics relevant to the capacity and operations of the Water Supply System in each of its most recent five fiscal years:

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Rainfall (inches)[1]	17	26	25	28	43
Water Supply:					
System Safe Yield in acre feet[2]	173,125	173,125	173,125	173,125	173,125
System Demand in Acre Feet	90,379	96,735	99,668	129,008	112,901
Water Production:					
Rated Capacity in MGD per day	162	162	162	161	162
Maximum Daily Demand in MGD per day	113	113	120	117	112
Water Distribution:					
Unaccounted for Percentage (%)	9.30%	7.40%	6.90%	5.40%	8.20%
Per Capita Consumption in gallons per day[3]	60	61	63	65	62

(1) Rainfall measured at Corpus Christi International Airport as of September 30. The measurement does not reflect rainfall elsewhere in the Nueces River Basin Watershed.

(2) For water supply planning purposes, the TWDB defines the "safe yield" as an identified annual volume of water held in reserve to account for droughts worse than the drought of record. The "firm yield" is the maximum water volume a reservoir can provide each year under a repeat of the drought of record using anticipated sedimentation rates and usage by the water right holder. Safe and firm yield calculations are updated using data from historic drought of records. The "safe yield" is a regional planning tool used in the Coastal Bend Regional Water Planning Area – Region N water plan (the "Regional Plan"). The Regional Plan dated October 2020 reflected a safe yield of 178,000 acre-feet per year from the City's CCDR/LCC Reservoir System, Lake Texana, and Mary Rhodes Pipeline, with 75,000 acre-feet being attributable to the CCDR/LCC Reservoir System. The Regional Plan dated October 2025 reflects a safe yield of 170,000 acre-feet per year from the City's CCDR/LCC Reservoir System, Lake Texana, and Mary Rhodes Pipeline, with 75,000 acre-feet being attributable to the CCDR/LCC Reservoir System. The City's efforts to obtain additional sources of water supply is aimed at ensuring that the City's water supply is resilient and reliable even through drought of record conditions. The safe yield does not reflect available water supply and does not indicate a limit on the City's rights to water from the CCDR/LCC Reservoir System, Lake Texana, and Mary Rhodes Pipeline. See "THE CITY'S COMBINED UTILITY SYSTEM – THE CITY'S WATER SYSTEM – Western Region."

(3) This represents treated water uses minus industrial uses and wholesale treated water sales.

WASTEWATER SYSTEM STATISTICS:

TABLE 6 – TEN LARGEST WASTEWATER CUSTOMERS

The following table sets forth the largest wastewater system customers from the City's Combined Utility System as of the end of its two most recent fiscal years:

	Fiscal Year Ended September 30,	
	2025	2024
STX Beef Company (formerly Sam Kane Beef Processing)[1]	$ 1,557,699	$ 1,424,251
Corpus Christi Housing Authority[1]	1,401,835	1,069,070
Spohn/Christus Hospital[1]	593,656	454,729
Enterprise Products[1]	346,243	417,614
Nueces County Court House[1]	591,742	542,800
Texas Throne	-	417,812
Corpus Christi Independent School District[1]	475,859	447,987
Texas A&M University[1]	443,205	385,066
Yes Companies Exp2 Fred[1]	378,883	-
H.E. Butt Grocery[1]	-	289,474
CPS Energy	355,306	-
Quick Quack Car Wash	491,250	341,102
Total	$ 6,635,678	$ 5,789,905

(1) Indicates that the revenue is made up of multiple accounts for this customer.

TABLE 7 – NUMBER OF WASTEWATER CUSTOMERS

The following table sets forth the number of Combined Utility System residential and commercial wastewater customers as of the end of its five most recent fiscal years:

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Inside City:					
Inside City:					
Residential	87,763	87,294	86,742	85,662	85,315
Commercial[(1)]	7,343	7,376	7,381	7,250	7,207
Outside City:					
Residential	14	17	18	20	23
Commercial[(1)]	25	25	27	26	26
TOTAL	95,145	94,712	94,168	92,958	92,571

(1) Includes multi-family (over two families) residential, commercial, industrial, and public agencies.

TABLE 8 – WASTEWATER TREATED (MILLIONS OF GALLONS)

The following table sets forth the amount of wastewater that was treated at each of the City's Wastewater Facilities as of the end of its five most recent fiscal years.

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Plant:					
Broadway	1,406	1,491	1,323	1,303	1,579
Oso	4,846	5,045	4,823	4,518	4,864
Greenwood	1,692	1,900	1,859	2,034	2,037
Allison	1,323	1,353	1,180	1,152	1,179
Laguna Madre	691	791	767	739	831
Whitecap	459	497	486	460	503
TOTAL	10,417	11,077	10,438	10,206	10,993
Daily Average (MGD)	28.5	30.3	28.6	28.0	30.1

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GAS SYSTEM STATISTICS

TABLE 9 – GAS PURCHASES AND SALES

The following table sets forth the most recent annual gas purchases and sales from the City's Combined Utility System:

	Fiscal Year Ended September 30,			
	2025	2024	2023	2022
Average Day (MCF)	8,343	8,766	9,182	9,696
Maximum Day (MCF)	33,134	33,722	36,765	25,121
Purchases (MCF)	3,045,264	3,199,543	3,351,600	3,539,153
Sales (MCF)	3,063,479	3,140,540	3,299,150	3,437,548
Loss and Unaccounted for Gas	-0.60%	1.84%	1.56%	2.87%

TABLE 10 – GAS CONNECTIONS

The following table sets forth the number of gas customers for the City's Combined Utility System as of the end of its four most recent fiscal years. These figures do not take into account the City's purchase of the Rockport-area gas distribution system from the City of Rockport on September 30, 2025 (see "THE CITY'S COMBINED UTILITY SYSTEM – THE CITY'S GAS SYSTEM" herein).

	Fiscal Year Ended September 30,			
	2025	2024	2023	2022
Residential	60,296	55,163	54,933	53,999
Commercial	3,085	1,983	2,403	2,406
Hospitals, School and Churches	298	300	314	316
Industrial Customers[(1)]	3	3	3	3
City Use Accounts	73	70	70	66
Total Active Customers	63,755	57,519	57,723	56,790

(1) Large Volume accounts were included.

TABLE 11 – TEN LARGEST GAS CUSTOMERS

The following table sets forth the largest gas customers for the City's Combined Utility System as of the end of its four most recent fiscal years:

	Fiscal Year Ended September 30,			
	2025	2024	2023	2022
Spohn Hospitals[(1)]	$ 1,023,715	$ 1,039,625	$ 1,431,840	$ 1,826,570
STX Beef Company (formerly Sam Kane Beef Processing)[(2)]	1,431,840	1,543,635	1,652,347	1,817,067
Epic Crude Terminal Company	537,262	444,199	602,930	1,050,848
Utility Processing Se 17 Ng 2	872,712	757,795	897,220	1,021,751
CC Regional Transportation Authority[(1)]	793,374	763,895	798,486	955,796
Nustar Logistics, L.P.[(1)]	-	-	665,601	815,796
Driscoll Children's Hospital[(1)]	534,743	520,371	609,892	712,366
H.E. Butt Grocery[(1)]	654,024	611,459	640,639	706,300
Corpus Christi Independent School District[(1)]	645,506	543,035	642,097	661,443
Del Mar College	395,468	-	-	-
Texas A&M University[(1)]	539,431	531,786	570,816	657,134
Total	$ 7,428,075	$ 6,755,800	$ 8,511,868	$ 10,225,071

(1) Account with multiple locations, total revenues were combined.
(2) Formerly Sam Kane Beef Processing.

THE CITY'S COMBINED UTILITY SYSTEM RATES

RATEMAKING . . . The City Council of the City has the power to establish and increase rates for service provided by the Combined Utility System, subject to some contractual limitations and subject to the limited regulatory jurisdiction discussed below. In setting water, wastewater, storm water, and gas rates, the City is bound by the legal requirement that such rates must be reasonable, equal, and uniform and that no free service may be allowed, except at the discretion of the City Council for certain public buildings and facilities operated by the City. By law, the City must charge and collect rates sufficient to pay all operating, maintenance, depreciation, replacement, betterment, and interest charges of the Combined Utility System and to maintain an interest and sinking fund sufficient to pay all bonds or notes issued to purchase, construct, or improve the Combined Utility System or any outstanding indebtedness of the Combined Utility System.

Rates for sales of water to other political subdivisions on a wholesale basis, and certain appeals of rates for outside City customers, are subject to the jurisdiction of the Public Utility Commission ("PUC"). By law, however, the PUC may not fix a rate which is less than the amount required to meet the debt service and bond coverage requirements of the City's water facilities. Certain disputes as to sales of surface water may also be subject to the jurisdiction of the PUC. Gas rates are subject to appeal to the Texas Railroad Commission.

In setting rates, the City Council of the City must consider, among other things, the current federal guidelines regarding user charges and certain charges required of federal construction grant recipients under the Clean Water Act. Use of the City's wastewater facilities is not metered for rate purposes. Instead, wastewater rates are based upon water usage.

The magnitude and frequency of rate increases will depend upon factors such as the rate at which Operating Expenses increase in the future, the interest rate on Combined Utility System revenue bonds sold to meet the Combined Utility System future capital requirements, the extent to which Combined Utility System revenue bonds are used to meet those capital requirements, the volume of water and gas sold and future changes in environmental regulations.

BILLINGS AND COLLECTIONS . . . Customers are billed monthly based on metered water and/or gas usage. Customers may also be billed for Solid Waste, Wastewater, and Storm Water Fee, CNG (Compressed Natural Gas), Metered Waste and BOD (Biochemical Oxygen Demand)/TSS (Total Suspended Solids)/TKN (Total Kjeldahl Nitrogen), if applicable to a particular premise. A bill is payable 21 days from the bill date. On the 28th day from the bill date of the statement, late fees are assessed, and a delinquent notice will be issued the next business day. The notice advises of pending disconnection if payment in full or payment arrangements have not been made by the last day to pay referenced on delinquent notice.

Approximately 43 days after the initial bill is mailed, the account is progressed to the next milestone and is eligible for disconnection. A $50 delinquency administrative fee is billed to the customer account when the milestone has been reached. A customer may be required to pay the delinquent balance in full, or in some cases, establish an approved payment arrangement for reconnection of services. No checks are accepted once services are disconnected. If unauthorized usage occurs, the customer is liable to pay for the past due balance, any associated fees, and deposits prior to service restoration. Residential metered service deposit(s) is $100/per metered service and $150/per metered service for commercial establishments. If the customer leaves the premises with a past due balance, the customer will be unable to establish new services until the past due balance is paid in full or they have established an approved payment arrangement.

RECENT AND FUTURE CHANGES IN RATE STRUCTURE . . . Prior to January 1, 1997, costs of raw water, water treatment, water distribution, and administrative costs were recovered through graduated posted block rates for each category of customer. Beginning January 1, 1997, retail water customers are charged raw water charges in addition to posted block rates fixed to recover costs of treatment, distribution, and billing. The raw water charges are calculated annually based on projected raw water costs, projected total consumption, and an annual "true up" adjustment. Raw water costs include all expenses associated with developing, acquiring, or delivering raw water. Therefore, all costs associated with raw water are "passed through" to water customers with this charge.

A Cost of Service based rate model for Water was adopted effective August 1, 2008, which bases rates for different classes of customers on the cost of system components serving that customer class. Among other changes, the cost of-service based rates eliminated declining block rates and removed all storm water support from outside-City water rates. An ordinance adopted in September 2021 established a Storm Water Utility which is a part of the City's Combined Utility System. Prior to December 31, 2021, all Storm Water costs were supported by Water rates.

Beginning January 1, 2022, Drainage Utility Charges are being billed to support Storm Water operations. The charges are based on impervious area for each residential property, billed in three tiers. Impervious area for billing non-single-family residential properties is based on an Intensity of Development factor for the type of land use.

Beginning FY2015-2016, utility rates are set for 2-year periods and go into effect on January 1st. The number of residential water volumetric blocks decreased in the rate structure based on the consumption pattern of the public and per capita water consumption norms. See "WATER RATES – STORM WATER CHARGES" below.

The City continues to achieve more than 90% collections from its customers notwithstanding the recent rate increases. The City is the largest water provider for the region and sells water to two of the other regional water providers (SPMWD and STWA). The broad customer base of the City's water system, including approximately 60% of the volume being sold to industrial and commercial customers, allows the City to implement rate increases to continue to serve its customers.

RATE INCREASES . . . The separate raw water charge permits increased raw water costs associated with financing and operating current and future water projects to be allocated among the City water customers in proportion to their water usage. To fund all Combined Utility System projects in FY2026-2027 Adopted Capital Improvement Program Budget, future rate increases will be required as noted in "THE CITY'S COMBINED UTILITY SYSTEM – CAPITAL IMPROVEMENT PROGRAM."

The utility rates presented in the succeeding pages are the existing Combined Utility System rates. See "ENVIRONMENTAL REGULATIONS – PETITION BY OUTSIDE CITY RATEPAYERS APPEALING THE WATER RATES OF THE CITY OF CORPUS CHRISTI" herein for a recent petition by outside City ratepayers appealing the water rates of the City and an administrative law judge's proposal for decision and recommendation to the PUC.

WATER RATES

Current Rates . . . Effective January 1, 2027, the raw water rate is $1.14 per 1,000 gallons for rate-paying customers, $1.17 for contract customers. These rates include a $0.05 per 1,000 gallons raw water system development charge for all customers.

Residential and Commercial water rates are fixed minimum charge based on meter size and additional charge is based on the amount of consumption used monthly.

Posted retail cost of service block rates are composed of a fixed minimum charge based on meter size and an additional charge based on consumption. The posted cost of service block rates (excluding raw water charges) is set forth in the following table:

TABLE 12 – WATER RATES – MINIMUM MONTHLY CHARGES (AS OF 1-1-2027)[1]

Meter Size (Inches)	Inside City Limits	Outside City Limits
5/8" and 3/4" Residential	$ 19.11	$ 15.87
5/8" and 3/4" Commercial	19.11	15.87
1"	47.78	39.66
1 1/2"	95.55	79.32
2"	152.88	126.92
3"	305.76	253.83
4"	477.75	396.60
6"	955.50	793.20
8"	1,528.80	1,269.12
10"	2,293.20	1,903.67
16" and larger	5,446.35	4,521.22

Monthly Water Consumption

Residential Customers	Inside City Limits Cost per 1,000 Gallons	Outside City Limits Cost per 1,000 Gallons
First 2,000 gallons	Minimum	Minimum
Next 4,000 gallons	$ 3.06	$ 3.06
Next 9,000 gallons	4.59	4.59
Next 10,000 gallons	10.71	10.71
Over 25,000 gallons	13.77	13.77

Commercial/Industrial	Inside City Limits Cost per 1,000 Gallons	Outside City Limits Cost per 1,000 Gallons
First 2,000 gallons	Minimum	Minimum
Over 2,000 gallons	$ 3.00	$ 3.00

Large Volume	Cost per 1,000 Gallons	Cost per 1,000 Gallons
First 10,000 gallons	$ 35,092.90	$ 35,092.90
Over 10,000 gallons	3.83	3.83

Residential Irrigation (on separate meter)	Inside City Limits Cost per 1,000 Gallons	Outside City Limits Cost per 1,000 Gallons
First 2,000 gallons	Minimum	Minimum
Over 2,000 gallons	$ 10.71	$ 10.71

(1) Rates adopted by the City on July 28, 2026 and will go into effect on January 1, 2027.

Raw Water Charge . . . Retail water customers are charged raw water charges in addition to posted block rates fixed to recover costs of treatment, distribution, and billing. The raw water charges are calculated biannually based on projected raw water costs, projected total consumption, and a "true up" adjustment. Raw water costs include all expenses associated with developing, acquiring, or delivering raw water. Therefore, all costs associated with raw water are "passed through" to water customers with this charge. The separate raw water charge permits increased raw water costs associated with financing and operating the Nueces River Authority Pipeline Project and other future water projects to be allocated among the City water customers in proportion to their water usage (see "THE CITY'S COMBINED UTILITY SYSTEM – DESCRIPTION OF CITY'S WATER SYSTEM" herein).

STORM WATER UTILITY FEE

The Storm Water Utility Fee is based on the amount of impervious surface on each property and is developed using an Equivalent Residential Unit ("ERU"). Each ERU is equivalent to 3,280 square feet of impervious area. Residential customers will fall within a tier and non-residential will be individually calculated based on the property's specific impervious area.

RESIDENTIAL CUSTOMERS		
TIER	DETAILS	RATE
1	<3,000 sq ft of Impervious Area	$7.74/mo
2	3,000 – 4,500 sq ft of Impervious Area	$10.32/mo
3	>4,500 sq ft Impervious Area	$18.06/mo
NON-RESIDENTIAL CUSTOMERS		
No tiers; fee-based on lot size, the intensity of use, and amount of impervious area $8.84/per each ERU* ***ERU (Equivalent Residential Unit) – 3,280 Sq Ft. of Impervious Area**		

WASTEWATER RATES

Current Rates . . . Wastewater rates, which are based upon each customer's average water consumption during the winter months for Single Family Residential customers up to a maximum of 25,000 gallons/month and upon current water consumption for all other customers are summarized in the following table (for customers with 250 parts per million ("ppm") or less of biochemical oxygen demand, and 250 PPM or less of suspended solids):

TABLE 13 – WASTEWATER RATES – MINIMUM MONTHLY CHARGES (AS OF 1-1-2027)[1]

Class	Inside City Limits	Outside City Limits
Single Family Minimum	$39.95/Month for first 2,000 Gallons $8.48/1,000 Gallons all over 2,000 Gallons	$35.15/Month for first 2,000 Gallons $8.48/1,000 Gallons all over 2,000 Gallons
Single Family Maximum	$234.99/Month up to 25,000 Gallons	$230.19/Month up to 25,000 Gallons
Duplexes, 2 Units Minimum	$35.11/Month for first 2,000 Gallons $8.48/1,000 Gallons all over 2,000 Gallons	
Commercial Minimum	$39.95/Month for first 2,000 Gallons $8.48/1,000 Gallons all over 2,000 Gallons	$35.15/Month for first 2,000 Gallons $8.48/1,000 Gallons all over 2,000 Gallons

The charges in addition to the above minimums, as well as the charge for all other wastewater users, will be computed as dollars per 1,000 gallons of water used as follows:

(1) Rates adopted by the City on July 28, 2026 and will go into effect on January 1, 2027.

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TABLE 14 – WASTEWATER RATES (PER 1,000 GALLONS)

Class	Monthly Wastewater Consumption	
	Inside City Limits	Outside City Limits
	Cost/1,000 Gal.	Cost/1,000 Gal.
One Family Maximum	$ 8.07	$ 8.07
Commercial	8.07	8.07

Effective October 1, 2021, surcharges are as follows for wastewater users with COD, BOD, TSS, or TKN that exceed these normal limits: COD exceeds 562 mg/L, BOD exceeds 250 mg/L, TSS exceeds 250 mg/L, and/or TKN exceeds 30 mg/L.

Value	Tiered Unit Charges
X (unit charge in dollars per pound of COD)	$0.0000
Y (unit charge in dollars per pound of BOD)	$0.4940 for Tier 1 and $0.7410 for Tier 2
Z (unit charge in dollars per pound of TSS)	$0.3797 for Tier 1 and $0.5696 for Tier 2
T (unit charge in dollars per pound of TKN)	$1.3400 for Tier 1 and $2.0100 for Tier 2

GAS RATES

Current Rates . . . Gas rates are based on consumption in thousand cubic feet (MCF). Gas rates are summarized in the following table:

TABLE 15 – CURRENT GAS RATES

RESIDENTIAL CUSTOMERS

One and Two Family Residential Customer	Inside City Limits	Outside City Limits
Meter Charge	$18.60	$18.60
First 2 MCF Per Month	$0.00	$0.00
All Over 2 MCF Per Month	$2.25	$2.25

Partial Year Customer	Inside City Limits	Outside City Limits
Meter Charge	$16.30	$19.44
First (Minimum Bill) 1 MCF Per Month or Less	$10.62	$13.09
Next 2 MCF Per Month	$5.81	$6.50
Next 3 MCF Per Month	$5.42	$6.07
Next 4 MCF Per Month	$5.33	$5.97
Next 40 MCF Per Month	$5.22	$5.85
Next 50 MCF Per Month	$2.25	$2.52
Next 100 MCF Per Month	$1.87	$2.10
Next 100 MCF Per Month	$1.65	$1.84
Next 700 MCF Per Month	$1.57	$1.76
Next 1,000 MCF Per Month	$1.35	$1.52
Next 13,000 MCF Per Month	$1.22	$1.37
Over 15,000 MCF Per Month	$1.16	$1.30

COMMERCIAL CUSTOMER RATES

Partial Year Customer	Inside City Limits	Outside City Limits
Meter Charge	$16.30	$19.44
First (Minimum Bill) 1 MCF Per Month or Less	$10.62	$13.09
Next 2 MCF Per Month	$5.81	$6.50
Next 3 MCF Per Month	$5.42	$6.07
Next 4 MCF Per Month	$5.33	$5.97
Next 40 MCF Per Month	$5.22	$5.85
Next 50 MCF Per Month	$2.25	$2.52
Next 100 MCF Per Month	$1.87	$2.10
Next 100 MCF Per Month	$1.65	$1.84
Next 700 MCF Per Month	$1.57	$1.76
Next 1,000 MCF Per Month	$1.35	$1.52
Next 13,000 MCF Per Month	$1.22	$1.37
Over 15,000 MCF Per Month	$1.16	$1.30
Maximum Monthly Bill	$26.92	$32.53

INCENTIVE AIR CONDITIONING SUMMER RATE

(Limited to Customers Using less than 15,000 MCF per Month Annual Average)

All general rate customers that have installed total energy or have gas operated air cooling and air conditioning equipment, or both, and have an average use in MCF per month in the seven (7) summer months that exceeds the five (5) winter months in average use, when inspected and approved by the gas department, who request in writing to be billed in the summer months on the summer incentive gas rate schedule starting with Cycle 11 in April and ending with the billing Cycle 10 in November shall be billed on the following rate schedule:

TABLE 16 – INCENTIVE AIR CONDITIONING SUMMER RATES

	Cost of Service per MCF	
One and Two Family Residential Customer	**Inside City Limits**	**Outside City Limits**
Meter Charge	$16.30	$19.44
First (Minimum Bill) 1 MCF Per Month or Less	$10.62	$13.09
Next 2 MCF Per Month	$5.81	$6.50
Next 3 MCF Per Month	$5.42	$6.07
Next 4 MCF Per Month	$4.71	$5.28
Next 40 MCF Per Month	$3.97	$4.45
Next 150 MCF Per Month	$1.69	$1.89
Next 100 MCF Per Month	$1.57	$1.76
Next 700 MCF Per Month	$1.35	$1.52
Next 1,000 MCF Per Month	$1.22	$1.37
Next 13,000 MCF Per Month	$1.16	$1.30
Over 15,000 MCF Per Month	$1.11	$1.24
Minimum Monthly Bill	$26.92	$32.53

TABLE 17 – PURCHASED GAS ADJUSTMENT

NOTE: THESE RATES ARE SUBJECT TO GAS COST ADJUSTMENTS.

Purchased gas adjustment (PGA). The rates above are subject to gas cost adjustments as follows: Rates will be adjusted monthly by the City following the receipt of notice of the cost of gas from the supplier to pass on to the consumer the full amount of such cost adjusted for pressure base and gas loss and unaccounted-for factors. Additional fees and charges paid to the supplier, which are necessary for the City to receive the gas, shall be included in the cost of gas. Transmission costs including operating, debt service, fixed rate/volume gas resale losses, gas processing and storage will be included in the cost of gas. Unpaid gas costs resulting from price adjustments during extreme daily pricing, gas losses, billing errors, and other events will be distributed monthly during a recovery period and included in future monthly gas costs. During extreme daily market pricing events, customers using City gas to generate electricity for the purposes of selling back to the grid or intermittent users with usage profiles outside of their average use may be charged based on their actual daily cost of gas.

INTERRUPTIONS . . . Deliveries of gas to commercial or industrial customers may be interrupted or curtailed in case of shortage, or threatened shortage, of gas supply from any cause whatsoever, to conserve gas for residential and other human need customers served hereunder, according to all mandatory orders of governmental agencies having jurisdiction.

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THE CITY'S COMBINED UTILITY SYSTEM FINANCIAL INFORMATION

PAYMENT RECORD . . . The City has not defaulted on its general obligation bonds since a refunding program instituted in 1936 to cure a default (but which involved no reduction in interest rate). The City has not defaulted on the City's Combined Utility System revenue debt since 1948, when it issued refunding bonds in settlement of non-voted water revenue bonds.

LIQUIDITY AND FINANCIAL POLICIES . . . As of the estimated fiscal year-end September 30, 2026, the City projects unrestricted cash balances of approximately $82 million in the water fund, of which approximately $43 million represents the 90-day operating contingency reserve, and approximately $33.9 million in the wastewater fund, of which approximately $28 million represents the 90-day operating contingency reserve. The City's water and wastewater rate model is designed to produce debt service coverage of at least 1.25 times (see "REVENUES AND EXPENSES OF THE CITY'S COMBINED UTILITY SYSTEM; NET REVENUES AVAILABLE FOR DEBT SERVICE; COVERAGE RATIOS – PROJECTED NET REVENUES AVAILABLE FOR DEBT SERVICE COVERAGE") and to maintain a cash reserve equal to 25% of operating expenses in each of the water and wastewater funds. Debt service requirements are projected to increase in the coming years to support the financing of new water supply projects.

BONDS PAYABLE FROM CITY'S COMBINED UTILITY SYSTEM REVENUES . . . The following information sets forth, as of the delivery of the Bonds, the City's outstanding obligations, payable, in whole or in part, from the City's Combined Utility System revenues, adjusted to include the Bonds.

TABLE 18 – CONTRACT REVENUE BONDS AND OBLIGATIONS (PAYABLE FROM GROSS REVENUES)

Contract Revenue Bonds and Obligations (payable as an Operating Expense of the Combined Utility System):				
Nueces River Authority, Series 2015	$ 6,520,000		$ 6,520,000	
The Combined Utility System Revenue Bonds (payable from net revenues of the Combined Utility System):				
Senior Lien Obligations:[1]				
2012 Utility Junior Lien Revenue Improvement Bonds	$ 20,990,000			
2012 Utility Junior Lien Revenue & Refunding Bonds	2,215,000			
2015A Utility Junior Lien Revenue Improvement Bonds	6,355,000			
2015C Utility Junior Lien Revenue Improvement Bonds	27,925,000			
2016 Utility Junior Lien Revenue Refunding Bonds	40,975,000	(2)		
2017 Utility Junior Lien Revenue Refunding Bonds-TWDB	35,325,000			
2019 Utility Junior Lien Revenue Refunding Bonds	83,740,000			
2020A Utility Junior Lien Revenue Refunding Bonds	121,010,000			
2020B Utility Junior Lien Revenue Refunding Taxable Bonds	60,890,000			
2020C Utility Junior Lien Revenue Improvement Bonds-TWDB SWIRFT	9,760,000			
2021A Utility Junior Lien Revenue Notes, Taxable	18,295,000			
2022A Utility Junior Lien Revenue Improvement Bonds-TWDB CWSRF	2,932,000			
2022B Utility Junior Lien Revenue Improvement Bonds	86,330,000			
2023 Utility Senior Lien Revenue Improvement & Refunding Bonds	120,975,000			
2024 Utility Senior Lien Revenue Improvement & Refunding Bonds	245,700,000			
2024A Senior Lien Revenue Improvement Bonds-TWDB SWIRFT	206,310,000			
2024B Senior Lien Revenue Improvement Bonds-TWDB SWIRFT	9,775,000			
2025 Utility Senior Lien Revenue Improvement & Refunding Bonds	287,870,000			
2026 Utility Senior Lien Revenue Improvement Bonds	148,365,000			
2026A Utility Senior Lien Revenue Improvement and Refunding Bonds (the "Bonds")	210,515,000	(3)		
			$ 1,746,252,000	(1)
Certificates of Obligations (payable from surplus revenues of the City's Combined System - Texas Military Value Revolving Loan):				
TMCP, Series 2016A			$ 84,203	
2025A Combination Tax and Limited Pledge Revenue Certificates of Obligation			$ 5,734,225	
Subordinate Lien Obligations:				
2018 Revenue Refunding Bonds			$ 9,535,000	
TOTAL - All Obligations Payable from the City's Combined Utility System Revenues			$ 1,768,125,428	

(1) Preliminary, subject to change. See "THE BONDS – REDESIGNATION OF THE JUNIOR LIEN FINANCE SYSTEM AS THE SENIOR LIEN FINANCE SYSTEM."
(2) Excludes the Refunded Bonds. Preliminary, subject to change.
(3) Preliminary, subject to change.

TABLE 19 – CITY'S PRO-FORMA COMBINED UTILITY SYSTEM DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Previously Issued Parity Obligations[1]			The 2026A Bonds[2]			Total Parity Obligations Debt Requirements	Subordinate Lien Obligations	Utility Debt Requirements
	Principal	Interest	Total	Principal	Interest	Total			
2027	$ 39,622,000	$ 64,568,616	$ 104,190,616	$ 195,000	$ 6,736,708	$ 6,931,708	$ 111,122,325	$ 3,406,066	$ 114,528,391
2028	37,854,000	65,163,295	103,017,295	3,315,000	11,649,938	14,964,938	117,982,232	3,393,066	121,375,298
2029	39,406,000	63,614,466	103,020,466	3,480,000	11,484,188	14,964,188	117,984,654	3,365,670	121,350,324
2030	42,399,000	61,990,755	104,389,755	4,555,000	11,310,188	15,865,188	120,254,943	-	120,254,943
2031	44,176,000	60,218,060	104,394,060	4,770,000	11,082,438	15,852,438	120,246,497	-	120,246,497
2032	50,149,000	58,355,830	108,504,830	905,000	10,843,938	11,748,938	120,253,767	-	120,253,767
2033	52,246,000	56,255,669	108,501,669	950,000	10,798,688	11,748,688	120,250,356	-	120,250,356
2034	54,544,000	53,961,828	108,505,828	995,000	10,751,188	11,746,188	120,252,015	-	120,252,015
2035	57,002,000	51,503,104	108,505,104	1,045,000	10,701,438	11,746,438	120,251,542	-	120,251,542
2036	59,536,000	48,969,482	108,505,482	1,100,000	10,649,188	11,749,188	120,254,670	-	120,254,670
2037	62,095,000	46,407,128	108,502,128	1,155,000	10,594,188	11,749,188	120,251,315	-	120,251,315
2038	64,594,000	43,907,603	108,501,603	1,215,000	10,530,663	11,745,663	120,247,265	-	120,247,265
2039	67,173,000	41,330,512	108,503,512	1,285,000	10,463,838	11,748,838	120,252,349	-	120,252,349
2040	67,137,000	38,636,876	105,773,876	4,085,000	10,393,163	14,478,163	120,252,039	-	120,252,039
2041	67,807,000	35,887,132	103,694,132	6,390,000	10,168,488	16,558,488	120,252,620	-	120,252,620
2042	70,662,000	33,033,120	103,695,120	6,740,000	9,817,038	16,557,038	120,252,158	-	120,252,158
2043	67,545,000	30,048,824	97,593,824	8,275,000	9,446,338	17,721,338	115,315,161	-	115,315,161
2044	64,785,000	26,994,313	91,779,313	8,730,000	8,991,213	17,721,213	109,500,525	-	109,500,525
2045	67,795,000	24,004,360	91,799,360	9,210,000	8,511,063	17,721,063	109,520,422	-	109,520,422
2046	56,470,000	20,844,067	77,314,067	9,720,000	8,004,513	17,724,513	95,038,579	-	95,038,579
2047	59,120,000	18,207,905	77,327,905	10,255,000	7,469,913	17,724,913	95,052,817	-	95,052,817
2048	61,905,000	15,442,714	77,347,714	10,820,000	6,905,888	17,725,888	95,073,602	-	95,073,602
2049	64,815,000	12,525,451	77,340,451	11,415,000	6,310,788	17,725,788	95,066,238	-	95,066,238
2050	45,680,000	9,458,358	55,138,358	12,040,000	5,682,963	17,722,963	72,861,320	-	72,861,320
2051	41,770,000	7,524,012	49,294,012	12,705,000	5,020,763	17,725,763	67,019,775	-	67,019,775
2052	43,615,000	5,702,068	49,317,068	13,400,000	4,321,988	17,721,988	67,039,056	-	67,039,056
2053	39,540,000	3,784,283	43,324,283	14,170,000	3,551,488	17,721,488	61,045,771	-	61,045,771
2054	34,475,000	2,080,950	36,555,950	14,985,000	2,736,713	17,721,713	54,277,663	-	54,277,663
2055	11,820,000	591,000	12,411,000	15,850,000	1,875,075	17,725,075	30,136,075	-	30,136,075
2056	-	-	-	16,760,000	963,700	17,723,700	17,723,700	-	17,723,700
	$ 1,535,737,000	$ 1,001,011,780	$ 2,536,748,780	$ 210,515,000	$ 247,767,671	$ 458,282,671	$ 2,995,031,451	$ 10,164,802	$ 3,005,196,253

(1) Excludes the Refunded Bonds. Preliminary, subject to change.
(2) Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

TABLE 20 – DEBT SERVICE REQUIREMENTS PAYABLE FROM CITY'S COMBINED UTILITY SYSTEM REVENUES

Fiscal Year Ending 9/30	Outstanding NRA Bonds[1]	Senior Lien Obligations[2][3]	Outstanding Subordinate Lien Obligations	Grand Total[3]
2027	$ 6,846,000	$ 111,122,325	$ 3,406,066	$ 121,374,391
2028	-	117,982,232	3,393,066	121,375,298
2029	-	117,984,654	3,365,670	121,350,324
2030	-	120,254,943	-	120,254,943
2031	-	120,246,497	-	120,246,497
2032	-	120,253,767	-	120,253,767
2033	-	120,250,356	-	120,250,356
2034	-	120,252,015	-	120,252,015
2035	-	120,251,542	-	120,251,542
2036	-	120,254,670	-	120,254,670
2037	-	120,251,315	-	120,251,315
2038	-	120,247,265	-	120,247,265
2039	-	120,252,349	-	120,252,349
2040	-	120,252,039	-	120,252,039
2041	-	120,252,620	-	120,252,620
2042	-	120,252,158	-	120,252,158
2043	-	115,315,161	-	115,315,161
2044	-	109,500,525	-	109,500,525
2045	-	109,520,422	-	109,520,422
2046	-	95,038,579	-	95,038,579
2047	-	95,052,817	-	95,052,817
2048	-	95,073,602	-	95,073,602
2049	-	95,066,238	-	95,066,238
2050	-	72,861,320	-	72,861,320
2051	-	67,019,775	-	67,019,775
2052	-	67,039,056	-	67,039,056
2053	-	61,045,771	-	61,045,771
2054	-	54,277,663	-	54,277,663
2055	-	30,136,075	-	30,136,075
2056	-	17,723,700	-	17,723,700
	$ 6,846,000	$ 2,995,031,451	$ 10,164,802	$ 3,012,042,253

(1) Payable as maintenance and operating expense of the Combined Utility System.
(2) See "THE BONDS – SECURITY AND SOURCE OF PAYMENT – ESTABLISHMENT OF A JUNIOR LIEN FINANCE SYSTEM; PAST, CURRENT, AND FUTURE ISSUANCES; CLOSING OF PRIOR LIEN" and "THE BONDS – REDESIGNATION OF THE JUNIOR LIEN FINANCE SYSTEM AS THE SENIOR LIEN FINANCE SYSTEM."
(3) Includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.

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INVESTMENT POLICIES

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1;" (11) commercial paper rated at least "A-1" or "P-1;" (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm-" rated investment pools that invest solely in investments described above; (15) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the Public Funds Investment Act; and (16) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The City may not, however, invest 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 collateral and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity date 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. The City's Pooled Fund is an aggregation of City funds which include tax receipts, enterprise revenue, fine and fee revenues, as well as bond proceeds, grants, gifts, and endowments. The City's Pooled Fund shall have a maximum dollar-weighted average maturity (WAM) of one year (365 days) designed to meet anticipated cash flow needs. The fund shall be laddered based on cash flow analysis to provide ongoing liquidity for anticipated needs and provide for reasonable extension. A minimum of 15% of the City's Pooled Fund shall be held in cash or cash equivalents for liquidity and no more than 40% may be invested longer than one year.

If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

INVESTMENT POLICIES . . . Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments that emphasize safety of principal and liquidity and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments, whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments 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." The City is required to coordinate in conjunction with its annual financial audit, a compliance audit of management controls on investments and adherence to the City's established investment policies and provide regular training for its investment officers.

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TABLE 21 – CURRENT INVESTMENTS[1]

The City's deposits were fully insured by federal depository insurance and collateralized by financial institutions. These collateralizations were obligations of Texas, agencies, counties, cities and other political subdivisions of Texas rated not less than A by a nationally recognized rating agency and held by Bank of New York Mellon or by Federal Home Loan Bank in the City's name. All deposits with financial institutions were carried at cost. As of April 30, 2026, the City had the following investments:

Description	Market Value	% of Total Market Value
Federal Agency Coupon Securities	$ 97,111,080	10.14%
U.S. Treasury	37,947,305	3.96%
Local Government Investment Pool-Overnight	596,083,739	62.22%
Money Market Funds	226,846,972	23.68%
Total Investments	$ 957,989,096	100.00%

(1) Unaudited.

As of such date, the market value of such investments (as determined by the City by reference to published quotations, dealer bids, and comparable information) was approximately 99% of book value. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

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REVENUES AND EXPENSES OF THE CITY'S COMBINED UTILITY SYSTEM; NET REVENUES AVAILABLE FOR DEBT SERVICE; COVERAGE RATIOS

The following schedule sets forth the revenues and expenses of the City's Combined Utility System on a cash basis for its fiscal years ended September 30, 2021 through 2025, respectively, determined without regard to depreciation, certain capital outlays and certain accruals. The information contained in "CITY OF CORPUS CHRISTI, TEXAS ANNUAL COMPREHENSIVE FINANCIAL REPORT" attached hereto as APPENDIX B is prepared in accordance with generally accepted accounting principles, on an accrual basis, and therefore does not reconcile with the following data. The table also sets forth the extent to which Net Revenues of the City's Combined Utility System were available for payment of debt service. See "THE BONDS – REDESIGNATION OF THE JUNIOR LIEN FINANCE SYSTEM AS THE SENIOR LIEN FINANCE SYSTEM."

TABLE 22 – COMBINED UTILITY SYSTEM NET REVENUE AVAILABLE FOR DEBT SERVICE

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Operating Revenues:					
Water System	$ 165,939,385	$ 154,079,002	$ 145,548,575	$ 163,746,661	$ 146,864,740
Wastewater System	96,292,403	89,990,010	81,607,812	78,763,746	73,863,439
Gas System	42,888,368	40,248,929	42,784,125	47,367,814	40,621,479
Stormwater System	31,458,044	28,270,605	22,853,543	-	-
Total Operating Revenues	$ 336,578,200	$ 312,588,546	$ 292,794,055	$ 289,878,221	$ 261,349,658
Operating Expenses:[1]					
Water System	$ 138,875,523	$ 120,312,810	$ 110,132,571	$ 96,804,422	$ 85,867,116
Wastewater System	69,903,214	55,375,148	55,485,598	50,806,915	41,403,802
Gas System	41,860,830	38,852,968	38,945,130	43,054,230 [3]	35,674,860
Stormwater System	15,528,127	1,658,665	2,259,722	-	-
Total Operating Expenses	$ 266,167,694	$ 216,199,591	$ 206,823,021	$ 190,665,567	$ 162,945,778
Combined Net Operating Revenues	$ 70,410,506	$ 96,388,955	$ 85,971,034	$ 99,212,654	$ 98,403,880
Combined Non-Operating Revenues	48,932,434	25,606,130	12,603,750	(1,211,955)	562,840
Net Revenue Available for Debt Service	$ 119,342,940	$ 121,995,085	$ 98,574,784	$ 98,000,699	$ 98,966,720
Net Revenue Available for Senior Lien Debt Service	$ 119,342,941	$ 121,995,085	$ 98,574,784	$ 98,000,699	$ 98,966,720
Current Senior Lien Debt Service[2]	$ 85,591,979	$ 71,889,907	$ 67,769,216	$ 69,205,253 [4]	$ 67,674,143
Current Senior Lien Bond Debt Service Coverage	1.39	1.70	1.45	1.42	1.46
Rate Covenant Test:					
Average Annual Senior Lien Debt Service	$ 78,919,040	$ 58,316,232	$ 48,761,313	$ 44,322,375 [4]	$ 41,875,083
Average Senior Lien Bond Debt Service Coverage	1.51	2.09	2.02	2.21	2.36

(1) Excludes interest on bonds, depreciation, Net Pension Liability accrual, and OPEB accrual. Includes approximately $4.7 million and $21.7 million of capital expenditures in Fiscal Year ended September 30, 2024 and September 30, 2025, respectively, that were improperly coded as operating expenses. An adjustment will be made in the City's audited financial statements for Fiscal Year ended September 30, 2026 to capitalize these amounts.

(2) Actual debt service paid as set forth above does not include accruals and therefore will not agree with the City's audited financial statements.

(3) The PGA charged to customers for the amount of gas they use varies each month based on the City's current cost to buy natural gas. During the 2021 Winter Weather Event, the cost temporarily spiked. To avoid billing customers the full cost all at once, the City issued its $35 million "City of Corpus Christi, Texas Utility System Junior Lien Revenue Notes, Taxable New Series 2021A" (the "2021A Notes") to partially finance the bill paid to the natural gas supplier. The PGA charge to customers includes an added amount during the seven-year term of the notes to cover the debt service on the 2021A Notes. The portion of natural gas purchase costs financed by the 2021A Notes has been excluded from operating costs in FY2021 calculation of net revenues.

(4) Beginning in FY2021, Current Senior Lien Debt Service and Average Annual Debt Service includes debt service requirements attributable to the 2021A Notes, the proceeds of which were used to pay a portion of the extraordinary Operating Expenses directly attributable to the 2021 Winter Weather Event.

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PROJECTED NET REVENUES AVAILABLE FOR DEBT SERVICE COVERAGE
COMBINED UTILITY SYSTEM
(Not a continuation of and not a part of Table 22)

Projected Net Revenues Available for Debt Service and Debt Service Coverage

Projections dated August 29, 2026 (City of Corpus Christi Finance Department); budget basis; fiscal year ending September 30

	FY 2026 Estimated	FY 2027 Proposed Budget	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Gross Revenues					
Water System	$186,133,372	$220,904,230	$248,996,936	$279,788,039	$304,173,488
Wastewater System	101,592,889	105,654,838	109,075,622	111,380,400	115,285,443
Gas System	53,511,421	66,162,131	61,925,027	62,375,184	62,841,369
Storm Water System	34,584,400	32,978,964	38,155,917	41,163,118	44,410,542
Total Gross Revenues	**$375,822,082**	**$425,700,163**	**$458,153,502**	**$494,706,742**	**$526,710,842**
Operating and Maintenance Expenses[1]					
Water System	$109,509,002	$128,144,507	$137,737,589	$141,507,642	$145,336,839
Wastewater System	66,163,229	63,531,886	69,760,946	71,994,290	74,295,706
Gas System	41,357,867	55,697,479	52,362,398	53,427,446	54,582,277
Storm Water System	23,254,472	26,533,587	25,107,342	25,989,252	26,932,819
Total Operating and Maintenance Expenses	**$240,284,570**	**$273,907,459**	**$284,968,275**	**$292,918,630**	**$301,147,641**
Net Revenues Available for Debt Service	**$135,537,512**	**$151,792,704**	**$173,185,227**	**$201,788,112**	**$225,563,201**
Debt Service Requirements[2]					
Water System	$54,038,922	$82,823,874	$89,007,477	$110,624,318	$127,069,319
Wastewater System	31,393,080	33,691,490	31,112,432	31,333,520	32,411,942
Gas System	6,250,219	6,450,118	6,449,198	6,452,541	6,496,787
Storm Water System	7,098,528	7,311,449	9,020,662	13,671,316	20,285,748
Total Debt Service Requirements	**$98,780,749**	**$130,276,931**	**$135,589,769**	**$162,081,695**	**$186,263,796**
Debt Service Coverage[3] **(x)**	**1.37x**	**1.17x**	**1.28x**	**1.24x**	**1.21x**
Net Revenues After Debt Service	**36,756,763**	**21,515,773**	**37,595,458**	**39,706,417**	**39,299,405**
Other Uses of Net Revenues					
Capital Outlay (pay-as-you-go)	2,635,063	13,646,590	-	-	-
Transfer to Vehicle & Equipment Replacement Fund (VERF)	15,799,061	15,688,602	5,240,290	5,240,290	5,240,290
Transfer to Capital Improvement Program (CIP)	13,216,178	16,000,000	2,500,000	2,500,000	2,500,000
Total Other Uses	**31,650,302**	**45,335,192**	**7,740,290**	**7,740,290**	**7,740,290**
Net Increase (Decrease) in Fund Balance	**5,106,461**	**(23,819,419)**	**29,855,168**	**31,966,127**	**31,559,115**
Beginning Fund Balance	140,229,060	145,335,521	121,516,102	151,371,270	183,337,397
Ending Fund Balance	**$145,335,521**	**$121,516,102**	**$151,371,270**	**$183,337,397**	**$214,896,512**
Additional Coverage Tests (senior lien, per Bond Ordinance)					
Senior lien debt service requirements (POS Table 19, input)	99,825,850	109,635,013	114,067,457	114,069,879	116,194,918
Average annual senior lien debt service (input)	78,466,244	96,344,347	95,886,048	95,236,712	94,539,187
Senior lien debt service coverage (x)	**1.36x**	**1.38x**	**1.52x**	**1.77x**	**1.94x**
Coverage of average annual senior lien debt service, rate covenant test (x)	**1.73x**	**1.58x**	**1.81x**	**2.12x**	**2.39x**
Rate covenant minimum (x)	**1.15x**	**1.15x**	**1.15x**	**1.15x**	**1.15x**

(1) Operating and maintenance expenses are total budgeted expenditures less debt service, capital outlay, and transfers to the VERF and CIP; excludes depreciation.

(2) Debt service requirements as budgeted by the City for all obligations payable from System revenues (senior lien, subordinate lien, Nueces River Authority contract, and TWDB obligations, including planned debt). Coverage on this line is the City's all-in calculation and is not the senior lien rate covenant test.

(3) FY2027 figures are based on the City's conservative budget practice, but anticipates that the debt service coverage ratio for FY2027 will be at least 1.25x.

Source: City of Corpus Christi Utility System Projections, Budget Basis, dated August 29, 2026. FY 2026 and FY 2027 estimates and proposed budget are published on the City's website. FY 2028 to FY 2030 gas and storm water amounts are from the 5-year pro forma in the FY 2026 adopted budget book; FY 2028 to FY 2030 water and wastewater projections are from the rate projection study.

Water and wastewater rate studies are conducted each year and rates are adjusted annually. The Gas System adjusts rates under the purchased gas adjustment authorized by City Ordinance.

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INVESTMENT CONSIDERATIONS

The following investment considerations, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Bonds. However, the following is not an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds. There can be no assurance that other investment considerations will not become relevant at any future time.

POTENTIAL IMPACTS OF WATER CHALLENGES . . . The City declared Stage 3 drought restrictions in December 2024, when combined storage fell below 20% of capacity, prohibiting all non-essential outdoor water use and restricting a range of commercial activities. As a result of significant rainfall in the Nueces and Frio River watersheds producing major inflows into the Western Reservoir System, combined with the City's ongoing investment in alternative water supply and conservation efforts, the City improved from Stage 3 to Stage 2 on August 4, 2026, and further improved to Stage 1, effective August 26, 2026. The City makes no representation that current reservoir conditions will be maintained or that a Level 1 Water Emergency will not be declared prior to September 2029, which is the City's current projected date for a potential Level 1 Water Emergency. These restrictions have had the effect of reducing overall system-wide demand for water service provided by the Combined Utility System. There can be no assurance that demand for water service will be maintained at the levels described in this Official Statement under the heading "THE CITY'S COMBINED UTILITY SYSTEM." A reduction in the level of demand could require an increase in rates or charges in order to produce Senior Lien Pledged Revenues sufficient to comply with the City's rate covenant in the Ordinance. Such rate increases could in turn increase the likelihood of customer nonpayment and could further decrease demand for the services of the Combined Utility System.

In addition to conservation and use restrictions, the City is actively and rapidly seeking to procure additional water sources to supplement its traditional surface water portfolio. While the combined effects of continued improvement of regional drought conditions, conservation, and availability of new water resources could delay or prevent declaration of a Level 1 Water Emergency, the City makes no guarantee of this outcome or predictions regarding its likelihood. The return of the recent drought, or the declaration of a Level 1 Water Emergency, could have material adverse consequences for the financial condition of the Combined Utility System. Operation and maintenance costs associated with new groundwater treatment systems, expanded treatment and conveyance infrastructure, emergency procurement of alternative water supplies, and enhanced monitoring and management of reservoir levels may increase materially as drought conditions persist or intensify. There can be no assurance that the Operating Expenses of the Combined Utility System will remain consistent with the levels described in this Official Statement. Any material increase in Operating Expenses that reduces Senior Lien Pledged Revenues could require substantial increases in rates or charges in order for the City to comply with the rate covenant in the Ordinance. Such rate increases could in turn increase the likelihood of customer nonpayment and could further decrease demand for the services of the Combined Utility System.

The City has acknowledged that declaration of a Level 1 Water Emergency could negatively impact the region's economy. A regional economic contraction could diminish commercial and industrial demand for water services, reduce employment and population growth, and adversely affect the City's ability to collect sufficient revenues from the Combined Utility System to meet its financial obligations. Industrial and wholesale customers — who represent a material portion of the Combined Utility System's revenues — face the most significant curtailments under both Stage 3 and Level 1 Water Emergency protocols, and reductions in their water consumption would disproportionately affect the revenues of the Combined Utility System.

Large scale projects, such as new water resource projects currently being undertaken by the City, invariably involve risks and external challenges that are difficult, if not impossible, to predict, anticipate, guard against, mitigate, or (in some cases) overcome. As a result, the City cannot predict or guarantee that these new water resource projects will be completed as planned or that their availability will prevent declaration of a Level 1 Water Emergency. No assurance can be given that the additional Operation and Maintenance Costs attributable to the ongoing drought conditions and the City's response thereto will not extend into future fiscal years, or that such costs will not be materially greater than currently anticipated, depending on whether the underlying drought conditions are relieved or exacerbated in future periods.

LIMITED OBLIGATIONS OF THE CITY . . . The Bonds are limited obligations of the City payable solely from and secured by a pledge of, and first lien upon, Senior Lien Pledged Revenues derived by the City from the operation of the Combined Utility System. Neither the faith and credit nor the taxing power of the City, the State nor any other political subdivision is pledged to the payment of the Bonds. Payment of the principal, redemption price of or the interest on the Bonds does not constitute a debt, liability or obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which it has levied or pledged any form of taxation.

SYSTEM REVENUES AND EXPENDITURES . . . Actual operating expenses of the Combined Utility System may be greater or less than currently projected. Factors such as changes in technology, regulatory standards, increased costs of material, energy, labor and administration can substantially affect Combined Utility System expenses. Although the City has covenanted to prescribe, revise and collect rates and charges in amounts sufficient to pay debt service on the Bonds, there can be no assurance that such amounts will be collected. Furthermore, increases in Combined Utility System rates could result in a decrease in demand for Combined Utility System usage and result in a decrease in revenues.

CAPITAL EXPENDITURES OF THE COMBINED UTILITY SYSTEM . . . The City's ability to finance the planned capital improvements to the Combined Utility System depends upon its ability to increase rates sufficiently to support the issuance of revenue bonds and the generation of surplus revenues of the Combined Utility System to finance such capitalized improvements. The City faces an unprecedented scale of capital expenditure requirements over the near term, driven primarily by the need to develop alternative and supplemental water supplies in response to sustained drought conditions. There can be no assurance that the above anticipated capital expenditures will be realized, and inclusion of such projections herein should not be interpreted as a representation to the contrary.

The City Council approved increases to water and wastewater rates across all customer classes at its July 28, 2026 meeting, effective January 1, 2027, to pay for the anticipated costs of additional water resources, which will themselves increase the costs of living, operating, and manufacturing in the City and region. There can be no assurance that such increases will be sufficient to maintain compliance with the rate covenant as additional capital expenditures are incurred and additional debt is issued, or that regulatory action by the Public Utilities Commission of Texas will not constrain the City's ability to increase rates charged to outside-City-limits ratepayers to the extent contemplated in connection with the financing of these capital projects.

CONCENTRATION OF ESSENTIAL WATER TREATMENT AND TRANSPORTATION ASSETS . . . Until the City completes its strategic plan to diversify the water supply portfolio, its ability to serve its customers is dependent on the continued operation, at high capacity, of several of its current supplies and related infrastructure. The City's continued use of these facilities under certain circumstances can limit the ability of the City to maintain or upgrade these assets.

For example, the Mary Rhodes Pipeline has historically been subject to one planned shutdown per year for maintenance, repairs, and upgrades. In recent years, as the City has been required to access a greater volume of water from its Eastern water sources through the Mary Rhodes Pipeline due to historically low water levels in the Western Region reservoir system, the City has been unable to perform its planned annual shutdowns for maintenance, repairs, and upgrades on the Mary Rhodes Pipeline. During any period in which the Mary Rhodes Pipeline is shut down, the City has historically met its water customer demand through the CCDR/LCC Reservoir System; however, the City's increased reliance on Eastern water sources has reduced the availability of that alternative during pipeline outages. On September 20, 2026, the City detected a leak in the Mary Rhodes Pipeline approximately halfway along the 101-mile pipeline, and the pipeline was shut down until the City could locate and repair the leak. The City immediately increased production from its Nueces County Groundwater Program and increased releases from the Wesley Seale Dam, both of which are transported via the Nueces River to the Stevens Plant, to meet water customer demand during the period the pipeline remained offline. The City completed the repairs on September 25, 2026, and the Mary Rhodes Pipeline returned to maximum flow later that evening.

The Mary Rhodes Pipeline was subsequently shut down on September 29, 2026, for its scheduled maintenance and upgrades, and during the start-up operations on October 1, 2026, the City identified an area of the Mary Rhodes Pipeline near the Stevens Plant that indicated a leak in the pipeline. The City completed the repairs on October 8, 2026, and the Mary Rhodes Pipeline resumed operations on October 9, 2026. The City had already increased production from its Nueces County Groundwater Program and increased releases from the Wesley Seale Dam in contemplation of the scheduled shutdown and will continue to rely on these water sources until the Mary Rhodes Pipeline returns to maximum flow. Based on information available to it at this time, the City does not anticipate material impact to operational service or financial performance as a result of this incident. Critical upgrades are underway at various pumping stations, including installation of redundant pumping equipment and upgrades to variable frequency drives.

Continued operation of the Stevens Plant and the Mary Rhodes Pipelines are essential to the City's ability to satisfy its customer water needs. Prolonged periods of unavailability of any of these facilities, which may be for maintenance, repairs of damage, acts of terrorism, or any other reason, could impair the City's ability to meet its customers' water supply needs.

STATUTORY AND REGULATORY REQUIREMENTS . . . *State Legislative and Administrative Changes*. The Texas Legislature convenes in regular session every two years. Thereafter, the Governor may call one or more additional special sessions, each of which may last no more than thirty (30) days and for which the Governor sets the agenda. The Texas Legislature may consider bills that could have a direct impact on the City, the Combined Utility System, their operations or the administrative agencies that oversee the City and the Combined Utility System. The City can make no representations or predictions concerning the substance or the effect of any legislation that may be passed in the future or how any such legislation could affect the Combined Utility System. Changes in the scope and standards for public agencies, such as the Combined Utility System, may lead to increasingly stringent operating requirements and the imposition of administrative orders issued by State regulators. Future compliance with such requirements and orders may impose substantial additional costs on the Combined Utility System. In addition, claims against the Combined Utility System for failure to comply with applicable laws and regulations could be significant. Such claims are payable from assets of the Combined Utility System or from other legally available sources. No assurance can be given that the cost of compliance with such existing or future laws, regulations and orders would not adversely affect the ability of the Combined Utility System to generate revenues sufficient to pay debt service on the Bonds.

Environmental Regulation. The City is subject to State and federal environmental laws and regulations applicable to the Combined Utility System. These laws and regulations are subject to change, and the City may be required to expend substantial funds to meet the requirements of such laws and regulations in the future. Failure to comply with these laws and regulations may result in the imposition of administrative, civil and criminal penalties, or the imposition of an injunction requiring the City to take or refrain from taking certain actions. In addition, the City may be required to remediate contamination as a result of City operations on properties owned or operated by the City or on properties owned by others. See "THE CITY'S COMBINED UTILITY SYSTEM."

CYBERSECURITY AND TERRORISM . . . As of the date of this Official Statement, no cybersecurity incidents or breaches have occurred with respect to the Combined Utility System. Critical operational systems of the Combined Utility System utilize an air-gapped architecture with no direct internet connection. The City's cybersecurity defense plan has been reviewed and validated in an audit conducted by the United States Environmental Protection Agency as aligned with applicable best-practice cybersecurity frameworks. Notwithstanding the foregoing, information technology systems are vulnerable to a range of cybersecurity-related risks, including possible damage to or interference with operations of Combined Utility System facilities and the possible extraction of ransom. In July 2026, coordinated cyberattacks have targeted municipal water and wastewater systems in at least seven U.S. states, prompting urgent federal warnings. While there are no reported threats to water safety, some utilities experienced operational disruptions. Recent reports have attributed these attacks to foreign actors whose goal may be disruption of essential services within the continental United States. No assurance can be given that the Combined Utility System will

not be exposed to cybersecurity threats or attacks in the future or that any such incidents will not have a material adverse effect on the future operations and financial condition of the Combined Utility System.

LIMITED RECOURSE ON DEFAULT . . . The rights of Beneficial Owners are limited in the event the City defaults on its obligation to pay debt service on the Bonds. In particular, the Bonds are not subject to acceleration. See "THE BONDS – BONDHOLDERS' REMEDIES."

BANKRUPTCY . . . Cities in the State, including the City, are eligible to file a petition for relief under Chapter 9 of the United States Bankruptcy Code. Accordingly, the rights of the owners of the Bonds are subject to the limitations on legal remedies against cities in the State, including applicable bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Beneficial Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights or the modification of City covenants affecting the Combined Utility System or System revenues.

If the Senior Lien Pledged Revenues are determined to be "special revenues" under the federal Bankruptcy Code, then Senior Lien Pledged Revenues collected after the date of the bankruptcy filing should continue to be subject to the lien of the Ordinance. "Special revenues" are defined to include receipts derived from the ownership or operation of projects or systems that are primarily used to provide utility services. Although the Senior Lien Pledged Revenues appear to satisfy this definition, no assurance can be given that a court would hold that the Senior Lien Pledged Revenues are special revenues and subject to the lien of the Ordinance. If the Senior Lien Pledged Revenues are determined to not be "special revenues," then Senior Lien Pledged Revenues collected after the commencement of the bankruptcy case will likely not be subject to the lien of the Ordinance, and there may be no amounts from which the holders of the Bonds are entitled to be paid.

LOSS OF TAX EXEMPTION FOR THE BONDS . . . In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, the City has covenanted in the Ordinance to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended. The interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of such Bonds as a result of acts or omissions of the City in violation of this or other covenants in the Ordinance applicable to the Bonds. See "TAX MATTERS." The Bonds are not subject to redemption or any increase in interest rates in the event of an event of taxability and will remain Outstanding until maturity or prior redemption in accordance with the provisions contained in the Ordinance.

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel express no opinion.

GOVERNANCE . . . The entirety of the City Council is elected in November every two years, with the most recent election to have occurred in November 2026, with a runoff scheduled for December 12, 2026. This election cycle can result in an entirely new council being seated every two years, potentially impacting the City's ability to maintain political support for long-lead and multi-year projects and initiatives. Further, disagreements among members of City Council have resulted in impasse on various matters, including significant capital undertakings such as seawater desalination. Finally, controversy among members has resulted in impeachment proceedings against the City's highest elected official and civil legal action (see "MAYORAL IMPEACHMENT PROCEEDINGS" herein). While issues such as this are not unique to the City and can be a part of the democratic process, their occurrence has caused alterations to action plans to address pressing City issues such as its recent water challenges. The City makes no guarantees that occurrences such as this will not repeat or that City plans or operations will not be affected if they do.

FAIR WATER REFERENDUM . . . A measure referred to as the "Fair Water Referendum" was approved by the voters at the City election held on November 3, 2026. The City estimates that passage of this measure will result in a loss of approximately $6 million of annual revenue that currently supports the debt service payment on the City's Texas Water Development Board ("TWDB") State Water Implementation Fund for Texas ("SWIFT") loan obligation (see "THE CITY'S COMBINED UTILITY SYSTEM – THE CITY'S WATER SYSTEM – NEW WATER SUPPLY – SEAWATER DESALINATION" herein). The City has represented that dedicated fund reserves are sufficient to cover this revenue gap in the near term, such that the approved FY2027 rates and projected FY2028 rates would be unaffected. However, the City estimates that a raw water rate adjustment of approximately $0.16 per 1,000 gallons would be required beginning in 2029 to offset the revenue loss. Investors should consider the estimated impact of the successful Fair Water Referendum on the City's revenues and rate structure when making an investment decision with respect to the Bonds.

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EMPLOYMENT RETIREMENT BENEFITS

The City participates in funding two retirement plans as follows: (1) the Texas Municipal Retirement System ("TMRS") and (2) firefighters participate in the Corpus Christi Fire Fighters Retirement System ("FFRS").

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax qualified plan under Section 40l(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report ("ACFR") that can be obtained at www.tmrs.com.

The City contributes to the FFRS for firefighters in the Corpus Christi Fire Department. FFRS is a single employer, contributory, defined benefit plan. The benefit provisions are authorized by the Texas Local Fire Fighters' Retirement Act ("TLFFRA"). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Corpus Christi Fire Fighters' Retirement System. The City does not have access to, nor can it utilize, assets within the retirement plan trust. FFRS issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Corpus Christi Fire Fighters' Retirement System at 711 N. Carancahua, Suite 724, Corpus Christi, Texas 78475.

These plans, the contributions made to these plans, and the City's unfunded pension fund liabilities are further described in Note 9 in the "CITY OF CORPUS CHRISTI, TEXAS ANNUAL COMPREHENSIVE FINANCIAL REPORT" attached hereto as APPENDIX B.

POST-EMPLOYMENT HEALTH CARE BENEFITS

The City's Retiree Health Care Plan is a single employer defined benefit post-employment health care plan that covers eligible retired employees of the City. This plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical coverage as a participant in the City's plan. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75, and the City is not required to contribute.

This plan is further described in Note 10 in the "CITY OF CORPUS CHRISTI, TEXAS ANNUAL COMPREHENSIVE FINANCIAL REPORT" attached hereto as APPENDIX B.

LITIGATION

CITY CLAIMS AND LITIGATION . . . The City's Legal Department is currently engaged in or monitoring approximately 70 pending lawsuits. They range from collection cases, worker's compensation cases, construction cases, contract disputes, civil rights cases, personnel matters, personal injury (tort claims) lawsuits, and other damages cases against the City.

The City's policy on all cases, unless otherwise indicated herein, is to contest lawsuits vigorously, yet be willing to consider reasonable settlement offers when those offers represent a better financial outcome for the City than the combination of probable cost and damage outcomes of proceeding to trial. No assurance can be given, however, 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 any matters described below) will not have a material effect on the City's financial condition and will not materially impair the ability of the City to pay debt service on the currently outstanding Previously Issued Parity Obligations and the Bonds. See also "ENVIRONMENTAL REGULATIONS – *Petitions by Outside City Ratepayers Appealing the Water Rates of the City of Corpus Christi*, Public Utility Commission of Texas Docket Nos. 56427 & 57903" below regarding the Administrative Law Judge's proposal for decision in the aforementioned petition process.

COLLECTIVE BARGAINING WITH PUBLIC SAFETY ASSOCIATIONS . . . The City collectively bargains compensation and other conditions of employment for its uniformed police officers with the Corpus Christi Police Officers Association. The police agreement is effective from October 1, 2023, until September 30, 2027. An impasse in negotiating a new police agreement can result in an election of the populace on selected issues.

The City collectively bargains compensation and other conditions of employment for its uniformed firefighters with the Corpus Christi Professional Firefighters Association. The City's current agreement with the firefighters' association is effective from October 1, 2024 through September 30, 2028. An impasse on the firefighters' agreement can result in binding arbitration with an arbitration board choosing between selected proposal packages. Service levels or staffing are not part of this contract. Therefore, the City always retains the right to control total expenditures, regardless of an arbitrator's determination.

ENVIRONMENTAL REGULATIONS

As a large city operating under the overview of dozens of state and federal administrative agencies, the City always is subject to numerous applications, investigations, enforcement actions, and other agency activities, some of which will be sufficiently significant to be provided to this office. As of the date of this affidavit, this office had received and catalogued notice of the following pending agency activities. Except as noted therein, none of the following actions or the less significant pending agency actions that are not catalogued here are projected to result in a materially significant financial effect on City operations.

Safe Drinking Water Act. In August 1996, amendments to the Federal Safe Drinking Water Act were signed into law. These amendments require the United States Environmental Protection Agency ("EPA") to regulate a wide variety of contaminants that may be present in drinking water, including volatile organic chemicals, other synthetic organic chemicals, inorganic chemicals, microbiological contaminants, and radionucleide contaminants. The list of contaminants to be regulated is so lengthy that the amendments require the EPA to establish a schedule for developing regulations regarding the contaminants. The initial impact of the amendments to the water system has been minimal, as the City has been able to comply with regulations promulgated to date. The full impact is difficult to project at this time and would be dependent upon what maximum contaminant levels may be set for some future parameters and enhanced surface water treatment rules. Many of these parameters, such as waterborne pathogens, radionucleides and infection by-products contaminants, may require treatment changes that have not as yet been established by the EPA. Continued changes in rules and regulations will continue to cause process modifications, which will increase the cost of the maintenance and operation of the City's drinking water treatment and distribution facilities. These modifications and upgrades will require increased capital expenditures, which may be financed by the issuance of additional revenue bonds.

Nueces Estuary Fresh Water Inflow Requirements. When the State granted the City and the Nueces River Authority a right to store and divert State waters in the Choke Canyon Reservoir, it included a special provision in the water rights permit requiring that the Choke Canyon/Lake Corpus Christi Reservoir system be operated so as to provide no less than 151,000 acre-feet per year of freshwater inflow to the Nueces Estuary in order to maintain the ecological health of that estuary. This provision was later incorporated into the Certificate of Adjudication No. 21-3214 for the Choke Canyon Reservoir. In 1990, the State issued the first of a series of orders governing the City's reservoir system operations to satisfy these freshwater inflow requirements, reducing the firm yield of the City's reservoir system. In May 1995, TCEQ approved an Agreed Order for an annual yield of 181,000 acre-feet per year while satisfying the freshwater inflow needs of the Nueces Estuary. Any future increase in freshwater inflow requirements could reduce the amount of water available for sale by the City's Combined Utility System. The 1995 TCEQ Agreed Order was further refined on April 4, 2001, to allow a more automatic transition from inflow requirements within the 1995 TCEQ Agreed Order. On August 11, 2026, the City, the Nueces River Authority, and the City of Three Rivers submitted an application to the TCEQ to temporarily suspend certain conditions, including the pass-through requirements for special condition 5.B of Certificate of Adjudication No. 21-3214, as set forth in the 2001 Agreed Order. On August 25, 2026, the Executive Director of the TCEQ approved an emergency order temporarily suspending the reservoir pass-through requirements established under the 2001 Agreed Order. The emergency order is effective immediately and will remain in effect for 120 days, through December 23, 2026. If combined storage in the CCDR/LCC Reservoir System remains below 50% of capacity on the 120th day, the order will automatically extend for an additional 60 days. Without the emergency relief, the 2001 Agreed Order would have required the passage of approximately 36,500 acre-feet of water from the identified lakes. The TCEQ affirmed the emergency order at a hearing held on September 9, 2026.

Federal and State Regulation of the City's Wastewater Facilities. The Federal Clean Water Act and the Texas Water Code regulate the Wastewater System's operations, including the collection system and the wastewater treatment plants. All discharges of pollutants into the nation's navigable waters must comply with the Clean Water Act. The Clean Water Act allows municipal wastewater treatment plants to discharge treated effluent to the extent allowed by permits issued by the EPA pursuant to the NPDES program. The Clean Water Act authorized the EPA to delegate NPDES permit responsibility to State agencies. The EPA delegated NPDES permit authority to the TCEQ. The TCEQ administers the Texas Pollutant Discharge Elimination System ("TPDES") and issues permits under that system. TPDES permits set limits on the type and quantity of the City's wastewater discharge.

TCEQ Docket No. 2021-0556-MWD-E concerning Allison Wastewater Treatment Plant. On October 27, 2021, the TCEQ initiated an enforcement action and proposed agreed order against the City for violation of TPDES regulations in 2018 through 2020 at the City's Allison WWTP via TCEQ Docket No. 2021-0556-MWD-E. In 2022, the City tentatively reached a deal with the TCEQ to incorporate the proposed fine as a Supplemental Environmental Project (SEP) in a series of upgrades to the Allison WWTP. The cost of the series of upgrades to the Allison WWTP has been incorporated into the City's capital improvement plans. Due to later additions to the proposed order by TCEQ, this matter remains at the TCEQ in Enforcement for further proceedings and discussions on SEP issues. On August 17, 2026, TCEQ submitted revised proposed Agreed Order which included the SEP to offset the penalty.

TCEQ Docket No. 2021-0986-MWD-E concerning Oso Wastewater Treatment Plant. On February 10, 2023, the TCEQ initiated an enforcement action and proposed agreed order against the City for violation of TPDES regulations in April of 2021 at the City's Oso Wastewater Treatment Plant (WWTP) via TCEQ Docket No. 2021-0986-MWD-E. The City is currently in discussion with the TCEQ on a proposal to incorporate the proposed fine as a Supplemental Environmental Project (SEP) in a series of upgrades to the Oso WWTP. The cost of the series of upgrades to the Oso WWTP has been incorporated into the City's capital improvement plans. This has been submitted to the TCEQ for consideration in summer 2026. On June 3, 2026, the TCEQ approved the agreed order including a SEP to offset the penalty.

Consent Decree in United States of America and State of Texas v. City of Corpus Christi. During the past decade, the City has reported sanitary sewer overflows within its wastewater collection system and exceedances of effluent limits at its six wastewater treatment plants to TCEQ in compliance with its TPDES permits. In response to high numbers of reported sanitary sewer overflows more than 10 years ago, the EPA threatened the City with a lawsuit. The City simultaneously began negotiating with the EPA and developing and implementing a significantly increased set of wastewater collections and treatment system maintenance and repair activities. These activities reduced the City's sanitary

sewer overflows from more than 1,400 per year to less than 100 per year. This culminated in a consent decree in the case of *United States of America and State of Texas v. City of Corpus Christi*, which was approved by the federal court in January 2021 (see further information on this lawsuit under "City Claims and Litigation"). This Consent Decree contains duties that will subject the City to stipulated penalties for sanitary sewer overflows and specified violations of TPDES permit standards for three of the City's wastewater treatment plants. The decree-ordered activities and penalties are projected to increase Wastewater rates by 3% to 5% per year for the next five-year period and are not expected to materially affect the wastewater system's financial viability. The City Council regularly receives overviews on the Consent Decree, the most recent occurring on July 16, 2026.

Sanitary Sewer Overflow Update . . . As of the date of the rating agency presentations, the City had experienced 46 sanitary sewer overflows ("SSOs") year-to-date in calendar year 2026, compared to 36 SSOs in calendar year 2025. The increase is attributable primarily to significant rainfall events in May and June 2026, which resulted in elevated inflow and infiltration into the wastewater collection system. The long-term SSO trend remains favorable, with annual SSO counts well below levels experienced in prior years. The inflow and infiltration reduction program continues, and capacity-constraint remediation projects required under the Consent Decree are in design and are expected to improve SSO performance upon completion.

Permit Applications for Desalination Plants. The City has requested water rights permits and TPDES discharge permits from the TCEQ for potential seawater desalination plants at two locations on Corpus Christi Bay, Inner Harbor and La Quinta. The City also applied for a permit for facilities related to the Inner Harbor Seawater Desalination Project from the Army Corps of Engineers. The City received the water rights permit for the Inner Harbor location in October of 2022. The City received the TPDES and Corps permits for the Inner Harbor seawater desalination plant in March of 2025. Appellants have sued the TCEQ in Travis County, alleging the TCEQ permits were not supported by sufficient evidence. Unless a court in Travis County finds the permits were issued without sufficient evidence (unlikely, due to the substantial evidence rule), the permits remain valid.

U.S. Department of Housing and Urban Development (HUD) Title VI Complaint. On December 12, 2022, the City received notice from HUD that it had received a formal complaint alleging the City had engaged in discriminatory housing practices related to the siting of the Inner Harbor Seawater Desalination Treatment Plant, and HUD would investigate the complaint. The complaint was filed as *Hillcrest Residents Association and CAFP v. City of Corpus Christi et al*, Case No. 06-23-5804-8/6/9, under Title VI of the Civil Rights Act of 1964 and Section 109 of the Housing and Community Development Act of 1974. It was filed with HUD, EPA, and DOJ. On March 23, 2023, the EPA rejected the complaint. The City then provided additional information to HUD regarding the use of HUD funds in the Hillcrest neighborhood and confirmed that HUD funds would not be used to construct or operate the Inner Harbor Seawater Desalination Treatment Plant. HUD referred the complaint to the DOJ, and the DOJ notified the City on October 2, 2024 that DOJ would take no further action on the complaint. On July 17, 2025, the complainants withdrew their complaint, and on July 21, 2025, HUD closed the complaint.

Petitions by Outside City Ratepayers Appealing the Water Rates of the City of Corpus Christi, Public Utilities Commission Docket Nos. 56427 & 57903. Texas Water Code § 13.043 provides that customers of a municipal water provider may appeal their water rates by filing a petition with the Texas PUC of at least 10% of the affected outside-City-limits customers within 90 days after the effective date of an extraterritorial rate increase. On March 28, 2024, Affordable Water for Corpus Christi ("AWCC") submitted a petition by outside City limits ratepayers appealing the City's increase of its water rates that was effective on January 1, 2024. On March 31, 2025, AWCC submitted a petition attempting to appeal the City's 2025 rate increase. The cases were consolidated under PUC Docket 56427. The PUC has the authority to deny and/or reduce the increase and order refunds of amounts exceeding the ordered rates after the effective date. A decision by the PUC prohibiting the City from increasing the water rates of out-of-City customers would not prevent payment of utility-related obligations. However, an adverse decision could effectively require in-City utility ratepayers to subsidize the out-of-City customers to the extent of the prohibited extraterritorial utility rate increases. On May 1 and May 8, 2026, PUC staff filed direct testimony recommending an adjustment of approximately $6,400,000 to 2024 rates and no adjustment to 2025 rates. The hearing on the merits was held on July 13 and 14, 2026, before the Administrative Law Judge (the "ALJ"). On August 5, 2026, the parties submitted their initial briefs to the ALJ. The City filed its reply brief on August 19, 2026.

The ALJ's proposal for decision ("PFD") and recommendation to the PUC was issued on October 19, 2026. The ALJ agreed with the City regarding several contested issues including allocation of costs for the City's distribution facilities and approval of various transfers. However, the ALJ found that the City failed to demonstrate that the 2024 and 2025 rates were in the public interest. The City will file exceptions on all points ruled against the City in the PFD. The PUC has not yet notified the parties of the deadlines for filing exceptions to the PFD or the date of the PUC open meeting regarding decision in this case. A final ruling from the PUC is anticipated before the end of the 2026 calendar year or early 2027. The City's consultant has calculated that if the ALJ's PFD is approved by the PUC, the total of the 2024 and 2025 loss items against the City would be approximately $9,408,632 (2024 - $7,290,796 and 2025 - $2,117,836). In addition, the total interest would be $1,840,798. The PFD identifies that the PUC would determine how the final refund amount would be repaid on a monthly basis. The City has rates in place sufficient to cover the debt service on the utility system revenue bonds outstanding, including the Bonds, as well as final refund amount.

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MAYORAL IMPEACHMENT PROCEEDINGS

A petition seeking removal of current City Mayor Paulette Guajardo, signed by six residents alleging that Mayor Guajardo knew about the alteration of federal documents tied to a $2 million tax incentive for a downtown hotel development but still voted in favor of the funding, was filed with the City on August 29, 2025. On March 24, 2026, by a vote of 5 to 3, the City Council determined to conduct a hearing on the removal petition. At this hearing, held on April 14, 2026, the City Council (also on a vote of 5 to 3) accepted from the petitioners' articles of impeachment, which were expanded from the allegations in the original petition to include a new allegation that Mayor Guajardo perjured herself during a deposition) and approved procedural guidelines governing evidence, cross-examination, and the burden of proof for a removal hearing.

In response, Mayor Paulette Guajardo sued the City and five of the members of City Council, requesting injunctive relief against the removal proceedings and her attorney's fees. On July 14, 2026, Judge Hanks, Jr of the U.S. District Court for the Southern District of Texas dismissed claims under federal law with prejudice and State claims without prejudice. The Mayor filed a notice of appeal with the Fifth Circuit, which is currently pending. The Mayor is challenging the U.S. District Court's ruling that Paulette Guajardo does not have a protected property interest to remain in the elected position of Mayor.

The hearings for the removal action were held on July 22, 2026, July 23, 2026, August 6, 2026, and concluded on August 7, 2026. The City Council did not find the charges warranted removal. Mayor Paulette Guajardo was suspended for 30 days by the Council pursuant to their finding that Paulette Guajardo engaged in misconduct, malfeasance, or willful neglect in the performance of her official duties by aiding a fraud upon the taxpayers of the City, related to the alleged need to comply with "newly defined" FEMA flood maps and/or an altered FEMA screenshot. Furthermore, Mayor Paulette Guajardo was reprimanded on Council's finding that Paulette Guajardo, while testifying in her official capacity as Mayor, perjured herself on August 6, 2025. No punishment was assessed on the finding that Paulette Guajardo committed misconduct, malfeasance, incompetence, or inability, or willful neglect of performance of her official duties by failing to hold all information received from CCREDC activities strictly confidential. The suspension was effective August 8 through September 6, 2026. The Mayor resumed the powers and duties of office on September 8, 2026.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Business and Commerce Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State. 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 Public Funds Investment Act (Texas Government Code, Chapter 2256, as amended), 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. 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.

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REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided by Section 3(a) thereunder; and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; 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.

It is the obligation of the Underwriters to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City has agreed to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the Underwriters shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

RATINGS

The Bonds and the Previously Issued Parity Obligations of the City have been rated "A-" by Fitch Ratings, Inc. ("Fitch") and "A" by S&P Global Ratings, a Standard & Poor's Financial Services LLC Business ("S&P") without regard to credit enhancement. The Previously Issued Parity Obligations of the City also have an underlying rating of "A1" by Moody's Investors Service, Inc. ("Moody's"). No application to Moody's has been made for a rating on the Bonds. The City has made application and anticipates receiving bids from various municipal bond insurers for insurance on the Bonds. The City will evaluate whether to have some or all maturities of the Bonds insured based on an analysis of bids received from such companies. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. Ratings reflect the views of such rating companies, and the City makes no representation as to the appropriateness of the ratings. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. 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 either of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the City. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Bonds remain outstanding could undertake such an evaluation process.

TAX MATTERS

OPINION . . . The delivery of the Bonds is subject to the opinion of Norton Rose Fulbright US LLP, Austin and San Antonio, Texas, Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes (1) is excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the owners thereof 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 thereof who are individuals. The statute, regulations, rulings, and court decisions on which such opinion is based are subject to change. The Form of Bond Counsel's Opinion appears in APPENDIX D attached hereto.

In rendering the foregoing opinion, Bond Counsel will rely upon the Verification Report of the Verification Agent and upon the representations and certifications of the City made in a certificate of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Ordinance by the City subsequent to the issuance of the Bonds. The Ordinance 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 therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any arbitrage "profits" 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 thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express 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. 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 (the "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 municipal 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 Beneficial 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 Beneficial 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.

TAX CHANGES . . . Existing law may change to reduce or eliminate the benefit to Bond holders 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.

ANCILLARY TAX CONSEQUENCES . . . 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, property and casualty insurance companies, life 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, owners of an interest in a financial asset securitization investment trust ("FASIT"), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit 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.

TAX ACCOUNTING TREATMENT OF DISCOUNT BONDS . . . The initial public offering price to be paid for certain Bonds may be less than the amount payable on such Bonds at maturity (the "Discount Bonds"). 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 Bonds. A portion of such original issue discount, allocable to the holding period of a Discount Bond by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Bonds. 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 his taxable 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, 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 bonds. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to 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 for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

TAX ACCOUNTING TREATMENT OF PREMIUM BONDS . . . The initial public offering price to be paid for certain Bonds may be greater than the stated redemption price on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and its stated redemption price at maturity constitutes premium to the initial purchaser of such Premium Bonds. 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 with respect to the Premium Bonds. 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 an initial purchaser is determined by using such purchaser's yield to maturity.

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.

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LEGAL MATTERS

The City will furnish a complete transcript of proceedings incident to the issuance of the Bonds, including the approving legal opinions of the Attorney General of the State of Texas to the effect that the Bonds are valid and binding special obligations of the City, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel to the effect that the Bonds are issued in compliance with the provisions of the Ordinance are valid and legally binding special obligations of the City and that the interest on the Bonds is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions subject to requalification set forth herein under "TAX MATTERS." Though it represents the Underwriters from time to time regarding matters unrelated to the Bonds, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Bonds. Bond Counsel has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions "PLAN OF FINANCING," "THE BONDS" (except for the information under the subcaption "REDEMPTION OF THE BONDS – NOTICES OF REDEMPTION THROUGH THE DEPOSITORY TRUST COMPANY," as to which no opinion is expressed), "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "TAX MATTERS," "LEGAL MATTERS" (excluding the last two sentences of the first paragraph thereof, as to which no opinion is expressed), "CONTINUING DISCLOSURE OF INFORMATION" (except the subcaption "COMPLIANCE WITH PRIOR UNDERTAKINGS" as to which no opinion is expressed), and "APPENDIX A – CERTAIN PROVISIONS OF THE ORDINANCE" and is of the opinion that the information relating to the Bonds and the Ordinance is a fair and accurate summary of the information purported to be shown therein and is correct as to matters of law. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinions of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters relating to the City will be passed upon by the City Attorney of the City. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, whose compensation is contingent on the delivery of the Bonds.

The various 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 explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

INDEPENDENT ACCOUNTANTS

This Official Statement includes the Annual Comprehensive Financial Report of the City for the Fiscal Year ended September 30, 2025. The Annual Comprehensive Financial Report has been examined by Weaver and Tidwell, L.L.P., Certified Public Accountants, as stated in their report set forth in APPENDIX B to this Official Statement. The City has not requested Weaver and Tidwell, L.L.P. to reissue its audited financial statements and Weaver and Tidwell, L.L.P., has not performed any procedures in connection with this Official Statement.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12 (see "CONTINUING DISCLOSURE OF INFORMATION" herein).

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FINANCIAL ADVISOR

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

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

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City at an underwriting discount of $_____ from the initial public offering price for the Bonds and no accrued interest. The Underwriters will be obligated to purchase all of the Bonds if any are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with 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.

Morgan Stanley & Co. LLC, one of the Underwriters of the Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute securities to retail investors through the financial network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its underwriting efforts with respect to the Bonds.

The Underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

NO-LITIGATION CERTIFICATE

At the time of delivery of the Bonds, the City will execute and deliver a certificate dated as of the date of delivery to the effect that no litigation has been filed or is then pending to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provisions made for payment of the principal of and interest on the Bonds or in any manner question the validity of the Bonds.

GENERAL INFORMATION

The descriptions herein do not purport to be complete, and all such descriptions or references are qualified in their entirety by reference to the complete form of the Ordinance or other documents or source they summarize. Statements made herein involving estimates or projections, whether or not expressly identified as such, should not be construed to be statements of fact or as representations that such estimates or projections will ever be attained or will approximate actual results. Any summaries or excerpts of constitutional provisions, statutes, ordinances, or other documents do not purport to be complete statements of same and are made subject to all of the provisions thereof. Reference should be made to such original sources in all respects.

For additional information with respect to the financial condition of the City, the September 30, 2025, "CITY OF CORPUS CHRISTI, TEXAS ANNUAL COMPREHENSIVE FINANCIAL REPORT" is attached hereto as APPENDIX B.

The Bonds are payable solely from the Senior Lien Pledged Revenues as described herein. The inclusion in the Appendices hereto of financial and other information with respect to other funds, assets or resources of the City is in no way intended to imply that any other revenues or money of the City are pledged to pay the principal of and interest on the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the 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 specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org, as further described below under "AVAILABILITY OF INFORMATION."

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 22 (excluding the table titled "PROJECTED NET REVENUES AVAILABLE FOR DEBT SERVICE AND DEBT SERVICE COVERAGE") and in APPENDIX B. The City will update and provide this information within six months after the end of each fiscal year ending in and after 2026. 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 EMMA system or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule. The updated information will include audited financial statements if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. 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 City's current fiscal year end is September 30. Accordingly, it must provide updated information by the last day of March in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The City has agreed to file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner (and not more than ten business days after occurrence of the event): (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 federal income 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, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material; (15) incurrence of a Financial Obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. Neither the Bonds nor the Ordinance makes any provision for credit enhancement or liquidity enhancement. In the Ordinance, the City has adopted policies and procedures to ensure timely compliance with its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "ANNUAL REPORTS." The City will provide each notice described in this paragraph to the MSRB.

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

NOTICE OF FAILURE TO TIMELY FILE . . . The City also will notify the MSRB through EMMA, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with the provisions described under "Annual Reports" above.

AVAILABILITY OF INFORMATION . . . All information and documentation filing required to be made by the City in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB through EMMA.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of specified 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 owners of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the owners 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 Beneficial Owners and Beneficial Owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling 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 "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the past five years, the City has complied in all material respects with continuing disclosure agreements made by it in accordance with Rule 15c2-12. Certain Projected Financial Results of Operation of Combined Utility System Operations information of the City has been reorganized and reported in the Annual Financial Information and Operating Data filings in differing formats from year to year in order to reflect the City's current financial reporting and budget methodology, but such information has been of the general type contemplated by the City's prior disclosure undertakings.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The Verification Agent will deliver to the City, on or before the Date of Initial Delivery of the Bonds, its verification report (the "Verification Report") indicating that it has verified the mathematical accuracy of (i) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, if any, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds, and (ii) the mathematical computations of yields used by Bond Counsel to support its opinion that the interest on the Bonds will be excludes from gross income for federal income tax purposes.

The Verification Agent relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, the Verification Agent has relied on any information provided to it by the City's retained advisors, consultants or legal counsel.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

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

MISCELLANEOUS

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

AUTHORIZATION OF THE OFFICIAL STATEMENT

The Ordinance authorizing the issuance of the Bonds approved the form and content of this Official Statement, and any addenda, supplement, or amendment thereto and the use thereof by the Underwriters in the offering of the Bonds. The Underwriters will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the City.

This Official Statement was approved by the City Council of the City for distribution in accordance with the provisions of the Rule.

City Secretary
City of Corpus Christi, Texas

Mayor
City of Corpus Christi, Texas

SCHEDULE I*

SCHEDULE OF REFUNDED BONDS

Utility System Junior Lien Revenue Refunding Bonds, Series 2016

Amount	Maturity	Coupon
$ 3,415,000	7/15/2028	5.000%
3,585,000	7/15/2029	5.000%
3,765,000	7/15/2030	5.000%
3,950,000	7/15/2031	4.000%
$ 14,715,000		

Redemption Date: 1/19/2027
Redemption Price: 100%

*Preliminary, subject to change.

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APPENDIX A

CERTAIN PROVISIONS OF THE ORDINANCE

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APPENDIX A
CERTAIN PROVISIONS OF THE ORDINANCE

The following constitutes a summary of certain selected provisions of the Ordinance. This summary should be qualified by reference to other provisions of the Ordinance referred to elsewhere in this Official Statement, and all references and summaries pertaining to the Ordinance in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Ordinance, a copy of which may be obtained from the City.

SECTION 9. Definitions. For all purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 32 and 46 of this Ordinance have the meanings assigned to them in such Sections, and all such terms include the plural as well as the singular; (ii) all references in this Ordinance to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Ordinance as originally adopted; and (iii) the words "herein", "hereof", and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

A. The term *Accountant* shall mean a nationally recognized independent certified public accountant, or an independent firm of certified public accountants.

B. The term *Additional Senior Lien Obligations* shall mean (i) any bonds, notes, warrants, or any similar obligations hereafter issued by the City that are payable wholly or in part from and equally and ratably secured by a lien and pledge of the Senior Lien Pledged Revenues, such pledge to include a pledge of Net Revenues that is senior and superior to the lien thereon and pledge thereof that is or will be pledged to the payment of any Subordinate Lien Obligations and any Inferior Lien Obligations now Outstanding or hereafter issued by the City, and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured solely by a lien on and pledge of the Senior Lien Pledged Revenues (including the Previously Issued Parity Obligations), as determined by the City Council in accordance with applicable law.

C. The term *Additional Subordinate Lien Obligations* shall mean (i) any bonds, notes, warrants, or any similar obligations hereafter issued by the City that are payable wholly or in part from and equally and ratably secured by a lien and pledge of the Net Revenues, such pledge being subordinate and inferior to the lien on and pledge of the Net Revenues that is included in Senior Lien Pledged Revenues, but senior and superior to the lien thereon and pledge thereof that is or will be pledged to the payment of the Inferior Lien Obligations now Outstanding or hereafter issued by the City, and on parity with the lien on and pledge of the Net Revenues securing the payment of the then-Outstanding Subordinate Lien Obligations and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by such subordinate and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

D. The term *Approval Certificate* shall mean a written instrument from time to time executed by the Authorized Official in accordance with Section 1 of this Ordinance.

E. The term *Authorized Official* shall mean the City Manager, the Deputy City Manager, each Assistant City Manager, Director of Finance and Procurement, City Secretary, and City Attorney of the City (which shall include any person serving in the foregoing capacity on an interim or non-permanent basis).

F. The term *Average Annual Debt Service Requirements* shall mean that average amount which, at the time of computation, will be required to pay the Debt Service Requirements of obligations when due and derived by dividing the total of such Debt Service Requirements by the number of years then

remaining before final Stated Maturity. The calculation of Average Annual Debt Service Requirements shall be net of (1) capitalized interest from bond proceeds and (2) the receipt or anticipated receipt of a refundable tax credit or similar payment relating to a series of Senior Lien Obligations irrevocably designated as refundable tax credit bonds, which payment shall be treated as one offset to regularly scheduled debt service of the series of Senior Lien Obligations to which it relates.

G. The term *Bonds* shall mean the $[_____] "CITY OF CORPUS CHRISTI, TEXAS UTILITY SYSTEM SENIOR LIEN REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2026A", dated December 1, 2026, authorized by this Ordinance.

H. The term *Bond Fund* shall mean the special Fund or account created and established by the provisions of Section 13 of this Ordinance.

I. The term *Capital Additions* shall mean a reservoir or other water storage facilities, a water or wastewater treatment plant or an interest therein, an electric generation facility and/or distribution system or an interest therein, a gas distribution system or an interest therein and associated transmission facilities with respect to each and any combination thereof, which shall become a part of the System.

J. The term *Capital Improvements* shall mean any capital extensions, improvements and betterments to the System other than Capital Additions.

K. The term *City* shall mean the City of Corpus Christi, Texas and, where appropriate, the City Council of the City.

L. The term *Closing Date* shall mean the date of physical delivery of the Initial Bond in exchange for the payment in full by the Purchasers.

M. The term *Credit Agreement* shall mean a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Debt, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized, and approved by the City as a Credit Agreement in connection with the authorization, issuance, security, or payment of any obligation authorized by Chapter 1371, as amended, Texas Government Code, and which includes any Credit Facility.

N. The term *Credit Facility* shall mean (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, or (ii) a letter or line of credit issued by any financial institution.

O. The term *Credit Provider* shall mean any bank, financial institution, insurance company, surety bond provider, or other institution which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement or Credit Facility.

P. The term *Debt* shall mean

(1) all indebtedness payable from Net Revenues and/or Senior Lien Pledged Revenues incurred or assumed by the City for borrowed money (including indebtedness payable from Net Revenues and/or Senior Lien Pledged Revenues arising under Credit Agreements) and all other financing obligations of the System payable from Net Revenues and/or Senior Lien Pledged Revenues that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and

(2) all other indebtedness payable from Senior Lien Pledged Revenues and/or Net Revenues (except indebtedness not treated as Debt hereunder) for borrowed money or for the

acquisition, construction, or improvement of property or capitalized lease obligations pertaining to the System that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.

For the purpose of determining Debt, there shall be excluded any particular Debt if, upon or prior to the maturity thereof, there shall have been deposited with the proper depository (i) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (ii) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the System in prior Fiscal Years.

Q. The term *Debt Service Requirements* shall mean, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by assuming (i) that the interest rate for every 12-month period on such bonds is equal to the rate of interest reported in the most recently published edition of *The Bond Buyer* (or its successor) at the time of calculation as the "Revenue Bond Index" or, if such Revenue Bond Index is no longer being maintained by *The Bond Buyer* (or its successor) at the time of calculation, such interest rate shall be assumed to be 80% of the rate of interest then being paid on United States Treasury obligations of like maturity and (ii) that, in the case of bonds not subject to fixed scheduled mandatory sinking fund redemptions, that the principal of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds or in the manner permitted under Section 1371.057(c), as amended, Texas Government Code as the same relates to interim or non–permanent indebtedness, and in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity according to a fixed schedule, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto (in each case notwithstanding any contingent obligation to redeem bonds more rapidly). For the term of any Credit Agreement in the form of an interest rate hedge agreement entered into in connection with any such obligations, Debt Service Requirements shall be computed by netting the amounts payable to the City under such hedge agreement from the amounts payable by the City under such hedge agreement and such obligations.

R. The term *Depository* shall mean an official depository bank of the City.

S. The term *Engineer* shall mean an individual, firm, or corporation engaged in the engineering profession, being a registered professional engineer under the laws of the State of Texas, having specific experience with respect to a combined municipal utility system similar to the System and such individual, firm, or corporation may be employed by, or may be an employee of, the City.

T. The term *Fiscal Year* shall mean the twelve month accounting period used by the City in connection with the operation of the System which may be any twelve consecutive month period established

by the City, presently being that period commencing on October 1 of each year and ending on the following September 30.

U. The term *Government Securities* shall mean: (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America, or (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. When the Previously Issued Parity Obligations issued on or before August 25, 2016, are no longer Outstanding, the term Government Securities, as used herein, shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

V. The term *Gross Revenues* shall mean all revenues, income, and receipts derived or received by the City from the operation and ownership of the System, including the interest income from the investment or deposit of money in any Fund created or confirmed by this Ordinance or maintained by the City in connection with the System, other than those amounts subject to payment to the United States of America as rebate pursuant to section 148 of the Code.

W. The term *Holder or Holders* shall mean the registered owner, whose name appears in the Security Register, for any Bond.

X. The term *Inferior Lien Obligations* shall mean (i) any bonds, notes, warrants, or any similar obligations hereafter issued by the City that are payable wholly or in part from and equally and ratably secured by a lien and pledge of the Net Revenues, which pledge is subordinate and inferior to the lien on and pledge of the Net Revenues that is included in Senior Lien Pledged Revenues, that is or will be pledged to the payment of the Subordinate Lien Obligations, and that is on parity with the lien on and pledge of the Net Revenues securing the payment of the then-Outstanding Inferior Lien Obligations and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by such subordinate and inferior lien on and pledge of the Net Revenues as determined by the City Council in accordance with applicable law.

Y. The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, being January 15 and July 15 of each year, commencing July 15, 2027, while any of the Bonds remain Outstanding.

Z. The term *Net Revenues* shall mean all Gross Revenues less Operating Expenses.

AA. The term *Operating Expenses* shall mean the expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City, reasonably and fairly exercised by the passage of appropriate ordinances, are necessary to render adequate service, or such as might be necessary to meet some physical accident or condition which would otherwise impair any

Senior Lien Obligations, Subordinate Lien Obligations, Inferior Lien Obligations, or other Debt of the System. Operating Expenses shall include the purchase of water, sewer and gas services as received from other entities and the expenses related thereto and, to the extent permitted by a change in law (and receipt of an opinion as to legality from a firm of nationally recognized bond counsel), Operating Expenses may include payments made on or in respect of obtaining and maintaining any Credit Facility. Operating Expenses shall never include any allowance for depreciation, property retirement, depletion, obsolescence, and other items not requiring an outlay of cash and any interest on the Bonds or any Debt.

BB. The term *Ordinance* shall mean this Ordinance adopted by the City Council on May 12, 2026 authorizing the issuance of the Bonds.

CC. The term *Outstanding* shall mean when used in this Ordinance with respect to all Debt means, as of the date of determination, all Debt except:

(1) those Senior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Senior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations for which payment has been duly provided by the City in accordance with the provisions of Section 34 of this Ordinance; and

(3) those Senior Lien Obligations, Subordinate Lien Obligations, and Inferior Lien Obligations that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 27 of this Ordinance.

DD. The term *Paying Agent/Registrar* shall mean the financial institution specified in Section 3 of this Ordinance, or its herein-permitted successors and assigns.

EE. The term *Previously Issued Parity Obligations* shall mean, as of the Closing Date the Outstanding and unpaid obligations of the City that are payable solely from and equally and ratably secured by a lien on and pledge of the Senior Lien Pledged Revenues which includes a first and prior lien on and pledge of Net Revenues of the System that is superior to the lien thereon and pledge thereof securing the Subordinate Lien Obligations and Inferior Lien Obligations, identified as follows:

(1) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2012", dated November 15, 2012, in the original principal amount of $69,085,000;

(2) "City of Corpus Christi, Texas Utility System Junior Lien Revenue and Refunding Bonds, Series 2012", dated November 15, 2012, in the original principal amount of $155,660,000;

(3) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2015A", dated March 1, 2015, in the original principal amount of $93,600,000;

(4) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2015C", dated July 1, 2015, in the original principal amount of $101,385,000;

(5) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Refunding Bonds, Series 2016", dated August 1, 2016, in the original principal amount of $80,415,000;

(6) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Refunding Bonds, Series 2017", dated March 15, 2017, in the original principal amount of $51,215,000;

(7) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2017", dated October 1, 2017, in the original principal amount of $2,750,000;

(8) "City of Corpus Christi, Texas Utility System Junior Lien Revenue and Improvement Refunding Bonds, Series 2019", dated September 15, 2019, in the original principal amount of $93,425,000;

(9) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement and Refunding Bonds, Series 2020A", dated July 15, 2020, in the original principal amount of $133,765,000;

(10) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Refunding Bonds, Taxable Series 2020B", dated July 15, 2020, in the original principal amount of $183,635,000;

(11) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, New Series 2020C", dated November 1, 2020, in the original principal amount of $11,425,000;

(12) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Notes, Taxable New Series 2021A", dated April 1, 2021, in the original principal amount of $35,000,000;

(13) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2022A", dated June 15, 2022, in the original principal amount of $3,561,000;

(14) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2022B", dated July 15, 2022, in the original principal amount of $92,465,000;

(15) "City of Corpus Christi, Texas Utility System Senior Lien Revenue Improvement and Refunding Bonds, Series 2023", dated July 20, 2023, in the original principal amount of $138,320,000; and

(16) "City of Corpus Christi, Texas Utility System Senior Lien Revenue Improvement and Refunding Bonds, Series 2024", dated June 18, 2024, in the original principal amount of $250,415,000; and

(17) "City of Corpus Christi, Texas Utility System Senior Lien Revenue Improvement and Refunding Bonds, Series 2024A", dated November 14, 2024, in the original principal amount of $211,050,000; and

(18) "City of Corpus Christi, Texas Utility System Senior Lien Revenue Improvement and Refunding Bonds, Series 2024B", dated November 14, 2024, in the original principal amount of $10,000,000; and

(19) "City of Corpus Christi, Texas Utility System Senior Lien Revenue Improvement and Refunding Bonds, Series 2025", dated July 17, 2025, in the original principal amount of $296,870,000; and

(20) "City of Corpus Christi, Texas Utility System Senior Lien Revenue Improvement Bonds, Series 2026", dated October 1, 2026, in the original principal amount of $148,365,000; and

(21) Upon issuance, the Bonds.

FF. The term *Previously Issued Subordinate Lien Obligations* shall mean the "City of Corpus Christi, Texas Utility System Subordinate Lien Revenue Refunding Bonds, Series 2018", dated February 15, 2018, in the original principal amount of $34,835,000.

GG. The term *Pricing Officer* shall mean either of the City Manager, the Deputy City Manager, or Director of Finance and Procurement, respectively, of the City (which shall include any person serving in the foregoing capacity on an interim or non-permanent basis).

HH. The term *Prudent Utility Practice* shall mean any of the practices, methods and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the public utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act at the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. In the case of any facility included in the System which is owned in common with one or more other entities, the term "Prudent Utility Practice", as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

II. The term *Purchasers* shall mean the initial purchaser or purchasers of the Bonds named in Section 28 of this Ordinance.

JJ. The term *Refunding Candidates* shall mean the following obligations of the City from which certain of the Refunded Obligations are selected by the Pricing Officer:

(1) "City of Corpus Christi, Texas Utility System Junior Lien Revenue and Refunding Bonds, Series 2012", dated November 15, 2012, in the original principal amount of $155,660,000, and stated to mature on July 15, 2032 in the aggregate principal amount of $2,215,000;

(2) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2012", dated November 15, 2012, in the original principal amount of $69,085,000, and stated to mature on July 15, 2032 and July 15, 2042 in the aggregate principal amount of $20,990,000;

(3) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2015A", dated March 1, 2015, in the original principal amount of $93,600,000, and stated to mature on July 15, 2032 and July 15, 2033 in the aggregate principal amount of $6,355,000;

(4) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2015C", dated July 1, 2015, in the original principal amount of $101,385,000, and stated to mature on July 15, 2045 in the aggregate principal amount of $27,925,000; and

(5) "City of Corpus Christi, Texas Utility System Junior Lien Revenue Refunding Bonds, Series 2016", dated August 1, 2016, in the original principal amount of $80,415,000, and

stated to mature on July 15 in each of the years 2027 through 2036 and July 15, 2039 in the aggregate principal amount of $55,690,000.

KK. The term *Required Reserve Amount* shall have the meaning given such term in Section 14 of this Ordinance.

LL. The term *Reserve Fund* shall have the meaning given such term in Section 14 of this Ordinance.

MM. The term *Reserve Fund Deposits* shall have the meaning given such term in Section 14 of this Ordinance.

NN. The term *Senior Lien Obligations* shall mean (i) the Previously Issued Parity Obligations, (ii) any Additional Senior Lien Obligations, and (iii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured solely by a lien on and pledge of the Senior Lien Pledged Revenues, which includes a first and prior lien on and pledge of Net Revenues that is senior and superior to the lien thereon and pledge thereof securing the repayment of the Subordinate Lien Obligations and the Inferior Lien Obligations, as determined by the City Council in accordance with applicable law.

OO. The term *Senior Lien Pledged Revenues* shall mean (i) the Net Revenues plus (ii) any additional revenues, income, receipts, or other resources including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged by the City to the payment of the Bonds, and at the City's discretion, any Additional Senior Lien Obligations, and excluding those revenues excluded from Gross Revenues.

PP. The term *Special Project* shall mean, to the extent permitted by law, any water, sewer, wastewater reuse, or municipal drainage system property, improvement, or facility declared by the City, upon the recommendation of the City Council, not to be part of the System, for which the costs of acquisition, construction, and installation are paid from proceeds of Special Project Bonds (hereinafter defined) being a financing transaction other than the issuance of bonds payable from ad valorem taxes, Net Revenues, or Senior Lien Pledged Revenues, and for which all maintenance and operation expenses are payable from sources other than ad valorem taxes, Net Revenues, or Senior Lien Pledged Revenues, but only to the extent that and for so long as all or any part of the revenues or proceeds of which are or will be pledged to secure the payment or repayment of such costs of acquisition, construction, and installation under such Special Project Bonds.

QQ. The term *Stated Maturity* shall mean the annual principal payments of the Bonds payable on July 15 of each year, as set forth in Section 2 of this Ordinance.

RR. The term *Subordinate Lien Obligations* shall mean (i) the Previously Issued Subordinate Lien Obligations, (ii) any Additional Subordinate Lien Obligations, and (iii) any obligations issued to refund the foregoing payable and equally and ratably secured from a lien on and pledge of the Net Revenues that is subordinate and inferior to the lien thereon and pledge thereof that is included in Senior Lien Pledged Revenues but superior to the lien thereon and pledge thereof securing the payment of the Inferior Lien Obligations, as determined by the City Council in accordance with any applicable law.

SS. The term *System* shall mean and include, whether now existing or hereinafter added, the City's existing combined waterworks system, wastewater disposal system and gas system, together with all future extensions, improvements, enlargements, and additions thereto including, to the extent permitted by law (and to be added at the sole discretion of the City), storm sewer and drainage within the waterworks system, solid waste disposal system, additional utility (including electricity), telecommunications,

technology, and any other similar enterprise services, and all replacements, additions, and improvements to any of the foregoing, within or without the City limits; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not include any waterworks, wastewater or gas facilities which are declared by the City to be a Special Project and not a part of the System and which are hereafter acquired or constructed by the City with the proceeds from the issuance of Special Project Bonds, which are hereby defined as being special revenue obligations of the City which are not secured by or payable from all or part of the Net Revenues and/or Senior Lien Pledged Revenues, but which are secured by and payable solely from special contract revenues, or payments received from the City or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute Gross Revenues of the System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such Special Project Bonds.

TT. The term *System Fund* shall have the meaning given such term in Section 12 of this Ordinance.

SECTION 10. Pledge of Senior Lien Pledged Revenues.

A. The City hereby covenants and agrees that the Senior Lien Pledged Revenues of the System are hereby irrevocably pledged to the payment and security of the Senior Lien Obligations, including the establishment and maintenance of the special funds or accounts created for the payment and security thereof, all as hereinafter provided; and it is hereby ordained that the Senior Lien Obligations, and the interest thereon, shall constitute a lien on and pledge of the Senior Lien Pledged Revenues and be valid and binding without any physical delivery thereof or further act by the City, and the lien created hereby on the Senior Lien Pledged Revenues for the payment and security of the Senior Lien Obligations, shall be, prior in right and claim as to any other indebtedness, liability, or obligation of the City or the System. The Senior Lien Obligations are and will be secured by and payable only from the Senior Lien Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any properties whether real, personal, or mixed, constituting the System.

B. Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds and the pledge of Senior Lien Pledged Revenues granted by the City under subsection A of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Senior Lien Obligations are Outstanding and unpaid such that the pledge of the Senior Lien Pledged Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Senior Lien Obligations the perfection of the security interest in this pledge, the City Council agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

SECTION 11. Rates and Charges. For the benefit of the Holders of the Bonds and in addition to all provisions and covenants in the laws of the State of Texas and in this Ordinance, the City hereby expressly stipulates and agrees, while any of the Senior Lien Obligations are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

A. To pay all Operating Expenses, or any expenses required by statute to be a first claim on and charge against the Gross Revenues of the System.

B. To produce Net Revenues, together with any other lawfully available funds, equal to at least 1.15 times Average Annual Debt Service Requirements on the then-Outstanding Senior Lien

Obligations and to deposit the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of the Senior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a first and prior lien on and pledge of the Net Revenues, including the Senior Lien Pledged Revenues, that is senior and superior to the lien thereon and pledge thereof securing the repayment of the Subordinate Lien Obligations and the Inferior Lien Obligations;

C. To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the amounts that may be deposited in the special funds established for the payment of the Subordinate Lien Obligations;

D. To produce Net Revenues, together with any other lawfully available funds, sufficient to pay the principal of and interest on the Inferior Lien Obligations as the same become due and payable and to deposit the amounts required to be deposited in any reserve or contingency fund or account created for the payment and security of the Inferior Lien Obligations, and any other obligations or evidences of indebtedness issued or incurred that are payable from and secured solely by a lien on and pledge of the Net Revenues that is subordinate and inferior to the lien thereon and pledge thereof securing the repayment of the Senior Lien Obligations, and the Subordinate Lien Obligations; and

E. To pay, together with any other lawfully available funds, any other legally incurred Debt payable from the Net Revenues of the System and/or secured by a lien on any part of the System.

The determination of the amount of principal of and interest on any obligations identified in this Section for the purpose of confirming the sufficiency of System rates and charges shall be made after giving consideration as an offset to debt service the receipt or anticipated receipt of a refundable tax credit or similar payment relating to any series of obligations irrevocably designated as refundable tax credit bonds pursuant to the City ordinance authorizing their issuance or otherwise relating thereto.

SECTION 12. System Fund. The City hereby covenants, agrees, and ratifies its prior covenants and agreements that the Gross Revenues of the System shall be deposited, as collected and received, into a separate Fund or account (previously created and established and to be maintained with the Depository) known as the "City of Corpus Christi, Texas Utility System Revenue Fund" (the *System Fund*) and that the Gross Revenues of the System shall be kept separate and apart from all other funds of the City. All Gross Revenues deposited into the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

A. First: To the payment of all necessary and reasonable Operating Expenses or other expenses required by statute to be a first charge on and claim against the revenues of the System.

B. Second: To the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security and benefit of the Previously Issued Parity Obligations, the Bonds, and any Additional Senior Lien Obligations hereafter issued by the City.

C. Third: To the payment of the amounts required to be deposited into the special funds and accounts created and established for the payment, security and benefit of the Previously Issued Subordinate Lien Obligations and any Additional Subordinate Lien Obligations hereafter issued by the City.

D. Fourth: To the payment of the amounts that must be deposited in any special funds and accounts created and established for the payment, security, and benefit of any Inferior Lien Obligations hereafter issued by the City.

Any Net Revenues remaining in the System Fund following such transfers may be used by the City for payment of other obligations of the System, and for any other lawful purpose.

SECTION 13. Bond Fund - Excess Funds. For purposes of providing funds to pay the principal of and interest on the currently Outstanding Senior Lien Obligations as the same become due and payable, the City agrees to maintain, at the Depository, a separate and special Fund or account to be created and known as the "City of Corpus Christi, Texas Utility System Senior Lien Revenue Improvement and Refunding Bonds Interest and Sinking Fund" (the *Bond Fund*). The City covenants that there shall be deposited by an Authorized Official into the Bond Fund prior to each principal and interest payment date from the available Net Revenues an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the currently Outstanding Senior Lien Obligations then falling due and payable, such deposits to pay maturing principal and accrued interest on the currently Outstanding Senior Lien Obligations to be made in substantially equal monthly installments on or before the 10th day of each month, beginning on or before the 10th day of the month next following the delivery of the Bonds to the Purchasers. As described further in Section 15 hereof, if the Senior Lien Pledged Revenues in any month are insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the currently Outstanding Senior Lien Obligations shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund and Reserve Fund is equal to the amount required to fully pay and discharge all Outstanding Senior Lien Obligations (principal and interest) or (ii) the Senior Lien Obligations are no longer Outstanding.

Any proceeds of the Bonds, and investment income thereon, not expended for authorized purposes shall be deposited into the Bond Fund and shall be taken into consideration and reduce the amount of monthly deposits required to be deposited into the Bond Fund from the Net Revenues of the System.

Any surplus proceeds from the sale of the Bonds, including investment income thereon, not expended for authorized purposes shall be deposited in the Bond Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in such Fund from the Senior Lien Pledged Revenues.

SECTION 14. Reserve Fund. To accumulate and maintain a reserve for the payment of the Bonds equal to 100% of the Average Annual Debt Service Requirements or such lesser amount as restricted by the Code (calculated by the City Council at the beginning of each Fiscal Year and as of the date of issuance of the Bonds and each series of Additional Senior Lien Obligations) for the Bonds (the *Required Reserve Amount*), the City hereby creates and establishes, and shall maintain at a Depository a separate and special fund known as the "Corpus Christi, Texas Utility System Senior Lien Revenue Improvement and Refunding Bonds Reserve Fund" (the *Reserve Fund*). Earnings and income derived from the investment of amounts held for the credit of the Reserve Fund shall be retained in the Reserve Fund until the Reserve Fund contains the Required Reserve Amount; thereafter, such earnings and income shall be deposited to the credit of the System Fund. All funds deposited into the Reserve Fund shall be used solely for the payment of the principal of and interest on the Bonds, when and to the extent other funds available for such purposes are insufficient and, in addition, may be used to retire the last Stated Maturity or Stated Maturities of or interest on the Bonds.

The City may acquire a Credit Facility or Facilities issued by a Credit Provider in amounts equal to all or part of the Required Reserve Amount for the Bonds in lieu of depositing cash into the Reserve Fund; provided, however, that no such Credit Facility may be so substituted unless the substitution of the Credit Facility will not, in and of itself, cause any ratings then assigned to the Bonds by any nationally recognized rating agency to be lowered and the resolution authorizing the substitution of the Credit Facility for all or part of the Required Reserve Amount for the Bonds contains (i) a finding that such substitution is cost effective and (ii) a provision that the interest due on any repayment obligation of the City by reason of payments made under such Credit Facility does not exceed the highest lawful rate of interest which may be paid by the City at the time of the delivery of the Credit Facility. The City reserves the right to use Senior

Lien Pledged Revenues to fund the payment of (1) periodic premiums on the Credit Facility as a part of the payment of the City's Operating Expenses, and (2) any repayment obligation incurred by the City (including interest) to the Credit Provider, the payment of which will result in the reinstatement of such Credit Facility, prior to making payments required to be made to the Reserve Fund pursuant to the provisions of this Section to restore the balance in such fund the Required Reserve Amount for the Bonds.

Until the issuance of any Additional Senior Lien Obligations (or as from time to time recalculated by the City as provided in the first paragraph of this Section), the Required Reserve Amount is $[_____] (inclusive of the Bonds). Of this amount, $[_____] representing the increase in the Required Reserve Amount attributable to the issuance of the Bonds, shall be deposited to the Reserve Fund at such time as may be required pursuant to the provisions of this Section from Revenues, paid from the System Fund at such level of priority as specified in Section 12, by the deposit of monthly installments, made on or before the 10th day of each month following the month in which such obligation to fund the Reserve Fund arises, of not less than 1/60th of the amount to be maintained in the Reserve Fund.

As and when Additional Senior Lien Obligations are delivered or incurred, the Required Reserve Amount shall be increased, if required, to an amount calculated in the manner provided in the first paragraph of this Section. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit of all or a portion of the necessary amount from the proceeds of the issue or other lawfully available funds in the Reserve Fund immediately after the delivery of the then proposed Additional Senior Lien Obligations or, at the option of the City, by the deposit of monthly installments, made on or before the business day before the 10th day of each month following the month of delivery of the then proposed Additional Senior Lien Obligations, of not less than 1/60th of the additional amount to be maintained in the Reserve Fund by reason of the issuance of the Additional Senior Lien Obligations then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash) (such deposits, the *Required Reserve Fund Deposits*), thereby ensuring the accumulation in the Reserve Fund of the appropriate Required Reserve Amount.

When and for so long as the cash and investments in the Reserve Fund equal the Required Reserve Amount, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve Amount (other than as the result of the issuance of Additional Senior Lien Obligations as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve Amount by resuming the Required Reserve Fund Deposits to the Reserve Fund from the Senior Lien Pledged Revenues in monthly deposit amounts equal to not less than 1/60th of the Required Reserve Amount covenanted by the City to be maintained in the Reserve Fund. Any such deficiency payments shall be made on or before the 10th day of each month until the Required Reserve Amount has been fully restored. The City further covenants and agrees that, subject only to the prior payments to be made to the Bond Fund, the Senior Lien Pledged Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve Amount and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of Additional Senior Lien Obligations.

During such time as the Reserve Fund contains the Required Reserve Amount, the City Council may, at its option, withdraw all surplus funds in the Reserve Fund in excess of the Required Reserve Amount. Any such withdrawn surplus shall be deposited to the Bond Fund or used by the City for any other lawful purpose; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund or be otherwise used in accordance with then-applicable State law.

In the event a Credit Facility issued to satisfy all or a part of the City's obligation with respect to the Reserve Fund causes the amount then on deposit in the Reserve Fund to exceed the Required Reserve Amount for the Bonds, the City may transfer such excess amount to any fund or funds established for the payment of or security for the Bonds (including any escrow established for the final payment of any such obligations pursuant to the provisions of Chapter 1207, as amended, Texas Government Code), or be used

for any lawful purposes; provided, however, to the extent that such excess amount represents Bond proceeds, then such amount must be transferred to the Bond Fund or be otherwise used in accordance with then-applicable State law.

Notwithstanding anything to the contrary contained in this Section, the requirements set forth above to fund the Reserve Fund in the amount of the Required Reserve Amount shall be suspended for such time as the Senior Lien Pledged Revenues for each Fiscal Year are equal to at least 110% of the Average Annual Debt Service Requirements. In the event that the Senior Lien Pledged Revenues for any two consecutive Fiscal Years are less than 110% (unless such percentage is below 100% in any Fiscal Year, in which case the hereinafter–specified requirements will commence after such Fiscal Year) of the Average Annual Debt Service Requirements, the City will be required to commence making the deposits to the Reserve Fund, as provided above, and to continue making such deposits until the earlier of (i) such time as the Reserve Fund contains the Required Reserve Amount or (ii) the Senior Lien Pledged Revenues for a Fiscal Year have been equal to not less than 110% of the Average Annual Debt Service Requirements.

SECTION 15. Deficiencies - Excess Senior Lien Pledged Revenues.

A. If on any occasion there shall not be sufficient Senior Lien Pledged Revenues to make the required deposits into the Bond Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Senior Lien Pledged Revenues, or from any other sources available for such purpose, and such payments shall be in addition to the amounts required to be paid into these Funds or accounts during such month or months.

B. Subject to making the required deposits to the Bond Fund when and as required by any ordinance or resolution authorizing the issuance of the Senior Lien Obligations, the Subordinate Lien Obligations and any Inferior Lien Obligations, the excess Net Revenues of the System may be used by the City for any lawful purpose (as further provided in Section 12 hereof).

SECTION 16. Payment of Bonds. While any of the Bonds are Outstanding, an Authorized Official shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Bond Fund, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the business day next preceding the date a debt service payment is due on the Bonds.

SECTION 17. Investments. Funds held in any Fund or account created, established, or maintained pursuant to this Ordinance shall, at the option of the City, be placed in time deposits, certificates of deposit, guaranteed investment contracts or similar contractual agreements as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code (collateralized pursuant to the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code), or any other law, and secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, including investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any Fund or account will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within 45 days of the close of each Fiscal

Year. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses debited to, the Bond Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

SECTION 18. Covenants. It is expressly recognized that prior to the issuance of any Additional Senior Lien Obligations, Additional Subordinate Lien Obligations, or Inferior Lien Obligations, that the City must comply with each of the conditions precedent contained in this Ordinance and the City ordinances.

A. *Performance.* It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance, and each ordinance authorizing the issuance of Senior Lien Obligations; it will promptly pay or cause to be paid the principal amount of and interest on all Debt, on the dates and in the places and manner prescribed in such ordinances and such Debt; and it will, at the time and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the System Fund and the Funds herein created; and any registered owner of any Debt may require the City, its officials and employees to carry out, respect or enforce the covenants and obligations of this Ordinance, or any ordinance authorizing the issuance of Debt, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials and employees.

B. *City's Legal Authority.* It is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to issue the Bonds; that all action on its part for the issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

C. *Acquisition and Construction; Operation and Maintenance.* (1) It shall use its best efforts in accordance with Prudent Utility Practice to acquire and construct, or cause to be acquired and constructed, any Capital Additions or Capital Improvements, in accordance with the plans and specifications therefor, as modified from time to time, with due diligence and in a sound and economical manner; and (2) it shall at all times use its best efforts to operate or cause to be operated the System properly and in an efficient manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacement and renewals so that at all times the operation of the System may be properly and advantageously conducted.

D. *Title.* It has or will obtain lawful title, whether such title is in fee or lesser interest, to the lands, buildings, structures and facilities constituting the System, that it warrants that it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof, for the benefit of the owners of the Senior Lien Obligations, against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Senior Lien Pledged Revenues to the payment of the Senior Lien Obligations in the manner prescribed herein, and has lawfully exercised such rights.

E. *Liens.* It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided however, that no such tax, assessment or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or

charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

F. *No Free Service.* No free service or service otherwise than in accordance with the established rate schedule shall be furnished, directly or indirectly, by the System to any person, firm, corporation or other entity, other than the City. No part of the salary of any official or employee of the City or his replacement shall be paid from Senior Lien Pledged Revenues unless and only to the extent the duties and performances of such official or employee or his replacement appertain directly to the System. To the extent the City receives the services of the System, such services shall be accounted for according to the established rate schedule.

G. *Further Encumbrance.* It will not additionally encumber the Net Revenues of the System in any manner, except as permitted in this Ordinance (which provisions are also included in other City ordinances authorizing other series of Senior Lien Obligations).

H. *Sale, Lease or Disposal of Property.* No part of the System shall be sold, leased, mortgaged, demolished, removed or otherwise disposed of, except as follows:

(1) To the extent permitted by law, the City may sell or exchange at any time and from time to time any property or facilities constituting part of the System only if (A) it shall determine such property or facilities are not useful in the operation of the System, or (B) the proceeds of such sale are $250,000 or less, or it shall have received a certificate executed by an Engineer and the City Manager stating, in their opinion, that the fair market value of the property or facilities exchanged is $250,000 or less, or (C) if such proceeds or fair market value exceeds $250,000 it shall have received a certificate executed by an Engineer and the City Manager stating (i) that system within the System of which the property or facilities comprises a part thereof and (ii) in their opinion, that the sale or exchange of such property or facilities will not impair the ability of the City to comply during the current or any future Fiscal Year with the provisions of Subsection K of this Section. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith, at the option of the City (i) be used to redeem or purchase Debt, or (ii) otherwise be used to provide for the payment of Debt. The foregoing notwithstanding, if such property or facilities sold or exchanged constituted property or facilities comprising all or a part of a system within the System, the acquisition, improvement or extension of such system having not been financed by the City in any manner with the proceeds of Debt, or with the proceeds of obligations which were refunded in whole or in part with the proceeds of Debt, then the City may utilize the proceeds of such sale or exchange for any lawful purpose; and

(2) To the extent permitted by law, the City may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right (A) does not impede the operation by the City of the System and (B) does not in any manner impair or adversely affect the rights or security of the owners of the Debt under this Ordinance; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement or other right is in excess of $500,000, the City shall have received a certificate executed by an Engineer and the City Manager that the action of the City with respect thereto does not result in a breach of the conditions under this clause (2). Any payments received by the City under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Gross Revenues.

I. *Books, Records and Accounts.* It shall keep proper books, records and accounts separate and apart from all other records and accounts, in which complete and correct entries shall be made of all

transactions relating to the System and the City shall cause said books and accounts to be audited annually as of the close of each Fiscal Year by the Accountant.

J. *Insurance.*

(1) Except as otherwise permitted in clause (2) below, it shall cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which and to the extent insurance is usually carried by corporations operating like properties including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the bondholders and their representatives at all reasonable times.

(2) In lieu of obtaining policies for insurance as provided above, the City may self-insure against risks, accidents, claims or casualties described in clause (1) above.

(3) The annual audit hereinafter required shall contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and listing the areas of insurance for which the City is self-insuring, all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

K. *Audits.* After the close of each Fiscal Year while any Debt is Outstanding, an audit will be made of the books and accounts relating to the System and the Net Revenues by the Accountant. Such annual audit reports shall be open to the inspection of the registered owners of Debt and their agents and representatives at all reasonable times.

L. *Governmental Agencies.* It will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorization and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

M. *No Competition.* To the extent it legally may, it will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System's facilities, and, to the extent that it legally may, the City will prohibit any such competing facilities.

N. *Rights of Inspection.* The Engineer or any registered owner of $100,000 in aggregate principal amount of the Debt then Outstanding shall have the right at all reasonable times to inspect the System and all records, accounts and data of the City relating thereto, and upon request the City shall furnish to an Engineer or such registered owner, as the case may be, such financial statements, reports and other information relating to the City and the System as an Engineer or such registered owner may from time to time reasonably request.

SECTION 19. Issuance of Additional Senior Lien Obligations, Additional Subordinate Lien Obligations, and Inferior Lien Obligations. The City hereby expressly reserves the right to hereafter issue bonds, notes, warrants, certificates of obligation, or similar obligations, payable, wholly or in part, as

appropriate, from and secured by a pledge of and lien on the Net Revenues of the System with the following priorities, without limitation as to principal amount, but subject to any terms, conditions, or restrictions applicable thereto under existing ordinances, laws, or otherwise:

A. Additional Senior Lien Obligations, secured by and payable from the Senior Lien Pledged Revenues, which includes (primarily) a first and prior lien on and pledge of Net Revenues that is senior and superior to the lien there on and pledge thereof securing the repayment of the Subordinate Lien Obligations and any Inferior Lien Obligations, upon satisfying each of the following conditions precedent:

(1) The City Manager (or other officer of the City then having the responsibility for the financial affairs of the City) shall have executed a certificate stating (i) that the City is not then in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations of the City payable from and secured by a lien on and pledge of the Net Revenues and (ii) that the amounts on deposit in all Funds or Accounts created and established for the payment and security of all Outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues are the amounts then required to be deposited therein. Such certificate shall be dated on or before the date of delivery of such Additional Senior Lien Obligations, but such certificate shall not be dated prior to the date an ordinance is passed authorizing the issuance of such Additional Senior Lien Obligations.

(2) Conditions Precedent for Issuance of Additional Senior Lien Obligations - Capital Improvements and for any other Lawful Purpose except for Capital Additions or for Refunding. The City covenants and agrees that Additional Senior Lien Obligations will not be issued for the purpose of financing Capital Improvements, or for any other lawful purpose (except for Capital Additions or for refunding, which are to be issued in accordance with the provisions of Subsection (3) of this Section and Section 20 hereof, respectively) unless and until the conditions precedent in Subsection (1) above have been satisfied and, in addition thereto, the City has secured a certification of the City Manager to the effect that, according to the books and records of the City, the Net Earnings (hereinafter defined) for the preceding Fiscal Year or for 12 consecutive months out of the 15 months immediately preceding the month the ordinance authorizing the Additional Senior Lien Obligations is adopted are at least equal to 1.15 times the Average Annual Debt Service Requirements for all then-Outstanding Senior Lien Obligations after giving effect to the Additional Senior Lien Obligations then proposed. The foregoing notwithstanding, the City covenants and agrees that Additional Senior Lien Obligations may not be issued for the purpose of financing Capital Improvements when other Outstanding Senior Lien Obligations which have been issued for the purpose of financing Capital Additions and for which capitalized interest for such other Senior Lien Obligations has been provided for at least the twelve months subsequent to the date of issuance of the Additional Senior Lien Obligations then proposed to be issued, unless the conditions precedent in Subsection (1) above have been satisfied and, in addition thereto, the City has either (1) complied with the relevant conditions in this Subsection as set forth above, or (2) if the relevant conditions of this Subsection (2) as set forth above cannot be satisfied, the City has satisfied the conditions precedent in Subsection (3)(i) and (ii) of this Section (but, for purposes of such clauses, the term Capital Improvements shall be substituted for the term Capital Additions where the term Capital Additions appears therein to the extent necessary to give recognition to the fact that Capital Improvements, rather than Capital Additions, are then to be financed) and has secured a certification of the City Manager to the effect that, according to the books and records of the City, the Net Earnings for the preceding Fiscal Year or for 12 consecutive months out of the 15 months immediately preceding the month the ordinance authorizing the Additional Senior Lien Obligations is adopted are at least equal to 1.15 times the Average Annual Debt Service Requirements for all then-Outstanding Senior Lien Obligations (other than Senior Lien Obligations issued for Capital Additions for which capitalized interest has been provided for at least the twelve months subsequent to the date of issuance of the Additional Senior Lien Obligations proposed to be issued) after giving effect to the Additional Senior Lien Obligations then proposed to be issued.

(3) Conditions Precedent for Issuance of Additional Senior Lien Obligations - Capital Additions: Initial Issue. The City covenants and agrees that Additional Senior Lien Obligations will not be issued for the purpose of financing Capital Additions, unless the same conditions precedent specified in Subsection (1) above have been satisfied and, in addition thereto, either the relevant conditions precedent specified in Subsection (1) above are satisfied or, in the alternative, the City shall have obtained: (i) from an Engineer a comprehensive engineering report for each Capital Addition to be financed, which report shall (A) contain (1) detailed estimates of the cost of acquiring and constructing the Capital Addition, (2) the estimated date the acquisition and construction of the Capital Addition will be completed and commercially operative, and (3) a detailed analysis of the impact of the Capital Addition on the financial operations of the system for which the Capital Addition is to be integrated and to the System as a whole during the construction thereof and for at least five Fiscal Years after the date the Capital Addition becomes commercially operative, and (B) conclude that (1) the Capital Addition is necessary and will substantially increase the capacity, or is needed to replace existing facilities, to meet current and projected demands for the service or product to be provided thereby, and (2) the estimated cost of providing the service or product from the Capital Addition will be reasonable in comparison with projected costs for furnishing such service or product from other reasonably available sources; and (ii) a certificate of an Engineer to the effect that, based on an engineering report prepared thereby for each Capital Addition, the projected Net Earnings for each of the five Fiscal Years subsequent to the date the Capital Addition becomes commercially operative (as estimated in the engineering report) will be equal to at least 1.15 times the Average Annual Debt Service Requirements for the currently Outstanding Senior Lien Obligations or incurred and all Additional Senior Lien Obligations estimated to be issued, if any, for all Capital Improvements and for all Capital Additions then in progress or then being initiated, during the period from the date the first series of obligations for the Capital Additions is to be delivered through the fifth Fiscal Year subsequent to the date the Capital Addition is estimated to become commercially operative.

(4) Completion Issues. Once a Capital Addition has been initiated by meeting the conditions precedent specified in Subsection (3)(i) and (ii) above and the initial Senior Lien Obligations issued therefor are delivered, the City reserves the right to issue Additional Senior Lien Obligations to finance the remaining costs of such Capital Addition in such amounts as may be necessary to complete the acquisition and construction thereof and make the same commercially operative without satisfaction of any condition precedent under Subsection (3)(i) and (ii) or Subsection (1) of this Section but subject to satisfaction of the following conditions precedent: (i) the City makes a forecast (the Forecast) of the operations of the System demonstrating the System's ability to pay all obligations, payable from the Net Revenues of the System to be Outstanding after the issuance of the Additional Senior Lien Obligations then being issued for the period (the Forecast Period) of each ensuing Fiscal Year through the fifth Fiscal Year subsequent to the latest estimated date such Capital Addition is expected to be commercially operative; and (ii) an Engineer reviews such Forecast and executes a certificate to the effect that (A) such Forecast is reasonable, and based thereon (and such other factors deemed to be relevant), the Net Revenues of the System will be adequate to pay all the obligations, payable from the Senior Lien Pledged Revenues of the System to be Outstanding after the issuance of the Additional Senior Lien Obligations then being issued for the Forecast Period and (B) the proceeds from the sale of such Additional Senior Lien Obligations are estimated to be sufficient to complete such acquisition and construction.

(5) Computations; Reports. With reference to Senior Lien Obligations anticipated and estimated to be issued or incurred, the Average Annual Debt Service Requirements therefor shall be those reasonably estimated and computed by the City's Director of Finance and Procurement (or other officer of the City then having the primary responsibility for the financial affairs of the City) after giving effect to the receipt or anticipated receipt of a refundable tax credit or similar payment relating to any series of Senior Lien Obligations irrevocably designated as refundable tax

credit bonds, which payment shall be treated as an offset to regularly scheduled debt service of the series of Senior Lien Obligations to which it relates. In the preparation of the engineering report required in Subsection (3)(i) above, an Engineer may rely on other experts or professionals, including those in the employment of the City, provided such engineering report discloses the extent of such reliance and concludes it is reasonable so to rely. In connection with the issuance of Senior Lien Obligations for Capital Additions, the certification of the City Manager and an Engineer, together with the engineering report for the initial issue and the Forecast for a subsequent issue, shall be conclusive evidence and the only evidence required to show compliance with the provisions and requirements and this clause of this Section.

(6) Combination Issues. Senior Lien Obligations for Capital Additions may be combined in a single issue with Senior Lien Obligations for Capital Improvements or for any lawful purpose provided the conditions precedent set forth in Subsection (2) through (4) are complied with as the same relate to the appropriate purpose.

(7) Definition of Net Earnings. As used in this Section, the term Net Earnings shall mean the Gross Revenues of the System after deducting the Operating Expenses of the System and those items identified in the SECOND level of priority in Section 12 hereof, but not expenditures which, under standard accounting practice, should be charged to capital expenditures.

(8) Determination of Net Earnings. In making a determination of Net Earnings for any of the purposes described in this Section, the City Manager may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least 60 days prior to the last day of the period for which Net Earnings are determined and, for purposes of satisfying any of the Net Earnings test described above, make a pro forma determination of the Net Earnings of the System for the period of time covered by the City Manager's certification or opinion based on such change in rates and charges being in effect for the entire period covered by the City Manager's certificate or opinion.

B. The City may issue Additional Subordinate Lien Obligations secured by a lien on and pledge of the Net Revenues of the System subordinate and inferior to the lien thereon and pledge thereof securing the Senior Lien Obligations and that is included in the Senior Lien Pledged Revenues, respectively, and senior and superior to the lien there on and pledge thereof securing the repayment of the Inferior Lien Obligations, on the terms and conditions desired by the City, subject only to the limitations imposed by applicable law and upon satisfying each of the conditions precedent contained in this Ordinance, and the Previously Issued Subordinate Lien Obligations.

C. The City may issue Inferior Lien Obligations secured by a lien on and pledge of the Net Revenues of the System subordinate and inferior to the lien thereon and pledge thereof securing the Senior Lien Obligations and Subordinate Lien Obligations and that is included in the Senior Lien Pledged Revenues, respectively, on the terms and conditions desired by the City, subject only to the limitations imposed by applicable law and upon satisfying each of the conditions precedent contained in the ordinances authorizing the issuance of this Ordinance.

SECTION 20. Refunding Bonds. The City reserves the right to issue refunding bonds to refund all or any part of the currently Outstanding Debt, pursuant to any applicable law then available, upon such terms and conditions as the City Council may deem to be in the best interest of the City, and if less than all such currently Outstanding Debt are refunded, the conditions precedent prescribed for the issuance of Additional Senior Lien Obligations set forth in Section 19 of this Ordinance shall be satisfied and the City Managers' certification required in Section 19 shall give effect to the Debt Service Requirements of the proposed refunding bonds (but shall not give effect to the Debt Service Requirements of the obligations being refunded following their cancellation or provision being made for their payment).

SECTION 21. Issuance of Special Project Bonds. Nothing in this Ordinance shall be construed to deny the City the right and it shall retain the right to issue Special Project Bonds, provided, however, the City will not issue Special Project Bonds unless the City concludes, upon recommendation of the City Council, that (i) the plan for developing the Special Project is consistent with sound planning, (ii) the Special Project would not materially and adversely interfere with the operation of the System, (iii) the Special Project can be economically and efficiently operated and maintained, and (iv) the Special Project can be economically and efficiently utilized by the City to meet combined utility system requirements and the cost of such will be reasonable.

SECTION 22. Security of Funds. All money on deposit in the funds or accounts for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and money on deposit in such Funds or accounts shall be used only for the purposes permitted by this Ordinance.

APPENDIX B

CITY OF CORPUS CHRISTI, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2025

The information contained in this appendix consists of audited Financial Statements of the City of Corpus Christi, Texas for the Fiscal Year ended September 30, 2025 and is not intended to be a complete statement of the City's financial condition.

Weaver and Tidwell, L.L.P., the City's independent auditor in connection with the following audited Financial Statements, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the Financial Statements addressed in this report. Weaver and Tidwell, L.L.P., also has not performed any procedures relating to this Official Statement.

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1800 Hughes Landing Blvd, Suite 500
The Woodlands, Texas 77380
713-800-1060

Independent Auditor's Report

To the Honorable Mayor and
Members of City Council
City of Corpus Christi, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Corpus Christi Firefighters' Retirement System, which represents 20 percent, 9 percent, and 4 percent, respectively, of the assets and deferred outflows, revenues/additions and expenditures/deductions of the aggregate remaining fund information. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Corpus Christi Firefighters' Retirement System, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Corpus Christi Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 and Note 18 to the basic financial statements, during the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, Schedule of Changes in the City's Net Pension Liabilities and Related Ratios – Texas Municipal Retirement System, Schedule of Changes in the City's Net Pension Liabilities and Related Ratios – Corpus Christi Firefighters' Retirement System, Schedule of Contributions – Texas Municipal Retirement System, Schedule of Contributions – Corpus Christi Firefighters' Retirement System and Schedule of Changes in the City's Total OPEB Liability and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the Introductory Section and Statistical Section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable Mayor and
Members of City Council
City of Corpus Christi, Texas

Other Reporting Required by *Government Auditing Standards*

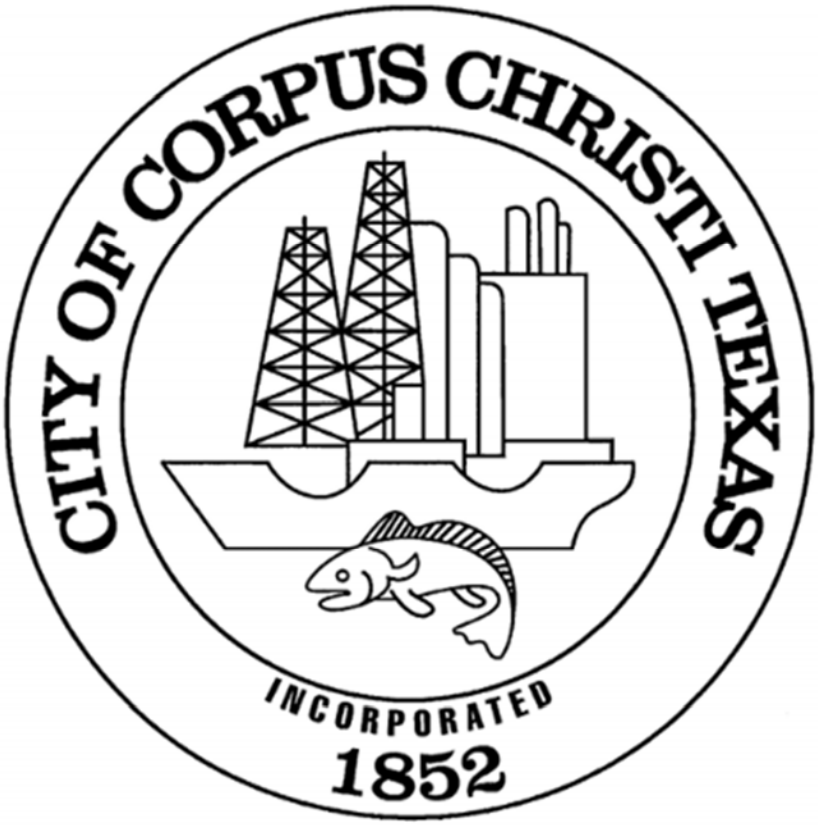
In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
March 20, 2026

Management's Discussion and Analysis (Unaudited)


CITY OF CORPUS CHRISTI TEXAS
INCORPORATED
1852

Management's Discussion and Analysis
(Unaudited)

This section of the City of Corpus Christi's (City) annual financial report presents an overview, through management's discussion and analysis (MD&A), of the City's financial activities and performance during the fiscal year ended September 30, 2025. The MD&A should be read in conjunction with the transmittal letter found in the Introductory Section of this report and the accompanying financial statements and disclosure following this section.

Financial Highlights

City Wide

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by $2.4 billion as of September 30, 2025, an increase of $90.5 million, or 4.0% compared to September 30, 2024, net position.
- Total expenses for fiscal year 2025 were $160.7 million higher than the prior year, reflecting total expenses of $919.2 million for fiscal year ended September 30, 2025 (FY 2025), compared to the prior year amount of $758.4 million.
- Total revenue increased $46.7 million from the prior year's amount of $956.1 million to $1.0 billion for the fiscal year ended September 30, 2025, an increase of 4.9%.

Using The Financial Section of this Annual Comprehensive Financial Report

This Annual Comprehensive Financial Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) for local governments as prescribed by the Government Accounting Standards Board (GASB).

The Report consists of three sections: introductory, financial, and statistical. As illustrated in the following chart, Figure 1, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Figure 1: Components of the Financial Section

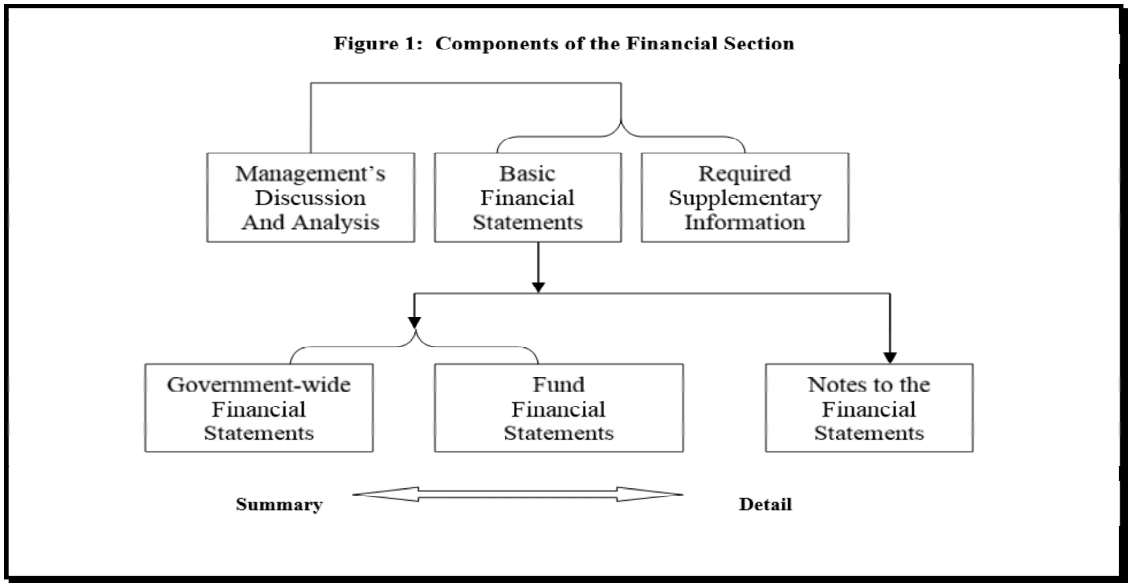


Figure 1 depicts how the required parts of this annual financial report are arranged and relate to one another. In addition to these required elements, a section with combining and individual fund financial statements and schedules that provide details about the non-major governmental funds and internal service funds is included.

Overview of the Financial Statements

The basic financial statements of the City of Corpus Christi are comprised of three elements:

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. The *Statement of Net Position* and the *Statement of Activities*, which are the government-wide statements, report information about the City as a whole, and about its activities, in a way that provides helpful information in determining whether the City's financial condition has improved or deteriorated as a result of current year's activities. These statements are presented for both *governmental activities* and *business-type activities*. All assets, liabilities, deferred inflows, and deferred outflows are reported using the accrual basis of accounting so the statements will provide readers with a broad overview of the City's finances, similar to statements used by most private-sector companies. Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government. The City has no discretely presented component units.

Fund financial statements provide a detailed short-term view of the City's operations, focusing on the most significant funds in greater detail than the government-wide statements. The three types of funds reported are:

Governmental funds – General Fund, Debt Service Fund, Streets Capital Projects Fund, and other non-major funds consisting of special revenue funds, capital project funds, and other debt service funds, focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. The governmental funds statements provide the short-term view that helps determine whether there are more or fewer financial resources to be spent in the near future to finance the City's programs. Because the focus of governmental funds does not encompass the additional long-term focus of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds – Enterprise funds and Internal Service funds are used to report services for which the City charges their customers, either internal or external, a fee. These funds, like the government-wide statements, provide both long-term and short-term financial information, however, in more detail. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Utility System, Airport, Golf Courses, and Marina. Internal service funds are used to report activities that provide supplies and services for the City's various other programs and activities. The City uses internal service funds to account for Contracts and Procurement, Fleet Maintenance Services, Facilities Maintenance Service, Information Technology, Liability and Employee Benefits, and Engineering Services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary funds – The City is trustee, or fiduciary, for certain amounts held on behalf of others or, because of an arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Corpus Christi Firefighters' Retirement System and the Corpus Christi Tourist Public Improvement District are the City fiduciary activities and are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. This fiduciary activity is excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the financial statements provide disclosures and additional information that are essential to the full understanding of the financial information presented in the government-wide and fund financial statements.

Following the notes to the financial statements is required supplementary information (RSI) that further explains and supports the information in the financial statements.

Government-wide Financial Analysis

Net Position

As of September 30, 2025, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2.4 billion, a $90.5 million increase from September 30, 2024. The composition of the net position is $1.1 billion for governmental activities and $1.3 billion for business-type activities. The largest portion of the City's total net position, 88%, is net investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment, right to use assets and construction in progress less any related debt used to acquire those assets that is still outstanding). Capital assets are used to provide services to the citizens of Corpus Christi and are not available for further spending. Although the City's investment in capital assets is reported net of related debt and any related deferred outflows and inflows of resources, the resources needed to repay the debt must be provided from other sources, as capital assets cannot be used to liquidate liabilities. The City has $222.5 million in restricted net position for specific purposes as of September 30, 2025, which is a $21.5 million decrease from September 30, 2024. This represents resources that are subject to external restrictions on how they may be used. The City's unrestricted net position is a positive $65.5 million as of September 30, 2025. It should be noted that the City has sufficient funds to meet requirements for cash outlays in the next fiscal year.

Table 1 reflects a comparative summary of statement of net position for the City of Corpus Christi.

Table 1
City of Corpus Christi, Texas Net Position
(in 000's)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Capital assets, net of accumulated depreciation and amortization	$ 1,283,608	$ 1,179,139	$ 2,408,385	$ 2,140,452	$ 3,691,993	$ 3,319,591
Other assets	737,289	783,430	590,332	442,749	1,327,621	1,226,179
Total assets	2,020,897	1,962,569	2,998,717	2,583,201	5,019,614	4,545,770
Deferred outflows of resources	68,567	86,601	16,740	23,350	85,307	109,951
Long-term liabilities	944,118	947,851	1,585,667	1,240,890	2,529,785	2,188,741
Other liabilities	88,271	102,135	80,449	59,736	168,720	161,871
Total liabilities	1,032,389	1,049,986	1,666,116	1,300,626	2,698,505	2,350,612
Deferred inflows of resources	20,865	16,447	21,580	15,152	42,445	31,599
Net position:						
Net investment in capital assets	834,285	734,505	1,241,672	1,153,508	2,075,957	1,888,013
Restricted	181,657	205,692	40,847	38,293	222,504	243,985
Unrestricted	20,268	42,540	45,242	98,972	65,510	141,512
Total net position	$ 1,036,210	$ 982,737	$ 1,327,761	$ 1,290,773	$ 2,363,971	$ 2,273,510

Of the business-type activities, the Utility System fund is the largest operation at the City with total assets of $2.8 billion, comprising 93.7% of all business-type activities total assets for 2025, increasing from $2.4 billion in 2024. The Utility System fund net position as of September 30, 2025 was $1.2 billion, which is an increase of 4.0% over last year's $1.1 billion net position.

The City implemented GASB Statement No. 101, *Compensated Absences* in fiscal year 2025 resulting in a restatement which increased net position by $6,822,633 as of October 1, 2024. Because the restatement is the result of a change in accounting principle, the information for 2024 in the tables in the MD&A have not been restated in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62. See Note 18 C. for more information.

Changes in Net Position

Table 2 reflects a comparative detail of changes in net position for the City of Corpus Christi for the fiscal year ended September 30, 2025, and September 30, 2024.

Table 2
City of Corpus Christi, Texas Change in Net Position
(in 000's)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 106,072	$ 105,822	$ 356,507	$ 331,103	$ 462,579	$ 436,925
Operating grants and contributions	31,160	20,336	19,540	3,044	50,700	23,380
Capital grants and contributions	29,272	31,078	35,493	50,222	64,765	81,300
General revenues:						
Property taxes	205,638	196,820	-	-	205,638	196,820
Sales taxes	112,469	110,450	-	-	112,469	110,450
Hotel occupancy taxes	24,196	22,773	-	-	24,196	22,773
Business and franchise fees	17,085	17,489	-	-	17,085	17,489
Unrestricted investment earnings	26,688	40,424	26,099	20,176	52,787	60,600
Miscellaneous	7,268	1,408	4,290	3,901	11,558	5,309
Gain on sale of capital assets	909	972	123	77	1,032	1,049
Total revenues	560,757	547,572	442,052	408,523	1,002,809	956,095
Expenses:						
General government	43,092	42,832	-	-	43,092	42,832
Police and municipal court	125,501	112,764	-	-	125,501	112,764
Fire and ambulance	97,305	82,977	-	-	97,305	82,977
Emergency management	950	2,073	-	-	950	2,073
Streets	86,468	66,482	-	-	86,468	66,482
Solid waste	32,156	33,762	-	-	32,156	33,762
Health	11,889	12,962	-	-	11,889	12,962
Parks and recreation	36,305	33,012	-	-	36,305	33,012
Libraries	7,103	7,269	-	-	7,103	7,269
Museums	1,495	1,674	-	-	1,495	1,674
Community enrichment	7,535	9,865	-	-	7,535	9,865
Housing and community development	53,524	10,344	-	-	53,524	10,344
Convention center complex	22,919	25,755	-	-	22,919	25,755
Interest and fiscal charges	19,811	19,198	-	-	19,811	19,198
Utilities	-	-	351,717	276,307	351,717	276,307
Airport	-	-	18,912	18,513	18,912	18,513
Golf centers	-	-	208	545	208	545
Marina	-	-	2,280	2,108	2,280	2,108
Total expenses	546,053	460,969	373,117	297,473	919,170	758,442
Change in net position before transfers	14,704	86,603	68,935	111,050	83,639	197,653
Transfers	32,562	32,243	(32,562)	(32,243)	-	-
Change in net position	47,266	118,846	36,373	78,807	83,639	197,653
Net position - beginning	982,737	863,891	1,290,773	1,211,966	2,273,510	2,075,857
Restatement of beginning balance - change in accounting principle (GASB 100)	6,207	-	615	-	6,822	-
Net position - beginning, restated	988,944	863,891	1,291,388	1,211,966	2,280,332	2,075,857
Net position - ending	$ 1,036,210	$ 982,737	$ 1,327,761	$ 1,290,773	$ 2,363,971	$ 2,273,510

Governmental Activities

As shown in Table 2, there was a $53.5 million increase in net position for governmental activities for the fiscal year ended September 30, 2025, as compared to the prior year.

For the fiscal year ended September 30, 2025, revenues totaled $560.8 million compared to $547.6 million in the prior year, an increase of $13.2 million or 2.4%. This is primarily due to the following:

- Property tax revenues increased by 4.5% due to an increase in appraised property values and the adopted property tax rate. The increase in appraised values is due to the demand in the housing market and development across the city. In 2025, the city adopted the same property tax rate as in 2024 of 0.599774, however that rate exceeded the no new revenue rate, calculated in accordance with Texas Truth in Taxation and is therefore legally a tax increase.
- Operating grants and contributions increased 53.2% due to grant awards recognized from FEMA for weather events occurring in previous years.

Expenses for governmental activities totaled $546.1 million for the fiscal year ended September 30, 2025, compared to $460.9 million for the prior year, an increase of approximately $85.1 million. This is due to the following:

- Increase of $43 million in housing and community development expenses. That increase included $20.57 million expenses for the new Public Improvement District (PID) No. One - Whitecap, a blended component unit, $17.48 million of which was for reimbursements to the developer for the PID Infrastructure. See Note 1 "Blended Component Units" in the Notes to the Financial Statements for additional information regarding blended component units. There was a $9.4 million increase in commitments for Type A, Type B, TIRZ #2 and TIRZ #3 during the 2025 fiscal year that are funded by the revenues collected for the related sales tax or property tax.
- Police and municipal court expenses increased $12.7 million and fire and ambulance expenses increased $14.3 million due primarily to increased claim activity associated with the City's self insured health and benefits plan.
- Increase of 20 million in streets due to increased project activity and expanded program scope. Fiscal year 2025 experienced higher spending on street preventive maintenance programs, new and expanded striping and traffic control contracts, and renewal of base bid contracts for residential street construction. The City's transition of the Rapid Pavement program to in-house resulted in an increase in materials expense.

Business-type Activities

As shown in Table 2, there was a $37.0 million increase in net position for business-type activities for the fiscal year ended September 30, 2025, as compared to the prior period.

For the fiscal year ended September 30, 2025, revenues for business-type activities increased by $33.5 million. This is due to the following:

- Revenues for the City's business-type activities are associated with operating activities accounted for in the enterprise funds, the largest activity being the utilities (94.3%) which consist of the gas, water, wastewater and stormwater systems. Charges for services for the utilities increased $23.8 million from the prior year. Rate increases were implemented in January 2025, although not all rate classes were increased. These rates are in effect for a one- year period. In addition to rate increases, Water, which accounts for 49.5% of total utilities revenues, had a 10% increase in volume sold to the large volume users, when compared to 2024.
- The Corpus Christi International Airport (CCIA) represents 5% of total program revenues and did not experience a significant change in activity from the prior year.
- The Golf Centers and Marina represent less than 1% of total program revenues. Golf Center revenue increased due to the completion of the Firefly golf course.

Expenses reported in the business-type activities increased by $75.6 million from the prior period. The majority of expenses reported in the business-type activities were utilities (94.2%), reflecting $351.7 million for the fiscal year ended September 30, 2025 when compared to $276.3 million for the prior period. The changes in expenses are due to the following:

- Utilities expenses increased by 27.3% or $75.4 million due to an overall increase in operating expenses in utilities. This increase is driven by 1) increased interest expense of $12.5 million related to the issuance of $517.9 million in utility system revenue bonds and $5.7 million in certificates of obligation during fiscal year 2025 to fund capital improvement programs, 2) increased personnel costs of $7.5 million to attract and retain essential employees and to add additional full time equivalents, 3) increased developer reimbursements of $5.4 million and 4) increased costs for materials, chemicals, repairs and maintenance for existing and new water infrastructure of $42.5 million. The price of chemicals has increased steadily in recent years due to inflation as well as the limited number of suppliers driving costs higher due to the large volume of demand with limited supply. Many times, chemicals are imported from other countries as there are no American suppliers.
- The Airport represents 5.1% of total expenses and did not experience a significant change in activity from the prior year.
- The Golf Centers and Marina represent less than 1.0% of total expenses and did not experience a significant change in activity from the prior year.

Financial Analysis of the City's Governmental Funds

General Fund

- Total assets of the General Fund decreased by $1.8 million for the fiscal year ended September 30, 2025. Cash, cash equivalents and investments reflect $97.1 million or 78% of total assets with net receivables reporting $25.7 million, or 21% of total assets. Most of the net receivables balance is comprised of property tax, code enforcement liens, solid waste, and intergovernmental receivables attributed to sales tax.
- As of September 30, 2025, assigned fund balance decreased by $6.0 million due to a decrease in contracts for goods and services encumbered at fiscal year end.
- As of September 30, 2025, unassigned fund balance for the General Fund was $85.0 million, which was 29.0% of total General Fund expenditures. This compares to an unassigned fund balance of $81.4 million in the prior year, a 4.4% increase. The City's financial policies state that the City must maintain a reserve for major contingencies of 20% of total General Fund expenditures, exclusive of any one-time appropriations. In FY 2025, the reserve is $68.3 million, compared to $66.1 million in FY 2024, a $2.2 million or 3.3% increase from prior year. This represents 23.3% of total general fund expenditures.
- General Fund revenues for the fiscal year ended September 30, 2025, totaled $311.0 million, an increase of 2.2%, or $6.7 million, over the prior year. This increase primarily reflects a $6.8 million increase in payments in lieu of taxes (PILOT) associated with the industrial district.
- General Fund expenditures for the fiscal year ended September 30, 2025, totaled $293.3 million, an increase of 3.2%, or $9.0 million, from prior year expenditures of $284.3 million. The increase was driven primarily by 1) $8.3 million of financed purchases to improve the City's fleet for Solid Waste and Public Works and 2) increased personnel costs to attract and retain essential employees and to add additional full time equivalents.

Major Governmental Funds

- Debt Service fund balance decreased by $7.6 million from $20.4 million in the prior year to $12.8 million in fiscal year 2025. The final adopted budget for the debt service fund expected a net decrease of $10.1 million, resulting in a $2.5 million positive variance between budget and actual.
- Street Capital Projects Fund adopts project length budgets and targets fund balance levels necessary to meet the capital needs of those planned projects. Fund balance decreased $6.9 million from $75.3 million in the prior year to $68.4 million in fiscal year 2025. The fund received $44.5 million in proceeds from issuance of general obligation bonds and certificates of obligation in fiscal year 2025, while capital outlays totaled $51.5 million.

Non-major Governmental Funds

Funds comprising the non-major governmental category are special revenue funds, capital projects funds and debt service funds of the Corpus Christi Business and Job Development Corporation. The combined fund balance for all non-major governmental funds as of September 30, 2025, was $335.3 million. This is a 4.0% decrease, or $13.9 million, compared to $349.2 million as of September 30, 2024. The primary driver of the decrease is street maintenance and capital outlay expenditures for various improvements to City facilities. Additional information can be found in the combining and individual fund financial statements and schedules as noted in the table of contents.

Financial Analysis of the City's Enterprise Funds

Enterprise Funds are used to account for City operations that are financed and/or operated in a manner similar to private business enterprises. Included in this category for the City of Corpus Christi are the Utility System, Airport, Golf Centers, and Marina Funds, with the Utility System classified as a major fund consisting of the gas, water, wastewater and stormwater systems. The Utility System has a total net position of $1.2 billion at year end, of which $47.5 million is unrestricted. The nonmajor enterprise funds have a total net position of $183.9 million at year end, with $17.5 million reported as unrestricted.

Other factors concerning the finances of the City's enterprise funds have already been addressed in the discussion of the City's business-type activities. Additional information can be found in the combining and individual fund financial statements and schedules as noted in the table of contents.

General Fund Budgetary Highlights

The financial policies of the City dictate that current budgeted revenues will equal or exceed current budgeted expenditures. The financial policy is to maintain the reserve for major contingencies of at least 20% of the total annual General Fund operating expenditures, exclusive of any one-time appropriations. The reserve as of September 30, 2025, was 23.3% of the total annual General Fund appropriations for the subsequent fiscal year (FY 2026).

Exhibit E-1 of the Financial Statements reflects the budget to actual budget basis comparisons for the General Fund. The adopted General Fund revenue budget (including transfers in and proceeds from sale of capital assets) of $330.1 million was amended by City Council during 2025. The adopted General Fund expenditure budget (including transfers out) of $343.3 million was amended by City Council during 2025. Approved amendments for transfers in totaled $3.8 million while expenditures totaled $19.0 million (including transfers out), which includes $12.2 million of encumbrances carried forward from the end of fiscal year.

Budgetary Variances

General Fund actual budget basis revenue of $316.1 million for the year ended September 30, 2025, was $6.7 million more than the final budgeted amount of $309.4 million. Significant budget variances were driven by a $3.8 million increase for EMS emergency calls and Solid waste revenues, as well as a $2.8 million increase in reimbursements.

General Fund actual budget basis expenditures of $290.1 million for the year ended September 30, 2025, was $20.0 million less the amended budget amount of $310.1 million. Factors include salary and operational savings across multiple departments. General Government was under budget by $6.6 million with $2.0 million in salary savings across departments. Solid Waste was $4.3 million under budget due to vacancies and reduced landfill and recycling service costs. Lastly, $5.0 million in capital outlay savings resulted from expenditures encumbered at year-end and expected to carry into the next fiscal year.

Capital Asset and Debt Administration

Capital Assets

As shown in Table 3, as of September 30, 2025, the City had invested approximately $3.7 billion in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads and bridges, and its Utility System, Airport, Marina and Golf Centers. This amount represented a net increase of $372.4 million, or 11.2% over September 30, 2024.

The governmental activities net capital assets increased by $104.5 million from the prior year. This increase included $159.8 million in additions, $0.8 million of disposals (net of depreciation and amortization) and $54.5 million of depreciation and amortization. Significant projects included 1) improving the Marina infrastructure and replacing piers, 2) continued work on the Packery Channel storm damage repairs and re-nourishing adjoining beach, 3) completed the new police academy 4) continued investment in multiple fire stations and 5) multiple road improvements throughout the City.

The business-type activities increased by $267.9 million. This increase included $332.9 million in additions, $0.1 million of disposals (net of depreciation and amortization) and $64.9 million in depreciation and amortization. Significant projects included 1) airport roof and terminal rehabilitations, 2) improved stormwater drainage system for La Volla and multiple street rebuild programs, 3) improvement to the water treatment and storage plant's infrastructure and distribution systems and 4) modernization of infrastructure and wastewater lift station improvements.

Table 3
City of Corpus Christi, Texas Capital Assets (net of depreciation and amortization)
(in 000's)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	$ 72,296	$ 72,109	$ 42,903	$ 40,775	$ 115,199	$ 112,884
Water rights	-	-	106,808	106,808	106,808	106,808
Buildings	93,701	98,786	58,799	61,483	152,500	160,269
Improvements	181,846	170,454	322,194	338,330	504,040	508,784
Machinery and equipment	97,974	78,825	24,170	20,587	122,144	99,412
Infrastructure	388,229	401,242	1,365,117	1,336,577	1,753,346	1,737,819
Right-to-use assets	14,433	20,227	81	128	14,514	20,355
Construction in progress	435,129	337,496	488,313	235,764	923,442	573,260
Totals	$ 1,283,608	$ 1,179,139	$ 2,408,385	$ 2,140,452	$ 3,691,993	$ 3,319,591

See Capital Assets in Note 7 to the Basic Financial Statements for additional details.

Long-term Liabilities

Table 4 shows that total long-term liabilities increased $341.0 million, or 15.6%, during the 12 months ended September 30, 2025, from $2.19 billion as of September 30, 2024, to $2.53 billion as of September 30, 2025. Governmental activities reported a net decrease in long-term liabilities of $3.7 million, or 0.4%, which reflects an increase of $13.8 million in long-term debt, a decrease of $19.0 million in net pension liability, and an increase of $2.3 million in total other postemployment benefits (OPEB) liability. Business-type activities reported an increase in long-term liabilities of $344.8 million, or 27.8%, which reflects an increase of $352.4 million in long-term debt, a decrease of $8.2 million in net pension liability, and a decrease of $102 thousand in total OPEB liability.

Table 4
City of Corpus Christi, Texas Long-term Liabilities Outstanding
(in 000's)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 388,750	$ 402,463	$ 11,700	$ 13,416	$ 400,450	$ 415,879
Certificates of obligation	158,551	132,620	5,734	-	164,285	132,620
Revenue bonds	2,810	8,875	-	-	2,810	8,875
Utility priority revenue bonds	-	-	13,880	20,125	13,880	20,125
Utility senior/junior lien revenue bonds	-	-	1,419,493	1,059,832	1,419,493	1,059,832
Subordinate lien bonds	-	-	12,565	15,520	12,565	15,520
Notes payable	13,855	4,645	21,760	25,160	35,615	29,805
Premium on bonds payable	35,207	33,332	63,707	63,918	98,914	97,250
Financed purchases	17,566	15,785	9,460	7,913	27,026	23,698
Leases payable	5,935	6,759	-	-	5,935	6,759
Subscriptions payable	6,573	10,974	74	124	6,647	11,098
Total long-term debt	629,247	615,453	1,558,373	1,206,008	2,187,620	1,821,461
Landfill closure costs	18,015	17,034	-	-	18,015	17,034
Compensated absences	39,270	42,328	5,350	4,194	44,620	46,522
Self insured claims liability	28,933	27,392	-	-	28,933	27,392
Arbitrage liability	661	932	646	1,131	1,307	2,063
Net pension liability	210,978	229,977	20,927	29,084	231,905	259,061
Total OPEB liability	17,014	14,735	371	473	17,385	15,208
Total long-term liabilities	$ 944,118	$ 947,851	$ 1,585,667	$ 1,240,890	$ 2,529,785	$ 2,188,741

During the fiscal year, the City completed issuance of seven series of bonds and one series of tax notes which are presented in more detail in Note 8 to the Basic Financial Statements.

The net pension liability decreased from $259.1 million as of September 30, 2024 to $231.9 million as of September 30, 2025, a 10.5% decrease, primarily due to high investment gains in both retirement plans for calendar year 2024, the measurement period for this liability. The City contributed the full TMRS actuarially determined rate of 16.57% for calendar year 2024 and 15.99% for calendar year 2025. See Note 10 "Employment Retirement Benefits" in the Notes to the Financial Statements and "Schedule of Contributions" in the Required Supplementary Information section for additional information.

An actuarial valuation determined that during the fiscal year, the total OPEB liability increased by $2.2 million, from $15.2 million as of September 30, 2024 to $17.4 million as of September 30, 2025, a 14.3% increase. See Note 11 "Post- Employment Health Care Benefits" in the Notes to the Financial Statements for additional information.

Bond Ratings

In 2025, the City had the following bond ratings:

- The unenhanced bond ratings for general obligation bonds were A1 by Moody's Investors Service, Inc. (Moody's), AA by Fitch Ratings (Fitch), and AA by S&P Global (S&P).
- The City's unenhanced bond ratings for the senior / junior lien utility revenue bonds were AA- by S&P, Aa3 by Moody's and AA- by Fitch. Priority revenue bonds were AA- by S&P, Aa3 by Moody's and AA- by Fitch.
- The unenhanced bond ratings for the Corpus Christi Business and Job Development's sales tax revenue bonds for the arena and seawall were Aa2 by Moody's, AA by Fitch, and A+ by S&P.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Corpus Christi decreased to 4.1% in September 2025 from 4.9% in September 2024. The unemployment rate is consistent with the 4.3% unemployment rate for the State of Texas and the 4.3% national unemployment rate.
- For fiscal year 2025-2026, the Certified Net Assessed Taxable Value increased 1.88% to $31.3 billion. The adopted tax rate for fiscal year 2025-2026 is $0.599774 per $100 valuation. The Maintenance and Operations (M&O) rate is $0.378825 per $100 valuation, and the Debt Service rate is $0.220949 per $100 valuation.
- The City of Corpus Christi has appropriated total revenues and expenditures for fiscal year 2025-2026 of $1.2 billion and $1.3 billion, respectively.
- Included in the General Fund are revenues budgeted at $341.6 million which is a $11.0 million increase from the adopted General Fund budget of $330.6 million for fiscal year 2025-2026. Ad valorem tax revenue is budgeted to decrease 2.02% compared to the prior year, reflecting a more conservative projection based on anticipated changes in the assessed property values and overall market conditions. Sales tax revenue is projected to be a 0.2% increase over the current year's estimate.
- Included for the General Fund are expenditures budgeted at $346.8 million, which is a .09% increase over the adopted General Fund budget of $343.8 million for fiscal year 2024-2025.
- The General Fund includes a transfer of $17.8 million to the Street Department for Street Maintenance. This equates to 6% of General Fund revenue (less any grant and Industrial District revenue) per Council policy, and $0.04 per $100 valuation ad valorem tax revenues dedicated for streets.

City's Financial Management

This financial report is designed to provide the City Council, citizens, taxpayers, customers, bondholders, creditors, and other governmental sectors with a general overview of the City's financial condition and to demonstrate the City's accountability for the funds it receives.

If you have any questions about this report or need additional information, contact: The City of Corpus Christi Director of Finance and Procurement, P. O. Box 9277, Corpus Christi, TX 78469-9277, (361) 826-3613 *or visit our web site at*: www.corpuschristitx.gov.

Basic Financial Statements

City of Corpus Christi, Texas **Exhibit A-1**

Statement of Net Position
September 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash, cash equivalents and investments	$ 357,948,000	$ 161,989,756	$ 519,937,756
Receivables, net of allowance	66,067,262	43,361,223	109,428,485
Internal balances	19,798,946	(19,798,946)	-
Inventories	1,193,155	2,186,876	3,380,031
Prepaid items	4,350,748	-	4,350,748
Total current assets	449,358,111	187,738,909	637,097,020
Noncurrent assets:			
Restricted cash, cash equivalents and investments	283,375,055	402,357,435	685,732,490
Restricted receivables, net of allowance	4,555,225	235,786	4,791,011
Capital assets - nondepreciable	507,425,677	638,024,087	1,145,449,764
Capital assets - being depreciated and amortized, net	776,182,701	1,770,360,860	2,546,543,561
Total noncurrent assets	1,571,538,658	2,810,978,168	4,382,516,826
Total assets	2,020,896,769	2,998,717,077	5,019,613,846
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding bonds	2,958,429	7,638,951	10,597,380
Pension	57,364,416	8,864,871	66,229,287
OPEB	8,243,667	235,955	8,479,622
Total deferred outflows of resources	68,566,512	16,739,777	85,306,289
LIABILITIES			
Current liabilities:			
Accounts payable	35,786,291	47,823,578	83,609,869
Accrued liabilities	23,525,062	1,242	23,526,304
Accrued interest payable	2,105,789	13,025,106	15,130,895
Contractor interest and retainage payable	10,301,860	14,284,538	24,586,398
Deposits	2,389,000	3,967,975	6,356,975
Liability to claimants - escheat property	69,450	136,291	205,741
Due to other governments	1,094,727	13,133	1,107,860
Unearned revenue	12,998,405	1,197,372	14,195,777
Long-term liabilities, current portion			
Subscriptions payable	3,753,763	50,346	3,804,109
Claims liability	9,763,457	-	9,763,457
Compensated absences	4,123,265	564,061	4,687,326
Leases payable	733,863	-	733,863
Financed purchases	6,437,069	2,910,512	9,347,581
Bonds and notes payable	41,505,047	50,920,953	92,426,000
Landfill closure costs	126,412	-	126,412
Arbitrage liability	661,496	645,655	1,307,151
Total current liabilities	155,374,956	135,540,762	290,915,718

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Noncurrent liabilities:			
Long-term liabilities, noncurrent portion			
Subscriptions payable	2,819,345	23,989	2,843,334
Claims liability	19,170,000	-	19,170,000
Compensated absences	35,145,917	4,785,756	39,931,673
Leases payable	5,201,486	-	5,201,486
Financed purchases	11,129,314	6,549,780	17,679,094
Bonds and notes payable	557,667,972	1,497,918,001	2,055,585,973
Net pension liability	210,977,753	20,926,390	231,904,143
Total OPEB liability	17,013,268	371,212	17,384,480
Landfill closure costs	17,888,821	-	17,888,821
Total noncurrent liabilities	877,013,876	1,530,575,128	2,407,589,004
Total liabilities	1,032,388,832	1,666,115,890	2,698,504,722
DEFERRED INFLOWS OF RESOURCES			
Unamortized gain on refunding bonds	1,407,403	13,375,551	14,782,954
Pension	12,857,045	2,903,694	15,760,739
OPEB	3,233,846	597,326	3,831,172
Leases	3,366,924	4,703,567	8,070,491
Total deferred inflows of resources	20,865,218	21,580,138	42,445,356
NET POSITION			
Net investment in capital assets	834,284,432	1,241,672,070	2,075,956,502
Restricted for:			
Vital statistics record retention	440,719	-	440,719
Municipal and juvenile court	1,051,027	-	1,051,027
Fire contribution trust	5,585	-	5,585
PEG equipment and facilities	4,839,777	-	4,839,777
Tourism (HOT)	1,134,061	-	1,134,061
State and federal grant programs	3,949,066	-	3,949,066
MetroCom	4,005,198	-	4,005,198
Law enforcement	5,634,680	-	5,634,680
Parks and recreation	4,171,621	-	4,171,621
Infrastructure and industrial development	2,303,574	-	2,303,574
Loans and housing	6,392,011	-	6,392,011
Business and job development	96,593,320	-	96,593,320
Tax increment zone improvements	34,934,014	-	34,934,014
Public improvement district	4,257,160	-	4,257,160
Public health	3,719	-	3,719
Bond interest and redemption	11,941,154	8,742,814	20,683,968
Improvements to utility lines and facilities	-	28,643,265	28,643,265
Passenger facility charges projects	-	3,461,170	3,461,170
Unrestricted	20,268,113	45,241,507	65,509,620
TOTAL NET POSITION	$ 1,036,209,231	$ 1,327,760,826	$ 2,363,970,057

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

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

Functions/Programs	Expenses	Program Revenues: Charges for Services
PRIMARY GOVERNMENT		
Governmental activities:		
General government	$ 43,091,553	$ 10,365,937
Police and municipal court	125,501,354	12,281,127
Fire and ambulance	97,304,613	14,427,975
Emergency management	949,814	53,525
Streets	86,468,230	1,004,913
Solid waste	32,155,949	51,461,220
Health	11,888,896	2,775,159
Parks and recreation	36,305,323	4,917,173
Libraries	7,103,269	76,719
Museums	1,494,686	-
Community enrichment	7,534,879	-
Housing and community development	53,523,785	255,071
Convention center complex	22,919,204	8,452,146
Interest on long-term debt	19,810,674	-
Total governmental activities	546,052,229	106,070,965
Business-type activities:		
Utilities:		
Gas	40,935,068	42,898,665
Water	175,620,463	165,617,730
Wastewater	95,664,540	97,515,563
Stormwater	39,497,428	31,567,218
Airport	18,911,581	16,131,451
Golf centers	207,931	752,969
Marina	2,280,410	2,025,525
Total business-type activities	373,117,421	356,509,121
TOTAL PRIMARY GOVERNMENT	$ 919,169,650	$ 462,580,086
General revenues:		
Taxes:		
Property taxes, levied for general purposes		
Property taxes, levied for debt service		
Sales taxes		
Hotel occupancy taxes		
Business and franchise fees		
Unrestricted investment earnings		
Miscellaneous		
Gain on sale of capital assets		
Transfers		
Total general revenues and transfers		
Change in net position		
NET POSITION, beginning of year - as previously reported		
Restatement of beginning balance - change in accounting principle (GASB 101)		
NET POSITION, beginning of year - restated		
NET POSITION, end of year		

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

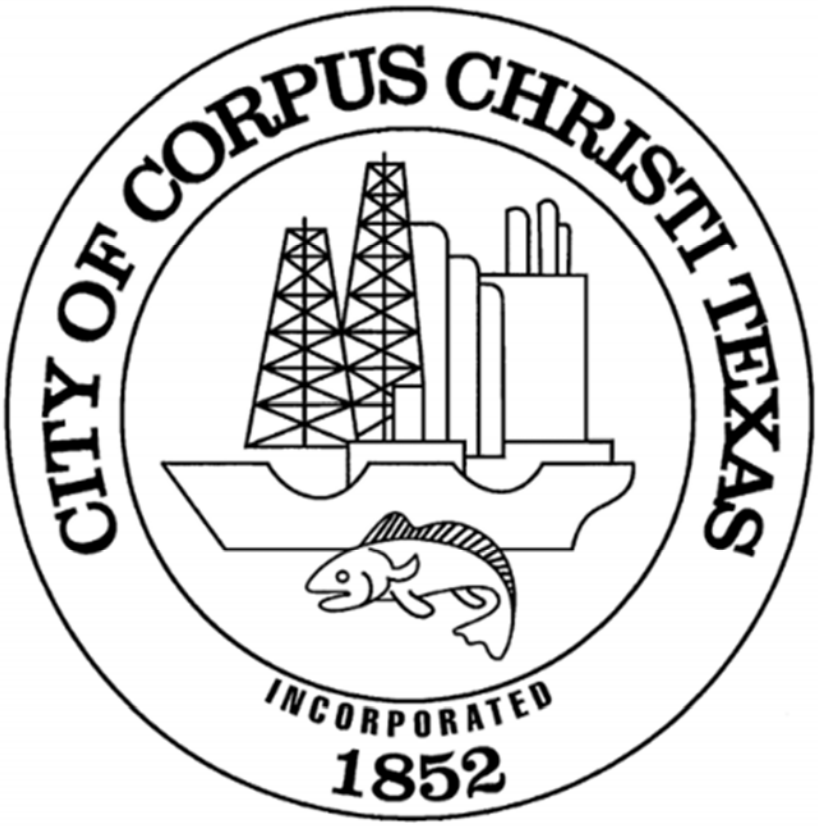
Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
$ 79,981	$ 22,566,481	$ (10,079,154)	$ -	$ (10,079,154)
3,357,112	29,041	(109,834,074)	-	(109,834,074)
2,350,159	-	(80,526,479)	-	(80,526,479)
237,242	-	(659,047)	-	(659,047)
-	3,692,968	(81,770,349)	-	(81,770,349)
545	-	19,305,816	-	19,305,816
8,614,339	-	(499,398)	-	(499,398)
10,942,096	-	(20,446,054)	-	(20,446,054)
-	-	(7,026,550)	-	(7,026,550)
-	-	(1,494,686)	-	(1,494,686)
-	350,577	(7,184,302)	-	(7,184,302)
5,578,385	2,632,781	(45,057,548)	-	(45,057,548)
-	-	(14,467,058)	-	(14,467,058)
-	-	(19,810,674)	-	(19,810,674)
31,159,859	29,271,848	(379,549,557)	-	(379,549,557)
77,286	1,438,118	-	3,479,001	3,479,001
5,051,590	4,040,195	-	(910,948)	(910,948)
1,640,894	16,425,236	-	19,917,153	19,917,153
12,626,159	9,718,887	-	14,414,836	14,414,836
143,640	3,870,131	-	1,233,641	1,233,641
-	-	-	545,038	545,038
-	-	-	(254,885)	(254,885)
19,539,569	35,492,567	-	38,423,836	38,423,836
$ 50,699,428	$ 64,764,415	(379,549,557)	38,423,836	(341,125,721)
		143,694,922	-	143,694,922
		61,942,649	-	61,942,649
		112,468,508	-	112,468,508
		24,196,017	-	24,196,017
		17,084,782	-	17,084,782
		26,688,356	26,098,979	52,787,335
		7,267,642	4,289,633	11,557,275
		908,893	122,643	1,031,536
		32,562,234	(32,562,234)	-
		426,814,003	(2,050,979)	424,763,024
		47,264,446	36,372,857	83,637,303
		982,737,178	1,290,772,943	2,273,510,121
		6,207,607	615,026	6,822,633
		988,944,785	1,291,387,969	2,280,332,754
		$ 1,036,209,231	$ 1,327,760,826	$ 2,363,970,057

City of Corpus Christi, Texas
Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Debt Service Fund
ASSETS		
Current assets		
Cash, cash equivalents and investments	$ 97,138,602	$ 12,669,310
Receivables, net of allowance	25,673,655	1,216,727
Due from other funds	1,662,098	-
Inventories	-	-
Prepaid items	6,023	-
TOTAL ASSETS	$ 124,480,378	$ 13,886,037
LIABILITIES		
Accounts payable	$ 5,038,433	$ 20,244
Accrued liabilities	17,181,983	-
Contractor interest and retainage payable	30,540	-
Deposits	137,034	-
Liability to claimants - escheat property	50,333	-
Due to other funds	-	-
Due to other governments	1,093,419	-
Unearned revenue	1,234,822	-
Total liabilities	24,766,564	20,244
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	1,807,920	1,054,466
Unavailable revenue - contributions and donations	246,660	-
Leases	3,366,924	-
Unavailable revenue - grants and other	-	-
Total deferred inflows of resources	5,421,504	1,054,466
FUND BALANCES		
Nonspendable	6,023	-
Restricted	623,194	12,811,327
Committed	-	-
Assigned	8,623,314	-
Unassigned (deficit)	85,039,779	-
Total fund balances	94,292,310	12,811,327
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 124,480,378	$ 13,886,037

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

Street Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$ 79,685,103	$ 355,378,660	$ 544,871,675
-	41,810,089	68,700,471
-	-	1,662,098
-	138,994	138,994
-	2,067,151	2,073,174
$ 79,685,103	$ 399,394,894	$ 617,446,412
$ 7,301,596	$ 17,540,875	$ 29,901,148
-	5,318,924	22,500,907
3,863,192	6,402,889	10,296,621
145,800	2,106,166	2,389,000
-	-	50,333
-	1,662,098	1,662,098
-	-	1,093,419
-	11,732,817	12,967,639
11,310,588	44,763,769	80,861,165
-	-	2,862,386
-	19,115,478	19,362,138
-	-	3,366,924
-	237,311	237,311
-	19,352,789	25,828,759
-	2,206,145	2,212,168
65,564,907	282,134,993	361,134,421
2,809,608	55,777,405	58,587,013
-	-	8,623,314
-	(4,840,207)	80,199,572
68,374,515	335,278,336	510,756,488
$ 79,685,103	$ 399,394,894	$ 617,446,412


CITY OF CORPUS CHRISTI TEXAS
INCORPORATED
1852

City of Corpus Christi, Texas **Exhibit B-2**

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 510,756,488
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet.		
Capital assets, cost	$ 1,933,172,217	
Capital assets, accumulated depreciation and amortization	(704,240,707)	1,228,931,510
Some receivables which will be collected subsequent to year-end, are not available soon enough to pay expenditures of the current period and, therefore, are deferred in the funds.		
Unavailable revenue - property taxes	$ 2,862,386	
Unavailable revenue - contributions and donations	19,362,138	
Unavailable revenue - grants and other	237,311	22,461,835
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the fund financial statements. The components of long-term liabilities are:		
Long-term debt, net	$ (593,870,968)	
Leases payable	(5,818,847)	
Financed purchases	(17,566,383)	
Subscriptions payable	(2,907,579)	
Arbitrage rebate liability	(661,496)	
Accrued interest payable	(1,924,639)	
Landfill closure costs	(18,015,233)	
Compensated absences	(36,716,704)	
Net pension liability	(202,891,059)	(880,372,908)
Deferred gains and losses on issuance of refunding bonds and the deferred outflows and inflows of resources related to the net pension liability and the total OPEB liability are recognized on the statement of net position:		
Deferred outflows - unamortized loss on refunding bonds	$ 2,958,429	
Deferred outflows - pensions	53,276,679	
Deferred inflows - unamortized gain on refunding bonds	(1,407,403)	
Deferred inflows - pensions	(11,061,992)	43,765,713
Internal service funds are used by management to charge the cost of certain activities, such as inventory of commonly used material and supplies, vehicle fleet and building maintenance, data processing, insurance and engineering. A portion of the assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		
Internal service funds - ending net position	$ 90,867,647	
Internal service funds - allocated to business-type activities	19,798,946	110,666,593
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 1,036,209,231

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

City of Corpus Christi, Texas

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

	General Fund	Debt Service Fund
REVENUES		
Taxes and business and franchise fees	$ 219,564,314	$ 61,836,456
Licenses and permits	2,928,497	-
Grants and intergovernmental	964,527	-
Charges for services, net of provision for allowance	74,592,955	-
Fines and forfeitures	6,414,748	-
Contributions and donations	-	-
Special assessments	-	-
Investment earnings	4,575,821	1,150,388
Interest on loans	-	-
Miscellaneous	1,982,914	-
Total revenues	311,023,776	62,986,844
EXPENDITURES		
Current:		
General government	26,916,128	-
Police and municipal court	91,482,937	-
Fire and ambulance	76,448,671	-
Emergency management	616,576	-
Streets	4,511,717	-
Solid waste	25,689,690	-
Health	5,718,093	-
Parks and recreation	22,648,446	-
Libraries	6,187,940	-
Museums	770,652	-
Community enrichment	-	-
Housing and community development	8,936,989	-
Convention center complex	-	-
Capital outlay	15,422,131	-
Debt service:		
Principal	7,244,252	48,777,889
Interest	742,368	21,794,835
Issuance costs	-	734,543
Paying agent fees / fiscal charges	-	26,079
Total expenditures	293,336,590	71,333,346
Excess (deficiency) of revenues over (under) expenditures	17,687,186	(8,346,502)
OTHER FINANCING SOURCES (USES)		
Transfers in	23,842,408	-
Transfers out	(52,394,747)	-
Issuance of general obligation bonds	-	-
Issuance of certificates of obligation	-	-
Issuance of refunding bonds	-	78,975,000
Premium on issuance of bonds	-	6,449,062
Issuance of financed purchases	8,281,531	-
Issuance of notes payable	-	-
Issuance of subscriptions	-	-
Proceeds from sale of capital assets	252,528	-
Payment to refunding bond escrow agent	-	(84,675,339)
Total other financing sources (uses)	(20,018,280)	748,723
Net change in fund balances	(2,331,094)	(7,597,779)
Fund balances, beginning of year	96,623,404	20,409,106
FUND BALANCE, END OF YEAR	$ 94,292,310	$ 12,811,327

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

Street Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ 77,697,843	$ 359,098,613
-	8,366,521	11,295,018
4,180	43,752,604	44,721,311
-	10,227,505	84,820,460
-	460,710	6,875,458
-	23,163,138	23,163,138
52,363	1,813,180	1,865,543
2,485,523	14,830,912	23,042,644
-	21,557	21,557
478,798	1,060,802	3,522,514
3,020,864	181,394,772	558,426,256
1,515,536	9,406,639	37,838,303
-	22,393,724	113,876,661
-	2,669,079	79,117,750
-	274,542	891,118
1,893	66,638,019	71,151,629
-	87,827	25,777,517
-	5,059,129	10,777,222
-	7,240,425	29,888,871
-	24,880	6,212,820
-	322,479	1,093,131
-	2,767,414	2,767,414
281,353	40,339,923	49,558,265
-	21,327,154	21,327,154
51,482,915	73,208,398	140,113,444
-	7,255,883	63,278,024
717,803	608,459	23,863,465
485,133	353,058	1,572,734
-	495	26,574
54,484,633	259,977,527	679,132,096
(51,463,769)	(78,582,755)	(120,705,840)
-	123,478,833	147,321,241
-	(89,295,851)	(141,690,598)
28,685,000	-	28,685,000
13,429,184	22,311,591	35,740,775
-	-	78,975,000
2,426,647	1,522,494	10,398,203
-	-	8,281,531
-	5,548,662	5,548,662
-	958,926	958,926
-	132,776	385,304
-	-	(84,675,339)
44,540,831	64,657,431	89,928,705
(6,922,938)	(13,925,324)	(30,777,135)
75,297,453	349,203,660	541,533,623
$ 68,374,515	$ 335,278,336	$ 510,756,488

City of Corpus Christi, Texas

Exhibit B-4

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ (30,777,135)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation/ amortization expense. This is the amount of capital asset additions recorded in the current period.		140,113,444
Depreciation/amortization expense on capital assets is reported in the statement of activities, but does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as expenditures in the governmental funds.		(39,860,824)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, transfers, non-cash capital asset contributions) is not reported in the governmental funds.		914,481
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. The change in deferred inflows for such items was:		
Unavailable revenue - property taxes	$ 288,265	
Unavailable revenue - contributions and donations	(3,327,131)	
Unavailable revenue - grants and other	(589,612)	(3,628,478)
The issuance of long term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items was:		
Proceeds from issuance of general obligation bonds	$ (28,685,000)	
Proceeds from issuance of certificates of obligation	(35,740,775)	
Proceeds from issuance of refunding bonds	(78,975,000)	
Premiums on bonds issued	(10,398,203)	
Proceeds from issuance of notes payable	(5,548,662)	
Issuance of financed purchases	(8,281,531)	
Issuance of subscriptions	(958,926)	
Payments to refunding bond escrow agent	84,675,339	
Change in accrued interest and amortization of premiums, discounts, deferred gains and losses	5,949,339	
Principal paid on bonds and other debt	63,278,024	(14,685,395)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The following long-term liabilities (increased) / decreased:		
Compensated absences	$ (2,435,054)	
Landfill closure costs	(981,910)	
Net pension liability	15,142,261	11,725,297
Some deferred outflows and deferred inflows reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. The following deferred outflows and deferred inflows of resources changed:		
Deferred outflows of resources - pensions	$ (15,586,744)	
Deferred inflows of resources - pensions	(2,804,526)	(18,391,270)
An internal service fund is used by management to charge the cost of certain activities, such as inventory of commonly used material and supplies, vehicle fleet and building maintenance, data processing, insurance and engineering. A portion of the change in net position of the internal service funds is included in governmental activities in the statement of activities.		
Internal service funds - change in net position	$ (9,199,176)	
Internal service funds - allocated to business-type activities	11,053,502	1,854,326
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		$ 47,264,446

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

City of Corpus Christi, Texas

Exhibit C-1

Statement of Net Position
Proprietary Funds
September 30, 2025

	Enterprise Funds			
	Utility System Fund	Other Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash, cash equivalents and investments	$ 143,485,597	$ 18,504,159	$ 161,989,756	$ 96,451,380
Receivables, net of allowance	33,809,305	9,551,918	43,361,223	1,922,016
Inventories	2,143,420	43,456	2,186,876	1,054,161
Prepaid items	-	-	-	2,277,574
Total current assets	179,438,322	28,099,533	207,537,855	101,705,131
Noncurrent assets:				
Restricted cash, cash equivalents and investments	398,061,654	4,295,781	402,357,435	-
Restricted receivables, net of allowance	-	235,786	235,786	-
Total noncurrent restricted assets	398,061,654	4,531,567	402,593,221	-
Capital assets - nondepreciable	602,604,434	35,419,653	638,024,087	136,466
Capital assets - being depreciated and amortized, net	1,630,849,198	139,511,662	1,770,360,860	54,540,402
Total capital assets, net	2,233,453,632	174,931,315	2,408,384,947	54,676,868
Total noncurrent assets	2,631,515,286	179,462,882	2,810,978,168	54,676,868
Total assets	2,810,953,608	207,562,415	3,018,516,023	156,381,999
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding bonds	7,475,607	163,344	7,638,951	-
Pension	7,958,944	905,927	8,864,871	4,087,737
OPEB	216,663	19,292	235,955	8,243,667
Total deferred outflows of resources	15,651,214	1,088,563	16,739,777	12,331,404
LIABILITIES				
Current liabilities:				
Accounts payable	46,388,498	1,435,080	47,823,578	5,885,143
Accrued liabilities	1,242	-	1,242	1,024,155
Accrued interest payable	12,987,111	37,995	13,025,106	181,150
Contractor interest and retainage payable	13,173,505	1,111,033	14,284,538	5,239
Deposits	3,831,052	136,923	3,967,975	-
Liability to claimants - escheat property	136,291	-	136,291	19,117
Due to other governments	1,055	12,078	13,133	1,308
Unearned revenue	694,548	502,824	1,197,372	30,766
Long-term liabilities, current portion				
Subscriptions payable	50,346	-	50,346	2,484,579
Claims liability	-	-	-	9,763,457
Compensated absences	500,153	63,908	564,061	268,010
Leases payable	-	-	-	26,398
Financed purchases	2,910,512	-	2,910,512	-
Bonds and notes payable	49,050,953	1,870,000	50,920,953	-
Arbitrage liability	645,655	-	645,655	-
Total current liabilities	130,370,921	5,169,841	135,540,762	19,689,322

City of Corpus Christi, Texas

Exhibit C-1

Statement of Net Position - Continued
Proprietary Funds
September 30, 2025

	Enterprise Funds			
	Utility System Fund	Other Enterprise Funds	Total	Internal Service Funds
Noncurrent liabilities:				
Long-term liabilities, noncurrent portion				
Subscriptions payable	23,989	-	23,989	1,180,950
Claims liability	-	-	-	19,170,000
Compensated absences	4,241,020	544,736	4,785,756	2,284,468
Leases payable	-	-	-	90,104
Financed purchases	6,549,780	-	6,549,780	-
Bonds and notes payable	1,486,589,134	11,328,867	1,497,918,001	5,302,051
Net pension liability	17,924,509	3,001,881	20,926,390	8,086,694
Total OPEB liability	322,065	49,147	371,212	17,013,268
Total noncurrent liabilities	1,515,650,497	14,924,631	1,530,575,128	53,127,535
Total liabilities	1,646,021,418	20,094,472	1,666,115,890	72,816,857
DEFERRED INFLOWS OF RESOURCES				
Unamortized gain on refunding bonds	13,374,764	787	13,375,551	-
Pension	2,763,203	140,491	2,903,694	1,795,053
OPEB	530,070	67,256	597,326	3,233,846
Leases	299,278	4,404,289	4,703,567	-
Total deferred inflows of resources	16,967,315	4,612,823	21,580,138	5,028,899
NET POSITION				
Net investment in capital assets	1,078,706,668	162,965,402	1,241,672,070	50,894,837
Restricted for:				
Bond interest and redemption	8,742,814	-	8,742,814	-
Improvements to utility lines and facilities	28,643,265	-	28,643,265	-
Passenger facility charges projects	-	3,461,170	3,461,170	-
Unrestricted	47,523,342	17,517,111	65,040,453	39,972,810
TOTAL NET POSITION	$ 1,163,616,089	$ 183,943,683	$ 1,347,559,772	$ 90,867,647
Reconciliation to government-wide statement of net position				
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time			(19,798,946)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES			$ 1,327,760,826	

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

City of Corpus Christi, Texas

Exhibit C-2

Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Funds			
	Utility System Fund	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services, net of provision for allowance ($3,457,464)	$ 335,160,004	$ 16,169,713	$ 351,329,717	$ 107,367,179
Total operating revenues	335,160,004	16,169,713	351,329,717	107,367,179
OPERATING EXPENSES				
Personnel services	65,597,356	7,242,421	72,839,777	33,718,904
Materials, supplies and contractual services	129,567,015	3,290,299	132,857,314	34,531,225
Other operating expenses	29,822,600	1,569,548	31,392,148	5,339,226
Depreciation and amortization	56,906,043	8,036,062	64,942,105	14,598,887
Self insurance claims	-	-	-	58,545,594
Other post-employment benefits	-	-	-	2,105,658
Total operating expenses	281,893,014	20,138,330	302,031,344	148,839,494
Operating income (loss)	53,266,990	(3,968,617)	49,298,373	(41,472,315)
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	25,204,923	894,056	26,098,979	3,645,712
Interest	(47,141,985)	(295,185)	(47,437,170)	(230,550)
Issuance costs	(3,283,859)	-	(3,283,859)	(66,690)
Passenger facility charges	-	1,423,501	1,423,501	-
Customer facility charges	-	1,312,702	1,312,702	-
Gain (loss) on disposal of property	143,494	(20,851)	122,643	591,018
Recovery of damage claims	367,858	250	368,108	78,951
Mineral rights	-	3,779	3,779	-
Developer fees	2,071,314	-	2,071,314	-
Reimbursements to developers	(9,311,546)	-	(9,311,546)	-
Grants and intergovernmental	19,395,929	143,640	19,539,569	-
Miscellaneous	3,963,724	325,909	4,289,633	1,323,107
Total non-operating revenues (expenses)	(8,590,148)	3,787,801	(4,802,347)	5,341,548
Income (loss) before capital contributions and transfers	44,676,842	(180,816)	44,496,026	(36,130,767)
Capital contributions from other governments	1,438,118	3,870,131	5,308,249	-
Capital contributions from developers	30,184,318	-	30,184,318	-
Total capital contributions	31,622,436	3,870,131	35,492,567	-
Transfers in	-	-	-	27,506,511
Transfers out	(31,898,052)	(664,182)	(32,562,234)	(574,920)
Total transfers	(31,898,052)	(664,182)	(32,562,234)	26,931,591
Change in net position	44,401,226	3,025,133	47,426,359	(9,199,176)
Net position, beginning of year - as previously reported	1,118,668,936	180,849,451	1,299,518,387	99,750,916
Restatement of beginning balance - change in accounting principle (GASB 101)	545,927	69,099	615,026	315,907
Net position, beginning of year - restated	1,119,214,863	180,918,550	1,300,133,413	100,066,823
NET POSITION, END OF YEAR	$ 1,163,616,089	$ 183,943,683	$ 1,347,559,772	$ 90,867,647
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds			(11,053,502)	
Change in net position of business-type activities			$ 36,372,857	

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

City of Corpus Christi, Texas **Exhibit C-3**

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

	Enterprise Funds			
	Utility System Fund	Other Enterprise Funds	Total	Internal Service Funds
OPERATING ACTIVITIES				
Receipts from customers	$ 338,707,254	$ 15,877,695	$ 354,584,949	$ 7,724,701
Receipts from interfund services provided	547,635	74,332	621,967	99,690,430
Other receipts	3,975,463	329,688	4,305,151	1,286,841
Payments to suppliers and service providers	(109,841,185)	(2,522,933)	(112,364,118)	(36,479,360)
Payments to employees for salaries and benefits	(64,890,212)	(7,088,766)	(71,978,978)	(31,948,571)
Internal activity - payments to other funds	(27,748,076)	(1,416,947)	(29,165,023)	(7,690,625)
Other payments	(11,739)	-	(11,739)	(57,016,024)
Net cash provided by (used for) operating activities	140,739,140	5,253,069	145,992,209	(24,432,608)
NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(16,306,274)	(567,960)	(16,874,234)	(574,920)
Contributions from other governmental agencies	18,679,752	(2,909,814)	15,769,938	-
Principal paid on non-capital utility notes	(3,400,000)	-	(3,400,000)	-
Interest paid on non-capital utility notes	(465,460)	-	(465,460)	-
Net cash used for noncapital financing activities	(1,491,982)	(3,477,774)	(4,969,756)	(574,920)
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(288,822,922)	(10,640,169)	(299,463,091)	(17,635,937)
Proceeds from sale of capital assets	164,223	18,330	182,553	792,837
Transfers from other funds for capital acquisition	-	-	-	27,506,511
Transfers to other funds for capital acquisition	(15,591,778)	(96,222)	(15,688,000)	-
Proceeds from issuance of long-term debt	539,077,516	-	539,077,516	5,302,051
Principal paid on long-term debt	(170,643,351)	(1,820,000)	(172,463,351)	(4,779,580)
Interest paid on long-term debt	(54,506,955)	(492,183)	(54,999,138)	(285,634)
Bond issuance costs	(3,283,859)	-	(3,283,859)	-
Passenger facility charges	-	1,423,501	1,423,501	-
Customer facility charges	-	1,312,702	1,312,702	-
Reimbursements to developers	(9,311,546)	-	(9,311,546)	-
Recovery of damage claims	367,858	250	368,108	-
Developer deposits and capital contributions	3,509,432	3,870,131	7,379,563	-
Net cash provided by (used for) capital and related financing activities	958,618	(6,423,660)	(5,465,042)	10,900,248
INVESTING ACTIVITIES				
Interest received	25,584,561	910,933	26,495,494	3,715,173
Investment sales and maturities	(379,994)	(24,017)	(404,011)	(105,729)
Net cash provided by investing activities	25,204,567	886,916	26,091,483	3,609,444
Net change in cash and cash equivalents	165,410,343	(3,761,449)	161,648,894	(10,497,836)
Cash and cash equivalents, beginning of year	376,136,908	26,561,389	402,698,297	106,949,216
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 541,547,251	$ 22,799,940	$ 564,347,191	$ 96,451,380
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION				
Cash and cash equivalents	$ 143,485,597	$ 18,504,159	$ 161,989,756	$ 96,451,380
Restricted cash and cash equivalents	398,061,654	4,295,781	402,357,435	-
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 541,547,251	$ 22,799,940	$ 564,347,191	$ 96,451,380

City of Corpus Christi, Texas **Exhibit C-3**

Statement of Cash Flows - Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Enterprise Funds			
	Utility System Fund	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	$ 53,266,990	$ (3,968,617)	$ 49,298,373	$ (41,472,315)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	56,906,043	8,036,062	64,942,105	14,598,887
Provision for allowance	3,403,216	54,248	3,457,464	-
Miscellaneous and other	3,963,724	329,688	4,293,412	1,323,107
(Increase) decrease in assets and deferred outflows				
Due from other governments	(277,802)	-	(277,802)	6,859
Leases receivable	63,362	262,912	326,274	-
Other receivables	1,103,504	(116,989)	986,515	577,440
Inventories	1,599,836	(20,032)	1,579,804	(8,948)
Prepaid items	-	-	-	(11,538)
Deferred outflows of resources - pension and OPEB	4,766,481	763,918	5,530,399	1,207,011
Increase (decrease) in liabilities and deferred inflows				
Accounts payable and accrued liabilities	20,209,537	939,999	21,149,536	(2,104,477)
Deposits	(169,319)	(8,455)	(177,774)	-
Liability to claimants - escheat property	(9,019)	-	(9,019)	-
Unearned revenue	-	(126,283)	(126,283)	16,866
Compensated absences	1,564,620	206,579	1,771,199	714,329
Claims liability	-	-	-	1,541,091
Net pension liability	(7,352,773)	(804,435)	(8,157,208)	(3,857,408)
Total OPEB liability	(91,230)	(10,311)	(101,541)	2,277,865
Deferred inflows of resources - leases	(28,076)	(283,119)	(311,195)	-
Deferred inflows of resources - pension and OPEB	1,820,046	(2,096)	1,817,950	758,623
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 140,739,140	$ 5,253,069	$ 145,992,209	$ (24,432,608)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset purchases on account (accrued but not paid)	$ 28,997,846	$ 1,355,523	$ 30,353,369	$ 1,687,850
Capital asset contributions	30,184,318	-	30,184,318	-
Capital asset acquisitions under leases / financed purchases	4,784,614	-	4,784,614	-
Capital asset acquisitions under subscriptions (SBITAs)	-	-	-	505,525
Capital asset contributions from (to) governmental activities	-	-	-	14,907

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

City of Corpus Christi, Texas **Exhibit D-1**

Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2025

	Pension Trust Fund	Custodial Fund
	Corpus Christi Firefighters' Retirement System (1)	Corpus Christi Tourism Public Improvement District
ASSETS		
Current assets:		
Cash, cash equivalents and investments		
Cash and cash equivalents	$ 2,216,066	$ 705,691
Common and preferred stocks	55,064,041	
U.S. treasury and agency securities	43,437,075	
Corporate bonds and notes	4,941,547	
Mutual funds	73,147,537	
Limited partnership - real estate	14,814,813	
Receivables		
Contributions	741,249	-
Special assessments	-	199,182
Accrued interest	452,718	-
Prepaid items	3,629	-
Total current assets	194,818,675	904,873
Noncurrent assets:		
Capital assets - depreciable, net	6,388	-
Total noncurrent assets	6,388	-
Total assets	194,825,063	904,873
LIABILITIES		
Current liabilities:		
Accounts payable	161,060	643,292
Accrued liabilities	-	252,259
Total liabilities	161,060	895,551
NET POSITION		
Restricted for pensions	194,664,003	-
Restricted for beneficiaries	-	9,322
TOTAL NET POSITION	$ 194,664,003	$ 9,322

(1) Corpus Christi Firefighters' Retirement System financial statements are as of December 31, 2024.

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

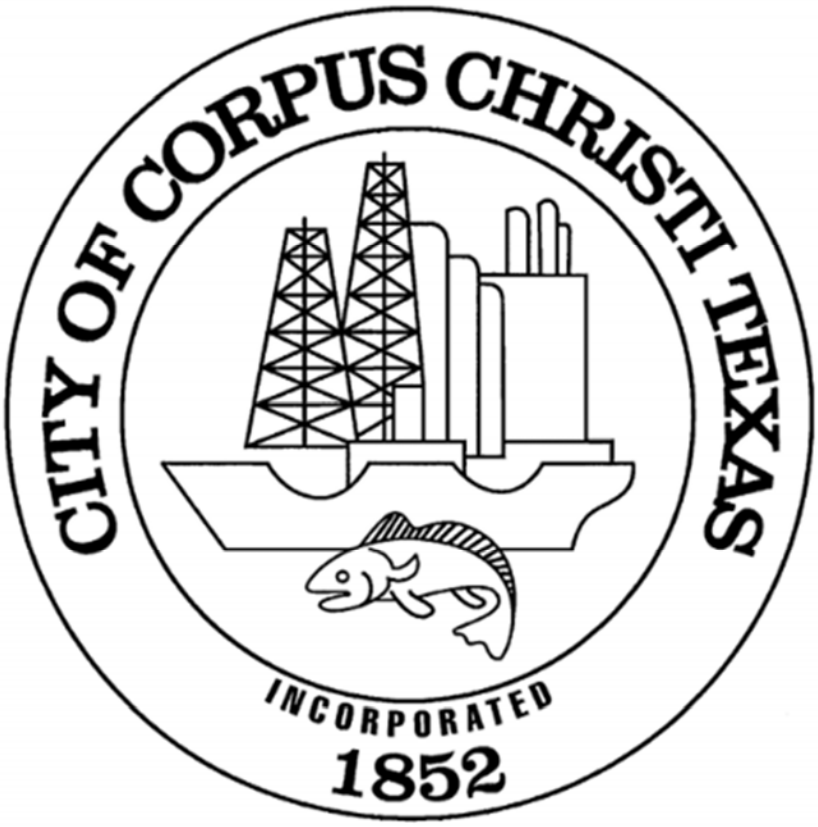
City of Corpus Christi, Texas **Exhibit D-2**

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2025

	Pension Trust Fund	Custodial Fund
	Corpus Christi Firefighters' Retirement System (1)	Corpus Christi Tourism Public Improvement District
ADDITIONS		
Contributions:		
Employer / city contributions	$ 11,424,861	$ -
Employee contributions	6,144,494	-
Special assessments	-	2,789,935
Total contributions	17,569,355	2,789,935
Investment income:		
Interest	2,416,786	11,663
Dividends	1,782,475	-
Net realized and unrealized gains (losses) on investments	9,997,139	(662)
Total investment income	14,196,400	11,001
Less: investment expenses	(574,788)	-
Net investment income	13,621,612	11,001
Total additions	31,190,967	2,800,936
DEDUCTIONS		
Administrative expenses	334,347	18,264
Benefits	19,128,658	-
Refund of contributions	323,919	-
Disbursements for designated purposes	-	2,789,936
Total deductions	19,786,924	2,808,200
Change in net positon	11,404,043	(7,264)
Net position, beginning of year	183,259,960	16,586
NET POSITION, END OF YEAR	$ 194,664,003	$ 9,322

(1) Corpus Christi Firefighters' Retirement System financial statements are for the fiscal year ended December 31, 2024.

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


CITY OF CORPUS CHRISTI TEXAS
INCORPORATED
1852

Note 1. Summary of Significant Accounting Policies

The City of Corpus Christi (the City) was incorporated in 1852 and operates as a Council-Manager form of government. The principal services accounted for as general governmental functions include public safety, health, streets, sanitation, parks and recreation, planning, zoning, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

A. Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may be financially accountable, and as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government. The City has no discretely presented component units.

Blended Component Units
The Corpus Christi Community Improvement Corporation was formed to provide financing for the rehabilitation of residential property in the City. The Corpus Christi Housing Finance Corporation and the Corpus Christi Industrial Development Corporation promote business development and issue housing revenue or industrial development bonds. The City manages the day-to-day operations of these corporations. The Mayor and Council Members are directors of the corporations.

The Corpus Christi Crime Control and Prevention District (District) is used to account for the accumulation and use of one-half cent sales tax proceeds dedicated for public safety programs within the City. The District has been included as a blended component unit because 1) the District's governing body is appointed by and serves at the will of the City Council; 2) there is a benefit relationship between the City and the District; and 3) the City has operational responsibility for the District. The District provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City even though it does not provide services directly to it.

The Corpus Christi Business and Job Development Corporation (CCBJDC) is a public non-profit corporation created by State law to provide funding of voter approved capital improvement programs. The City Council appoints the Board and has financial accountability. Although it is legally separate from the City, CCBJDC is reported as a part of the City because its primary purpose is to issue revenue bonds to finance major capital improvements on behalf of the City. The Corporation provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City even though it does not provide services directly to it.

The Corpus Christi B Corporation (CCBC) is a public non-profit corporation created by state law to provide funding of economic development, affordable housing, and street construction and maintenance. Although it is legally separate from the City, CCBC is reported as a part of the primary government because 1) the District's governing body is appointed by and serves at the will of the City Council; and 2) the City has operational responsibility for the activities of the Corporation. The Corporation provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City even though it does not provide services directly to it.

Public Improvement District (PID) No. One – Whitecap (the "PID") was formed by the City in 2022 to provide the financing and management tool needed to facilitate the development of a master planned community on North Padre Island. The revenues are derived from an assessment levied against each residential lot. The assessment can be paid in full at the time of final occupancy or may be financed in annual installments for amounts necessary to meet the annual costs and debt service requirements. The PID has been included as a blended component unit because it is governed by City Council and serves at its will.

Complete financial statements for each of the individual blended component units may be obtained from the City's Director of Finance and Procurement at 1201 Leopard Street, Corpus Christi, Texas 78401.

B. Related Organizations and Jointly Governed Organizations

Related organizations and jointly governed organizations provide services within the City that are administered by separate boards or commissions, but the City is not financially accountable, and such organizations are therefore not component units of the City, even though the City Council may appoint a voting majority of an organization's board members. Consequently, financial information for the Coastal Bend Council of Governments, the Regional Transit Authority, the Corpus Christi Housing Authority, the Corpus Christi Regional Economic Development Corporation, the Corpus Christi Convention and Visitor's Bureau, and the Port of Corpus Christi Authority are not included in these financial statements.

C. Government-wide and Fund Financial Statements

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

Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide statement of net position, both the governmental and business-type activities columns are (1) presented on a consolidated basis by column, and (2) reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net cost per functional category (police and municipal court, fire, streets, etc.) which are otherwise being supported by general government revenues (e.g., property taxes, sales taxes, certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation and amortization) by related program revenues which include charges for services and operating and capital grants and contributions. The program revenues must be directly associated with the function or business-type activity. Program revenues include revenues from charges for services such as utility rates and user fees, as well as fines and forfeitures, license and permit fees, and special assessments. The operating grants and contributions include operating-specific and discretionary grants and contributions while the capital grants column reflects capital-specific grants and contributions.

The government-wide statement focuses on the substantiality of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (excluded from the government-wide financial statements). Emphasis is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

D. Measurement Focus, Basis of Accounting, and Financial Statement Preparation

The governmental fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (1) demonstrate legal and covenant compliance, (2) demonstrate the source and use of liquid resources, and (3) demonstrate how the City's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental activities column, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

Proprietary funds statements are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on economic resources and accrual basis of accounting. The financial statements presentation includes the determination of operating income, financial position, changes in net position and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Enterprise funds account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's enterprise funds account for the operations of the City's utility system, airport, golf centers, and marina.

Internal service funds of a government which provide services primarily to other funds of the government are presented in summary form as part of the proprietary fund financial statements. The City's internal service funds account for printing and messenger services, maintaining an inventory of commonly used supplies, vehicle and building maintenance, technology services, risk management, and engineering services to other departments within the City on a cost- reimbursement basis. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level in the Statement of Net Position, net an amount allocated to business-type activities. The net activity of these services is offset against the appropriate functional activity in the Statement of Activities. This complies with the City's policy of eliminating internal activity from the government-wide statements.

Fiduciary funds are presented in the fund financial statements by type (pension and custodial). Since by definition these assets are being held for the benefit of a third party (e.g., other local governments, private parties, pension participants) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements. The City has two fiduciary funds. One of these accounts for the assets in the Corpus Christi Firefighters' Retirement System held in trust for the exclusive benefit of employees, the financial statements of which are reported as of December 31 preceding the City's fiscal year end. The City's other fiduciary fund accounts for the collection and disbursement of fees collected for the Corpus Christi Tourist Public Improvement District.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows and inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The criteria used to determine if a governmental or enterprise fund should be reported as a major fund are as follows: the total assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenditures/expenses of that governmental or enterprise fund are at least 10% of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds), and the same element that met the 10% criterion above in the governmental or enterprise fund is at least 5% of the corresponding element total for all governmental and enterprise funds combined. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the City believes is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund. The non-major funds are combined in a single column in the fund financial statements. The City reports the following major funds:

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

The debt service fund is used to account for funds needed to make principal and interest payments on outstanding bonds when due.

The streets capital projects fund is used to account for capital improvements to streets funded mainly through long-term debt and participation of other governmental entities. The City reports this fund as a major fund because of public interest and consistency between years.

The utility system fund is used to account for the operations of the City's combined utilities. The Utility System includes the City's water system, storm water system, wastewater disposal system and gas distribution system.

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The government-wide financial statements and the proprietary and fiduciary financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

Accrual
Revenues are recognized using the economic resources measurement focus. Revenues are recorded when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Modified Accrual
Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences, are recorded only when payment is due and will be payable shortly after year-end. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition of assets under financed purchases, leases and subscriptions are reported as other financing sources. The pension, OPEB and landfill liabilities are not recorded, since current financial resources will not be used to liquidate them.

The revenues susceptible to accrual are property taxes, franchise fees, sales taxes, licenses, charges for service, interest income and intergovernmental revenues. Grants are recorded as revenues when a qualifying expenditure has been incurred and all eligibility requirements are met including time requirements, and the amount is available (within 60 days of fiscal year end). All other governmental fund revenues are considered to be measurable and available only when cash is received.

E. Assets. Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash, Cash Equivalents, and Investments

The City's investment practices are governed by state statutes and by the City's own Investment Policy. City Deposits in Bank are required to be deposited in Federal Deposit Insurance Corporation (FDIC) insured banks located within the State of Texas. A pooled cash and investment strategy is utilized for all City funds except for the Firefighters' Retirement System. The City utilizes one central depository bank. Investments are pooled with principal and interest income distributed to each respective fund on a pro rata basis. Cash, Cash Equivalents, and Investments are included in both unrestricted as well as restricted assets. The Statement of Cash Flows includes activity of pooled cash and investments.

The City's investments managed through overnight local government investment pools are recorded at amortized cost in accordance with GASB Statement No 79, *Certain External Investment Pools and Pool Participants*. The City reports money market investments at amortized cost. Amortization of premium or accretion of discount is recorded over the term of the investments. The City values its investments in U.S. Government Securities within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. Net change in the fair value of investments is recognized and reported as investment income in the financial statements. The City's Investment Policy authorizes investments in: fully collateralized repurchase agreements, public funds investment pools, collateralized and brokered certificates of deposit, money market mutual funds, guaranteed investment contracts, interest-bearing depository account, general debt obligations of any U.S. state or local government, commercial paper, securities lending, and obligations of the United States or its agencies and instrumentalities, excluding mortgage backed securities.

2. Receivables

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Within the governmental fund financial statements, long-term advances and long-term receivables are reflected as nonspendable fund balance indicating they do not constitute available expendable resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectibles is management's best estimate of the amount of credit losses based on account delinquencies and historical write-off expense.

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled has been included in the financial statements.

3. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using either the first-in/first-out (FIFO) method or the average cost method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, the consumption method is used for significant prepaid items.

4. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at $5,000. Contributed assets are recorded at acquisition value as of the date donated. Right-to-use assets (leases and subscriptions) are recorded at the present value of the minimum future lease payments and amortized over the shorter of the lease/subscription term or the useful life of the asset. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation/amortization on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Assets	Life in Years
Dams	100
Water pipelines	40-50
Gas pipelines	40-57
Infrastructure	40-50
Utility plants	40-45
Runways and related improvements	25
Terminals and hangers	40-50
Buildings	15-40
Improvements other than buildings	5-20
Vehicles	4-10
Machinery and equipment	4-15
Office furniture	12
Right-to-use assets	2-29

The City has a collection of art housed in the Corpus Christi Museum of Science and History. The collection is not capitalized because it meets all of the following conditions.

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to City policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

5. Leases

Lessee
The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities where the cash outlay over the term of the lease is $100,000 or more.

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses the current interest rate on its Master Lease Agreement used for financed purchases as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

Lessor
The City is a lessor for noncancellable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

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

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

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

Leases between the Airport System and air carriers and other aeronautical users are subject to external laws and regulations. As permitted by GASB Statement No. 87, paragraph 43, the Airport System recognizes inflows of resources based on the payment provisions of the lease contract, and the accounting policies do not apply to regulated leases. Additional disclosures regarding regulated leases are in Note 6.

6. Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of $100,000 or more.

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

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category and are included in the government-wide and proprietary fund statements of net position. One is the deferred charge on refunding. A deferred outflow on refunding results when the carrying value of refunded debt was lower than its reacquisition price. This difference is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred outflow is related to the net pension liability and total OPEB liability. It includes City contributions to the retirement systems and postemployment benefits contributed subsequent to the measurement date of the liabilities, differences between expected and actual experience, and changes of assumptions and differences between projected and actual investment earnings which are amortized over subsequent accounting periods (Footnote 10 and 11).

In addition to liabilities, the statements of net position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. The deferred inflow on refunding and pension / OPEB liabilities are reported in the government-wide and proprietary fund statements of net position. A deferred inflow on refunding results when the carrying value of refunded debt was higher than its reacquisition price. This difference is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another deferred inflow relates to the net pension liability and total OPEB liability and includes the difference between expected and actual experience, differences between projected and actual investment earnings, and changes in assumptions which are amortized over subsequent accounting periods (Footnote 10 and 11). A third deferred inflow, reported in the governmental fund balance sheet, relates to revenues that have been earned but are not available including property taxes and intergovernmental contributions and grants earned but not received within 60 days of fiscal year end. The fourth deferred inflow, reported in the governmental fund balance sheet and government-wide and proprietary fund statements of net position, is recorded when the City is a lessor. It is initially measured as the amount of the lease receivable and is recognized as revenue over the term of the lease.

8. Restricted Assets

Certain debt proceeds of the City's governmental and enterprise funds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Developer funds are also classified as restricted.

All cash and accounts receivable associated with passenger facility charges (PFC) are reported as restricted assets in the Airport Fund. In accordance with Federal Regulations, PFC funds can only be expended on projects approved by the Federal Aviation Administration. Current approved projects include runway pavement reconstruction, terminal improvements, and runway lighting. It is management's intention to use a portion of the PFC funds on approved projects on a pay-as-you-go basis with the remaining funds to be used to support debt service on approved airport bond issues.

When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the City's policy is to apply restricted assets first.

9. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – sick leave, vacation leave, compensatory time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

10. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on refunding bonds are reported as deferred inflows or outflows and are amortized over the term of the lesser of the new bonds or the refunded bonds using the effective interest method. Bond issuance costs are recognized as expenditures/expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs are shown in debt service expenditures.

11. Pension Plans

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Corpus Christi Firefighters' Retirement System (FFRS) and additions to/deductions from TMRS's and FFRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and FFRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Other Post-employment Benefits (OPEB)

The total OPEB liability of the City's Retiree Health Care Plan (Plan) has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan, and all cash is held in a cash account.

13. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets
This category represents the net carrying value of all capital assets, reduced by the outstanding balances of long-term debt that are attributable to the acquisition, construction or improvement of these assets, net of unspent bond proceeds.

Restricted
The restricted component of net position represents restricted assets reduced by liabilities related to those assets. This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted
This category is the "residual" component of net position. It consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption
Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

14. Fund Balance

In the governmental fund financial statements, the components of fund balances reflect policies and procedures established by actions of the City Council and its designated officials.

The *nonspendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include inventories and prepaid items, long term advances, long-term receivables, and nonfinancial assets held for resale. Some resources are spendable but are legally or contractually required to be maintained intact. Such resources may include the principal of an endowment.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation. The enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation. The City revenue generated through enabling legislation includes Hotel Occupancy taxes, Municipal and Juvenile Court fees, Vital Records fees, Public Education and Governmental Cable TV Fees (PEG), special assessments for the public improvement district, and taxes from the Corpus Christi Crime Control and Prevention District, CCBJDC, CCBC and tax increment zones.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by Council ordinance or resolution no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council, the City Manager, or her/his designee has the authority to assign amounts for a specific purpose as per City Charter, Article I, Section 3 which states, "…the (City) Council…shall enact local legislation, determine policies, appoint the city manager, and which council and city manager shall execute the laws and administer the government of the city." Constraints imposed on the use of assigned amounts can be removed with no formal Council action.

The *unassigned* fund balance represents the spendable net resources that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

Fund Balance Flow Assumption - Spending Prioritization in Using Available Resources
When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the City budget considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the City budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

Fund Balance Summary

A summary of the nature and purpose of governmental fund balances at September 30, 2025, is as follows:

	General Fund	Debt Service Fund	Street Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	$ -	$ -	$ -	$ 138,994	$ 138,994
Prepaid Items	6,023	-	-	2,067,151	2,073,174
Total nonspendable	6,023	-	-	2,206,145	2,212,168
Restricted:					
Vital statistic record retention	440,719	-	-	-	440,719
Municipal and juvenile court:					
Municipal court building security	-	-	-	118,769	118,769
Municipal court technology	-	-	-	85,708	85,708
Judicial court improvements	176,890	-	-	515,266	692,156
Juvenile court case manager	-	-	-	141,174	141,174
Jury	-	-	-	13,220	13,220
Fire contribution trust	5,585	-	-	-	5,585
PEG equipment and facilities	-	-	-	4,839,777	4,839,777
Tourism (HOT)	-	-	-	1,134,061	1,134,061
MetroCom	-	-	-	4,005,198	4,005,198
State and federal grant programs	-	-	-	3,949,066	3,949,066
Law enforcement	-	-	-	5,634,680	5,634,680
Health	-	-	-	3,719	3,719
Parks and recreation	-	-	-	4,171,621	4,171,621
Infrastructure	-	-	-	2,234,799	2,234,799
Loans and housing	-	-	-	6,392,011	6,392,011
Industrial development	-	-	-	68,775	68,775
Business and job development:					
Seawall improvement	-	-	-	54,542,191	54,542,191
Arena facility	-	-	-	14,483,235	14,483,235
Economic development	-	-	-	27,567,894	27,567,894
Tax increment zone improvements:					
North Padre Island development	-	-	-	23,994,232	23,994,232
Downtown development	-	-	-	8,609,596	8,609,596
North Beach	-	-	-	2,330,186	2,330,186
Public improvement district - whitecap	-	-	-	4,257,160	4,257,160
Debt service	-	12,811,327	-	-	12,811,327
Capital projects	-	-	65,564,907	113,042,655	178,607,562
Total restricted	623,194	12,811,327	65,564,907	282,134,993	361,134,421
Committed:					
Parking improvements	-	-	-	814,210	814,210
Streets	-	-	-	39,614,996	39,614,996
Health	-	-	-	7,193,551	7,193,551
Convention Center Complex	-	-	-	1,279,960	1,279,960
Development services	-	-	-	4,590,574	4,590,574
Park projects	-	-	-	2,230,929	2,230,929
Local emergency planning committee	-	-	-	53,185	53,185
Capital projects	-	-	2,809,608	-	2,809,608
Total committed	-	-	2,809,608	55,777,405	58,587,013
Assigned:					
City manager severance	429,674	-	-	-	429,674
Subsequent year's expenditures	8,178,779	-	-	-	8,178,779
Arts and cultural commission	14,861	-	-	-	14,861
Total assigned	8,623,314	-	-	-	8,623,314
Unassigned	85,039,779	-	-	(4,840,207)	80,199,572
Total fund balances	$ 94,292,310	$ 12,811,327	$ 68,374,515	$ 335,278,336	$ 510,756,488

General Fund Balance Requirements Caused by Council Actions or Management's Intended Use
The *General Fund Reserve for Major Contingencies* is established by the City Council to be maintained at 20% of General Fund annual operating expenditures, exclusive of any one-time appropriations, to provide funding for any unforeseen circumstances that may arise such as an economic slowdown, emergencies, or natural disasters. It is not intended for normal unanticipated expenditures. It has a balance of $68,284,774 and is classified as unassigned fund balance.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. New Accounting Pronouncements

Governmental Accounting Standards Board (GASB) pronouncements which have been implemented:

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the City's fiscal year 2025 financial statements with a restatement of $6,207,607 to governmental activities and $615,026 to business-type activities net position as of October 1, 2024, to reflect the changes adopted to conform to the new standard. See Note 18 for additional details related to restatement of beginning balances for proprietary funds.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the City's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

The following GASB pronouncements will become effective in future reporting periods. City management has not determined their impact:

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104*, Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* (GASB 105), improves financial reporting related to subsequent events by 1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events and 2) specifies the information items that are required to be disclosed about subsequent events. The requirements of this statement are effective for reporting periods beginning after June 15, 2026, with earlier application encouraged. GASB 105 will be implemented in the City's fiscal year 2027 financial statements and the impact has not yet been determined.

Note 2. Budget Policy and Budgetary Accounting

City Charter requires the City Manager to submit a proposed budget to the City Council at least sixty days prior to October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. The budget and tax levy are legally enacted through the passage of ordinances.

Budgets are prepared for all governmental funds except the Federal/State grant fund, the capital projects funds, the park development fund (formerly known as the community enrichment fund), the infrastructure fund, the Corpus Christi Community Improvement Corporation (CCCIC), the Corpus Christi Housing Finance Corporation (CCHFC), the Coastal Bend Health Facilities Development Corporation (CBHFDC), and the Corpus Christi Industrial Development Corporation (CCIDC). The Federal/State grant fund and the capital projects funds adopt project-length budgets. The budgets are prepared on a basis consistent with generally accepted accounting principles, except that expenditures financed through leases, financed purchases and SBITAs are not included in the governmental fund budgets, principal and interest payments, certain transfers out to other funds are included in the activity expenditures, and reimbursements are accounted for as revenues rather than reductions of expenditures. The detail of these differences is included in the statement of revenues, expenditures and changes in fund balance – budget and actual in the column titled "Adjustments Budget Basis." All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, department, and activity. The City Manager is authorized to transfer appropriations at the object of expenditure level and department levels within any fund. Any revisions that alter the total appropriations of any fund must be approved by the City Council. During the year, several supplemental appropriations were necessary. All budget amounts presented reflect the original budget and the amended budget which has been adjusted for legally authorized revisions to the annual budget during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances represent commitments related to unperformed contracts for goods or services and will be paid from existing resources. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation. Encumbrances outstanding at year end are reported as restricted, committed, or assigned fund balances depending on the resources used to liquidate such encumbrance. They do not constitute expenditures or liabilities until the commitments are honored by inclusion in the subsequent year's budget.

Note 3. Sales Tax Revenue

The City has a 1% city sales tax, a 0.125% sales tax for crime control, a 0.125% sales tax for construction, maintenance and operations of a multipurpose arena, a 0.125% sales tax for improvements, maintenance and operations of the downtown seawall, and a 0.125% sales tax for economic development, affordable housing and streets. Sales tax is collected monthly by the State of Texas and remitted to the City. The tax is collected by the merchants, remitted to the State, and then paid to the City by the 10th of the month following collection from the merchants. A two-month lag exists between collection by the merchant and payment to the City by the State.

In governmental funds, sales tax revenue is recognized in the period when the underlying exchange transaction has occurred, and the resources are available.

Note 4. Property Taxes

Property taxes are levied and due upon receipt on October 1, based on the value of the previous January 1, and attach as an enforceable lien on property as of January 1 of the subsequent year. Appraised values are established by the Nueces County Appraisal District, Kleberg County Appraisal District, and San Patricio County Appraisal District, assessed at 100% of appraised value, approved by the Nueces County Appraisal Review Board, Kleberg County Review Board, and San Patricio County Appraisal Review Board, and certified by the Chief Appraiser. Responsibility for the billing and collection of the City's taxes is contracted to Nueces County as an efficiency measure.

Taxes are due on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed. Taxes become delinquent on February 1, at which time penalty and interest charges are applicable. Property tax revenues are recorded as revenues when they become available. As permitted by the Constitution of the State of Texas, home rule cities of over 5,000 population shall have a total tax allowable of $2.50 and shall have a bond allowable of $1.50 per $100 valuations (unless City Charter provides less). On April 3, 1993, the citizens of Corpus Christi voted to amend the City Charter which contained a tax limitation of $0.68 per $100 of assessed value for all purposes including debt service. The amended charter provided for the tax rate to increase up to the State limit, $1.50 per $100 of assessed value, for voter approved debt after April 4, 1993. On November 8, 2016, the citizens of Corpus Christi voted to further amend the City Charter to provide for a property tax not to exceed $0.06 per $100 of assessed value for the purpose of residential street reconstruction. This additional tax is not limited by the $0.68 tax limitation per the amended Charter. The State total tax and bond allowable is computed based on 90% collections.

The 2024-2025 tax rates were $0.378825 for the general fund including $.04 for residential streets and $0.220949 for debt service for a total of $0.599774 per $100 of assessed value. Therefore, the City's tax margin of $0.1202260 per $100 of assessed value could raise up to $37,200,556 in additional taxes each year based on the assessed value of $30,942,188,691. The City could raise up to $395,766,374 in additional taxes for voter approved tax supported obligations, based on the assessed valuation of $30,942,188,691 and a debt margin of $1.279051 calculated on 100% collections.

Note 5. Cash, Cash Equivalents, and Investments

Information regarding the City and the Firefighters' Retirement System is provided separately below.

City
In accordance with City policy, the bank deposits of $14,773,864 were covered by Federal Depository Insurance (FDIC) or by collateral held by the City's agent in the City's name and $1,375,234 of bank deposits, in the name of Corpus Christi Community Improvement Corporation, was covered in part by FDIC with $1,125.234 exposed to custodial credit risk. The cash funds and short-term investments included in cash and cash equivalents are not subject to collateralization requirements.

As of September 30, 2025, the City, including its custodial fund, had the following cash, cash equivalents and investments:

	Amount	%	Weighted Average Maturity (Years)	Fair Value Measurement	Credit Risk Rating S&P
Investments measured at fair value:					
Federal agency coupon securities	$ 204,076,003	18%	1.46	Level 2	AA+
Federal agency coupon securities	75,470,196	6%	0.84	Level 2	No rating
U.S. Treasury	38,054,697	3%	0.83	Level 2	Aa1
Investments measured at amortized cost:					
Local government investment pools - overnight	583,940,236	49%	-		AAAm
Money market funds	243,200,565	20%	-		AA2
Investments measured at net asset value:					
Local government investment pools - overnight	51,713,158	4%	-		AAAm
Total investments	1,196,454,855	100%			
Portfolio weighted average maturity			0.33		
Cash and cash equivalents:					
Deposits in bank	9,178,101				
Cash on hand	37,290				
Total cash and cash equivalents	9,215,391				
Total cash, cash equivalents, and investments - city	$ 1,205,670,246				
Deposits in bank - custodial fund	705,691				
Total cash, cash equivalents, and investments - custodial fund	$ 705,691				

Fair Value Measurements

The City categorizes its investments measured at fair value within the hierarchy established by generally accepted accounting principles. Investments valued at fair value are categorized based on inputs to valuation techniques as follows:

- Level 1 input – Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.
- Level 2 input – Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 input – Inputs that are unobservable for the asset or liability which are typically based upon the City's own assumptions as there is little, if any, related market activity.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a computerized pricing service utilizing a yield-based matrix system to arrive at an estimated market value. The City does not have any Level 1 or Level 3 investments.

Local Government Investment Pools
Certain investment types are not required to be measured at fair value; these include certain investment pools in which the underlying portfolio is measured at amortized cost. Other investment pools, in which underlying portfolio investments are measured at fair value, are reported by the City at the net asset value (NAV) determined by the pool, which approximates fair value.

TexPool
TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

The investment pool transacts at a net asset value of $1.00 per share, has a weighted average maturity of 60 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 10% of portfolio invested in approved money market mutual funds, and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity.

TexPool Prime
TexPool Prime is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds, certificates of deposit, commercial paper with a minimum rating of A-1 or P-1 (or equivalent) and Securities Lending Programs.

The investment pool transacts at a net asset value of $1.00 per share, has a weighted average maturity of 60 days or less and investments held are highly rated by a nationally recognized statistical rating organization. The investment pool will have no more than 10% of the portfolio invested in approved money market mutual funds, no more than 75% invested in certificates of deposit, no more than a third of the portfolio assets in reverse repurchase agreements and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

Texas Cooperative Liquid Asset Securities System Trust (Texas CLASS)
Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

TexSTAR
TexSTAR is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management.

The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, and yield. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of $1.00 per share. TexSTAR may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date not to exceed 95 calendar days and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; and SEC-registered no-load money-market fund which meet the requirements of the Public Funds Investment Act. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Interest Rate Risk
In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 730 days. The TexPool local government investment pool and the TexPool Prime local government investment pool had a weighted average maturity of 44 days and 51 days, respectively, as of September 30, 2025. The Texas CLASS local government investment pool had a weighted average maturity of 43 days as of September 30, 2025. The TexSTAR local government investment pool had a weighted average maturity of 50 days as of September 30, 2025.

Credit Risk
Texas statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a Federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed, insured by, or backed by the full faith and credit of, this State or the United States or their respective agencies and instrumentalities; and (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).

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. In addition to other provisions of the PFIA designed to promote liquidity and safety of principal, the PFIA requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares. Investments noted in the preceding table have been rated AAAm by Standard & Poor's or AAA by Moody's.

Concentration of Credit Risk
The City of Corpus Christi recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The City's adopted Investment Policy establishes diversification as a major objective of the investment program. As of September 30, 2025, all parameters and limits of the policy diversification goals were met.

Custodial Credit Risk – Deposits
In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2025, the City's bank balances were not exposed to custodial credit risk because they were fully insured and collateralized.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City is not exposed to custodial risk as the investments are insured or registered, or the investments are held by the City or its agent, in the City's name.

Corpus Christi Firefighters' Retirement System (the System)
The Board of Trustees has established that the System shall keep a sufficient amount of cash on hand to make payments as they become due under the System. If the Board determines that the cash fund of the System contains amounts in excess of the amount needed to make necessary payments as they become due, the Board of Trustees may invest any portion of the excess.

In making investments for the retirement system, the Board of Trustees shall exercise proper judgment and care, taking into account the circumstances prevailing at the time of the investment. The Board of Trustees may not invest in the stock or bonds of one corporation more than five percent of the book value of the assets of a fund. In addition, the System may not own more than five percent of the voting stock of one corporation.

As of December 31, 2024, the System had the following cash, short-term and long-term investments:

	Amount	%	Fair Value Hierarchy
Investments measured at fair value:			
Common and preferred stocks	$ 55,064,041	29%	Level 1
U.S. Treasuries & agencies - not mortgage-backed	21,344,035	11%	Level 1
U.S. agency securities - mortgage-backed	22,093,040	12%	Level 2
Corporate bonds and notes	4,941,547	2%	Level 2
Investments measured at net asset value (NAV):			
Mutual funds	73,147,537	38%	
Limited partnership - real estate	14,814,813	8%	
Total investments	191,405,013	100%	
Total cash and short-term investments (cash equivalents)	2,216,066		
Total cash, cash equivalents and investments	$ 193,621,079		

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The investment policy of the plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of the fiduciary net position at December 31, 2024.

Fair Value Measurements
The System categorizes its investments measured at fair value within the hierarchy established by generally accepted accounting principles. Investments valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input – Inputs representing unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 input – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example interest rates, volatilities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 input – Significant observable inputs that reflect an entity's own assumptions that market participants would use in pricing the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Because of the complexity of the portfolio, the System's Board of Trustees relies on its consultant to provide the necessary guidance to accomplish the System's objectives. The Board also understands that return objectives can be achieved while assuming "market" volatility. The Board is willing to forgo potential return in strong markets in return for protection against a severe decline during weak periods.

Concentration of Credit Risk
None of the asset classes exceed their maximum percentage of asset allocation. The System is well diversified, with no individual investment manager holding in excess of 10% of its portfolio in any single corporation and no individual fixed income manager holding more than 5% of its portfolio in any single issuer. With the exception of the alternative investments, the portfolio can be liquidated within one to two days if so desired. Alternative investments may have an extended liquidation period.

Interest Rate Risk
Only the fixed income securities of the Plan are subject to interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity. Securities that are subject to direct interest rate risk as of December 31, 2024, amount to $48,378,622 and have weighted average duration of 6.73 years. Duration is defined as the change in the value of a fixed income security that will result from a 1% change in interest rates.

Duration is stated in years. For example, 5-year duration means the bond will decrease in value by 5% if interest rates rise 1% and increase in value by 5% if interest rates fall 1%. Securities that are subject to direct interest rate risk are shown in the following table for the year ending December 31, 2024. The Investment Policy Statement limits the structure of the investment manager's portfolio's duration to +/- 25% of the appropriation benchmark duration.

	Fair Value	Percentage of Total	Duration (Years)
Corporate bonds	$ 4,941,547	10.21%	0.52
U.S. Treasuries & agencies - not mortgage-backed	21,344,035	44.11%	3.80
U.S. agency securities - mortgage-backed	22,093,040	45.68%	2.41
Total interest rate sensitive bonds	$ 48,378,622	100.00%	6.73

Credit Risk
Using Standard and Poor's rating system for fixed income securities as of December 31, 2024, the System's bonds were rate as noted below. The Investment Policy Statement requires corporate fixed income securities to be at least investment grade at the time of purchase, with additional actions required if any security is downgraded below investment grade after purchase.

	Fair Value	Percentage of Total
AA	$ 44,594,624	92.18%
A	3,783,998	7.82%
Total credit sensitive bonds	$ 48,378,622	100.00%

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of December 31, 2024, the System did not have direct exposure to foreign currency risk through its investments. The Investment Policy Statement is silent on the subject of foreign currency risk.

Custodial Credit Risk
Custodial risk for investments is the risk that, in the event of the failure of the counterparty, the System would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Investment Policy Statement is silent on the subject of custodial credit risk.

The System has $60 million in investments that are held by the investment's counterparty, not in the name of the System. The System's remaining investments are either held in the name of the System or are registered in the name of the System and are not exposed to custodial credit risk.

Note 6. Receivables

	General Fund	Debt Service Fund	Street Capital Projects Fund	Utility System Fund	Nonmajor and Other Funds	Total
Unrestricted:						
Accounts	$ 9,336,150	$ -	$ -	$ 40,252,515	$ 8,733,715	$ 58,322,380
Taxes	7,682,569	4,479,095	-	-	1,204,365	13,366,029
Intergovernmental	14,909,528	-	-	782,756	32,688,205	48,380,489
Leases	3,531,798	-	-	312,190	4,555,072	8,399,060
Demolition liens	1,166,182	-	-	-	937,305	2,103,487
Special assessments	-	-	569,505	-	3,170	572,675
Interest	40,120	-	-	3,208	19,235	62,563
Employees	54,431	-	-	-	-	54,431
Miscellaneous	1,174	-	-	1,571,840	1,818,550	3,391,564
Restricted:						
Mortgages and loans	-	-	-	-	7,373,128	7,373,128
Accounts	-	-	-	-	235,786	235,786
Gross receivables	36,721,952	4,479,095	569,505	42,922,509	57,568,531	142,261,592
Less: allowance for uncollectibles	(11,048,297)	(3,262,368)	(569,505)	(9,113,204)	(4,048,722)	(28,042,096)
Total receivables, net	$ 25,673,655	$ 1,216,727	$ -	$ 33,809,305	$ 53,519,809	$ 114,219,496

A. City as Lessor

The City leases land, buildings, a baseball stadium, and airport terminal space and facilities to various tenants. Extension options which are reasonably certain to be exercised terminate no later than 2060. Certain provisions of the leases provide for fixed and variable rental payments, including certain leases which provide for rent based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum, and one lease providing for variable payments if the lessee enters into co-licensing agreements with others.

For the year ended September 30, 2025, payments were as follows:

	Fixed Payments
Governmental activities:	
Rent	$ 151,292
Interest revenue	197,021
Total governmental activities	$ 348,313

	Fixed Payments
Business-type activities:	
Rent	$ 563,618
Interest revenue	38,923
Total business-type activities	$ 602,541

B. Regulated Leases

Certain aviation leases at Corpus Christi International Airport are regulated by the Federal Aviation Administration. The City and American Airlines, Southwest Airlines, and United Airlines (collectively, the "Signatory Airlines") entered into Airport Use and Lease Agreements for use of airport facilities for the purpose of conducting business as air transportation businesses. Under the terms of these agreements, the Signatory Airlines pay the airport monthly based on the annual rental rate/fee schedule. Rate calculations are based on total estimates of expenses, estimates of passengers and total landed weight, and other factors. Other airlines and air transportation businesses operating at the airport are billed at rates established by City ordinances.

The Signatory Airlines each have preferential use of certain space, facilities, and apron areas. No other airlines have preferential use of more than ten percent of terminal space or other areas of the airport. Preferential use of space during the year ended September 30, 2025, were as follows:

	American	Southwest	United	Total
Terminal areas - leasable airline space	4,263 sq ft	5,590 sq ft	4,739 sq ft	14,592 sq ft
GSE storage	2,427 sq ft	3,684 sq ft	3,818 sq ft	9,929 sq ft
Apron - leasable airline space	31,773 sq ft	28,036 sq ft	61,892 sq ft	121,701 sq ft
Number of gates and remote stands	4	2	4	10

	Annualized Fixed Payments	Annualized Variable Payments
American	$ 445,327	$ 1,029,754
Southwest	543,291	666,307
United	486,173	860,103
Other	1,178,262	303,463

Future minimum lease payments from Regulated Leases as of September 30, 2025, are as follows:

Year Ending September 30,	Business-type Activities
2026	$ 3,607,058
2027	3,634,411
2028	1,259,437
2029	898,969
2030	909,984
2031-2035	3,722,788
2036-2040	2,684,626
2041-2044	1,371,448
Total minimum future rentals	$ 18,088,721

Note 7. Capital Assets

A summary of changes in the capital assets for the year ended September 30, 2025, follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated or amortized:				
Land	$ 72,109,011	$ 187,037	$ -	$ 72,296,048
Construction in progress	337,496,222	120,134,313	(22,500,906)	435,129,629
Total capital assets, not being depreciated or amortized	409,605,233	120,321,350	(22,500,906)	507,425,677
Capital assets, being depreciated or amortized:				
Buildings	239,128,597	317,817	(102,877)	239,343,537
Improvements	367,467,094	23,153,505	(142,929)	390,477,670
Machinery and equipment	191,603,414	37,033,642	(7,541,402)	221,095,654
Infrastructure	663,533,194	-	-	663,533,194
Right-to-use buildings	1,682,042	-	(119,395)	1,562,647
Right-to-use improvements	5,544,604	-	(13)	5,544,591
Right-to-use equipment	1,315,192	-	(296,534)	1,018,658
Right-to-use subscription assets	22,394,197	1,464,451	(1,588,022)	22,270,626
Total capital assets, being depreciated or amortized	1,492,668,334	61,969,415	(9,791,172)	1,544,846,577
Less accumulated depreciation and amortization for:				
Buildings	140,342,651	5,340,302	(40,770)	145,642,183
Improvements	197,013,554	11,713,227	(94,865)	208,631,916
Machinery and equipment	112,778,833	17,658,143	(7,315,418)	123,121,558
Infrastructure	262,291,406	13,013,161	-	275,304,567
Right-to-use buildings	659,673	252,135	(123,966)	787,842
Right-to-use improvements	1,054,019	356,193	(84)	1,410,128
Right-to-use equipment	459,738	203,732	(296,753)	366,717
Right-to-use subscription assets	8,534,283	5,975,241	(1,110,559)	13,398,965
Total accumulated depreciation and amortization	723,134,157	54,512,134	(8,982,415)	768,663,876
Total capital assets, being depreciated, net	769,534,177	7,457,281	(808,757)	776,182,701
Governmental activities capital assets, net	$ 1,179,139,410	$ 127,778,631	$ (23,309,663)	$ 1,283,608,378

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated or amortized:				
Land	$ 40,775,135	$ 2,136,887	$ (9,000)	$ 42,903,022
Water rights	106,807,672	-	-	106,807,672
Construction in progress	235,764,366	286,476,755	(33,927,728)	488,313,393
Total capital assets, not being depreciated or amortized	383,347,173	288,613,642	(33,936,728)	638,024,087
Capital assets, being depreciated or amortized:				
Buildings	113,407,953	-	-	113,407,953
Improvements	682,730,478	2,471,426	(741,951)	684,459,953
Machinery and equipment	63,941,632	7,700,860	(1,302,176)	70,340,316
Infrastructure	1,919,369,540	68,085,267	-	1,987,454,807
Right-to-use subscription assets	244,586	-	(22,811)	221,775
Total capital assets, being depreciated or amortized	2,779,694,189	78,257,553	(2,066,938)	2,855,884,804
Less accumulated depreciation and amortization for:				
Buildings	51,924,527	2,685,474	-	54,610,001
Improvements	344,400,443	18,568,749	(703,400)	362,265,792
Machinery and equipment	43,354,666	4,096,421	(1,280,816)	46,170,271
Infrastructure	582,792,960	39,544,583	-	622,337,543
Right-to-use subscription assets	116,269	46,878	(22,810)	140,337
Total accumulated depreciation and amortization	1,022,588,865	64,942,105	(2,007,026)	1,085,523,944
Total capital assets, being depreciated, net	1,757,105,324	13,315,448	(59,912)	1,770,360,860
Business-type activities capital assets, net	$ 2,140,452,497	$ 301,929,090	$ (33,996,640)	$ 2,408,384,947

Depreciation/amortization expense is charged to functions as follows:

Governmental activities:		
General government	$	1,950,482
Police and municipal court		2,194,994
Fire and ambulance		2,426,204
Streets		14,091,033
Solid waste		4,732,816
Health		239,995
Parks and recreation		4,180,975
Libraries		373,676
Museums		329,488
Community enrichment		4,765,025
Housing and community development		3,108,994
Convention center complex		1,519,565
Internal service funds		14,598,887
Total depreciation and amortization expense, governmental activities	$	54,512,134
Business-type activities:		
Gas	$	2,023,412
Water		25,218,586
Wastewater		20,776,760
Stormwater		8,887,285
Airport		7,507,280
Golf centers		131,498
Marina		397,284
Total depreciation and amortization expense, business-type activities	$	64,942,105

Note 8. Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Long-term debt:					
General obligation bonds	$ 402,463,094	$ 107,660,000	$ (121,372,889)	$ 388,750,205	$ 27,740,797
Certificates of obligation	132,620,000	35,740,775	(9,810,000)	158,550,775	8,334,250
Revenue bonds	8,875,000	-	(6,065,000)	2,810,000	2,810,000
Notes payable	4,645,000	10,485,000	(1,275,000)	13,855,000	2,620,000
Premium on bonds payable	33,331,918	10,763,916	(8,888,795)	35,207,039	-
Bonds and notes payable, net	581,935,012	164,649,691	(147,411,684)	599,173,019	41,505,047
Financed purchases	15,784,533	8,281,531	(6,499,681)	17,566,383	6,437,069
Leases payable	6,759,263	-	(823,914)	5,935,349	733,863
Subscriptions payable	10,974,165	1,464,451	(5,865,508)	6,573,108	3,753,763
Total long-term debt	615,452,973	174,395,673	(160,600,787)	629,247,859	52,429,742
Landfill closure costs	17,033,323	1,140,807	(158,897)	18,015,233	126,412
Compensated absences*	36,119,799	3,149,383	-	39,269,182	4,123,265
Self Insurance claims liability	27,392,366	58,412,470	(56,871,379)	28,933,457	9,763,457
Arbitrage liability	932,251	340,840	(611,595)	661,496	661,496
Net pension liability	229,977,422	117,864,296	(136,863,965)	210,977,753	-
Total OPEB liability	14,735,403	2,976,500	(698,635)	17,013,268	-
Total long-term liabilities Governmental activities	$ 941,643,537	$ 358,279,969	$ (355,805,258)	$ 944,118,248	$ 67,104,372
Business-type activities:					
Long-term debt:					
General obligation bonds	$ 13,416,906	$ -	$ (1,717,111)	$ 11,699,795	$ 1,764,203
Certificates of obligation	-	5,734,225	-	5,734,225	410,750
Priority lien revenue bonds	20,125,000	-	(6,245,000)	13,880,000	6,550,000
Senior / junior lien revenue bonds	1,059,832,000	517,920,000	(158,259,000)	1,419,493,000	35,701,000
Subordinate lien revenue bonds	15,520,000	-	(2,955,000)	12,565,000	3,030,000
Junior lien revenue notes payable	25,160,000	-	(3,400,000)	21,760,000	3,465,000
Premium on bonds payable	63,917,765	15,423,293	(15,634,124)	63,706,934	-
Bonds and notes payable, net	1,197,971,671	539,077,518	(188,210,235)	1,548,838,954	50,920,953
Financed purchases	7,913,200	4,784,614	(3,237,522)	9,460,292	2,910,512
Subscriptions payable	124,054	-	(49,719)	74,335	50,346
Total long-term debt	1,206,008,925	543,862,132	(191,497,476)	1,558,373,581	53,881,811
Compensated absences*	3,578,618	1,771,199	-	5,349,817	564,061
Arbitrage liability	1,131,037	224,711	(710,093)	645,655	645,655
Net pension liability	29,083,598	28,427,247	(36,584,455)	20,926,390	-
Total OPEB liability	472,753	164,120	(265,661)	371,212	-
Total long-term liabilities Business-type activities	$ 1,240,274,931	$ 574,449,409	$ (229,057,685)	$ 1,585,666,655	$ 55,091,527

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, Paragraph 30.

Compensated absences was restated as of October 1, 2024, to conform with adoption of GASB Statement 101, *Compensated Absences*. See Note 18.

In the governmental funds, the total OPEB liability will be liquidated by the General Fund (72%), Special Revenue funds (16%), and Internal Service funds (12%) based on the allocation of the cost of self-insurance for health benefits. General Fund will typically liquidate 65%, Special Revenue funds 19%, and Internal Service funds 16% of the net pension liability for TMRS. Governmental funds will liquidate 100% of the net pension liability for the Corpus Christi Firefighters' Retirement System.

A. Bonds Payable

Bonds payable at September 30, 2025, are comprised of the following:

Governmental Activities

Series	Original Issue at Par	Maturity Date	Interest Rates (%)	Ending Balance
General obligation bonds:				
2016 General improvement refunding bonds	$ 16,130,000	2029	2.00%-4.00%	$ 1,945,000
2018 General improvement bonds	16,355,000	2038	5.00%	13,655,000
2020A General improvement bonds	80,385,000	2040	4.00%-5.00%	67,180,000
2020B General improvement refunding bonds	26,595,000	2032	5.00%	21,670,000
2020C General improvement refunding bonds, taxable, 96.22%	64,774,606	2038	0.59%-2.49%	63,139,408
2021C General improvement refunding bonds, taxable	40,040,000	2028	0.27%-1.47%	9,400,000
2022C General improvement bonds	36,365,000	2042	4.50%-5.00%	28,370,000
2023 General improvement bonds	33,035,000	2043	4.00%-5.00%	31,210,000
2024 General improvement bonds	46,010,000	2044	5.00%	40,185,000
2024C General Improvement Refunding Bonds	78,975,000	2035	5.00%	77,985,000
2025 General Improvement Bonds	28,685,000	2045	5.00%	28,685,000
Total general obligation bonds, not direct placement				383,424,408
2016A General improvement refunding (TMPC), 89.70%	6,594,621	2026	1.72%-3.50%	720,797
2019A General improvement refunding bonds	8,740,000	2030	1.99%	4,605,000
Total general obligation bonds, direct placement				5,325,797
Total general obligation bonds				388,750,205
Certificates of obligation:				
2015 Certificates of obligation	10,020,000	2035	0.35%-4.49%	5,820,000
2016 Certificates of obligation	2,000,000	2029	2.00%-3.00%	400,000
2016A Certificates of obligation	16,430,000	2036	2.00%-4.00%	10,525,000
2018A Certificates of obligation	14,315,000	2038	4.00%-5.00%	11,935,000
2018B Certificates of obligation, taxable	7,490,000	2038	2.42%-4.95%	5,550,000
2021A Certificates of obligation	8,485,000	2041	3.00%-5.00%	7,315,000
2021B Certificates of obligation, taxable	8,940,000	2041	0.31%-2.76%	7,370,000
2022A Certificates of obligation	10,205,000	2042	4.50%-5.00%	9,285,000
2022B Certificates of obligation, taxable	9,160,000	2042	3.27%-5.27%	8,270,000
2023A Certificates of obligation	5,880,000	2043	4.00%-5.00%	5,555,000
2023B Certificates of obligation, taxable	8,560,000	2043	4.65%-7.00%	8,155,000
2024A Certificates of obligation	36,265,000	2044	5.00%	31,680,000
2024B Certificates of obligation, taxable	10,555,000	2044	5.10-6.00%	10,390,000
2025A Certificates of obligation	31,260,775	2045	5.00%	31,260,775
2025B Certificates of obligation, taxable	4,480,000	2045	5.15-6.00%	4,480,000
Total certificates of obligation, not direct placement				157,990,775
2017 Certificates of obligation	2,500,000	2027	3.04%	560,000
Total certificates of obligation, direct placement				560,000
Total certificates of obligation				158,550,775
Revenue bonds:				
2012 Corpus Christi business and job development corporation sales tax revenue refunding bonds	29,075,000	2026	3.00%-5.00%	2,810,000
Total revenue bonds, not direct placement				2,810,000
Total revenue bonds				2,810,000
Total governmental activities bonds payable				$ 550,110,980

Business-type Activities

Series	Original Issue at Par	Maturity Date	Interest Rates (%)	Ending Balance
General obligation bonds:				
2020C General obligation refunding bonds, taxable, 3.78%	$ 2,545,394	2038	0.59%-2.49%	$ 2,480,592
2021D General improvement refunding bonds, 82.14%	8,431,530	2030	5.00%	5,670,000
2021E General improvement refunding bonds AMT	1,985,000	2030	3.00%	1,270,000
Total general obligation bonds, not direct placement				9,420,592
2016A General improvement refunding (TMPC), 10.30%	770,379	2026	1.72%-3.50%	84,203
2019B General improvement refunding bonds	3,900,000	2030	2.56%	2,195,000
Total general obligation bonds, direct placement				2,279,203
Total general obligation bonds				11,699,795
Certificates of obligation:				
2025A Certificates of obligation	5,734,225	2045	5.00%	5,734,225
Total certificates of obligation, not direct placement				5,734,225
Total certificates of obligation				5,734,225
Priority lien revenue bonds:				
2015 Nueces River Authority Water Supply Facilities revenue refunding bonds	62,785,000	2027	3.00%-5.00%	12,880,000
Total priority revenue bonds, not direct placement				12,880,000
2015 Marina system revenue bonds, taxable	2,600,000	2030	3.00%	1,000,000
Total priority revenue bonds, direct placement				1,000,000
Total priority lien revenue bonds				13,880,000
Senior / junior lien revenue bonds:				
2012A Utility system junior lien revenue and refunding bonds	155,660,000	2032	2.00%-5.00%	2,215,000
2012B Utility system junior lien revenue improvement bonds	69,085,000	2042	2.00%-5.00%	20,990,000
2015A Utility system junior lien revenue improvement bonds	93,600,000	2033	3.00%-5.00%	6,355,000
2015C Utility system junior lien revenue improvement bonds	101,385,000	2045	3.00%-5.00%	27,925,000
2016 Utility system junior lien revenue refunding bonds	80,415,000	2039	2.00%-5.00%	59,190,000
2019 Utility system junior lien revenue improvement and refunding bonds	93,425,000	2049	3.00%-5.00%	86,900,000
2020A Utility system junior lien revenue improvement and refunding bonds	133,765,000	2050	3.00%-5.00%	125,125,000
2020B Utility system junior lien revenue refunding bonds, taxable	183,635,000	2043	0.55%-2.86%	60,890,000
2022B Utility system junior lien revenue improvement bonds	92,465,000	2052	5.00%	87,940,000
2023 Utility system senior lien revenue improvement and refunding bonds	138,320,000	2053	4.00%-5.25%	126,195,000
2024 Utility system senior lien revenue improvement and refunding bonds	250,415,000	2054	4.25%-5.00%	247,760,000
2025 Utility system senior lien revenue improvement and refunding bonds	296,870,000	2055	5.00-5.25%	296,870,000
Total senior / junior lien revenue bonds, not direct placement				1,148,355,000
2017 Utility system junior lien revenue refunding bonds	51,215,000	2045	0.06%-2.07%	36,900,000
2020C Utility system junior lien revenue improvement bonds	11,425,000	2050	0.14%-2.48%	10,095,000
2022A Utility system junior lien revenue improvement bonds (TWDB CWSRF)	3,561,000	2042	1.10%-2.39%	3,093,000
2024A Utility system senior lien revenue improvement bonds	211,050,000	2054	2.06-3.82%	211,050,000
2024B Utility system senior lien revenue improvement bonds	10,000,000	2054	2.06-3.82%	10,000,000
Total senior / junior lien revenue bonds, direct placement				271,138,000
Total senior / junior lien revenue bonds				1,419,493,000
Subordinated lien revenue bonds:				
2018 Utility system subordinated lien revenue refunding bonds	34,835,000	2029	1.73%-3.40%	12,565,000
Total subordinated lien revenue bonds, direct placement				12,565,000
Total business-type activities bonds payable				$ 1,463,372,020

The annual requirements to amortize all bonded debt outstanding as of September 30, 2025, are as follows:

Year Ending September 30,	Governmental Activities: General Obligation Bonds, not direct placement — Principal	Interest	Total	General Obligation Bonds, direct placement — Principal	Interest	Total
2026	$ 26,135,000	$ 15,775,944	$ 41,910,944	$ 1,605,797	$ 99,845	$ 1,705,642
2027	29,848,509	14,671,694	44,520,203	900,000	65,073	965,073
2028	30,229,660	13,409,777	43,639,437	920,000	46,964	966,964
2029	31,650,138	12,124,156	43,774,294	940,000	28,457	968,457
2030	26,824,610	10,920,359	37,744,969	960,000	9,552	969,552
2031-2035	128,496,985	37,939,682	166,436,667	-	-	-
2036-2040	76,204,506	16,514,507	92,719,013	-	-	-
2041-2045	34,035,000	3,214,050	37,249,050	-	-	-
Totals	$ 383,424,408	$ 124,570,169	$ 507,994,577	$ 5,325,797	$ 249,891	$ 5,575,688

Year Ending September 30,	Governmental Activities: Certificates of Obligation, not direct placement — Principal	Interest	Total	Certificates of Obligation, direct placement — Principal	Interest	Total
2026	$ 8,059,250	$ 7,199,189	$ 15,258,439	$ 275,000	$ 12,823	$ 287,823
2027	6,395,525	6,943,175	13,338,700	285,000	4,325	289,325
2028	6,691,650	6,644,187	13,335,837	-	-	-
2029	7,012,000	6,327,765	13,339,765	-	-	-
2030	7,858,425	5,978,014	13,836,439	-	-	-
2031-2035	45,337,750	23,863,584	69,201,334	-	-	-
2036-2040	44,193,225	13,100,989	57,294,214	-	-	-
2041-2045	32,442,950	3,393,448	35,836,398	-	-	-
Totals	$ 157,990,775	$ 73,450,351	$ 231,441,126	$ 560,000	$ 17,148	$ 577,148

Year Ending September 30,	Governmental Activities: Revenue Bonds, not direct placement — Principal	Interest	Total
2026	$ 2,810,000	$ 43,906	$ 2,853,906
Totals	$ 2,810,000	$ 43,906	$ 2,853,906

Year Ending September 30,	Business-type Activities: General Obligation Bonds, not direct placement — Principal	Interest	Total	General Obligation Bonds, direct placement — Principal	Interest	Total
2026	$ 1,265,000	$ 340,519	$ 1,605,519	$ 499,203	$ 52,867	$ 552,070
2027	1,501,491	279,275	1,780,766	430,000	40,064	470,064
2028	1,630,340	213,030	1,843,370	440,000	28,928	468,928
2029	1,754,862	142,589	1,897,451	450,000	17,536	467,536
2030	1,840,390	68,133	1,908,523	460,000	5,888	465,888
2031-2035	1,248,015	72,486	1,320,501	-	-	-
2036-2040	180,494	3,769	184,263	-	-	-
Totals	$ 9,420,592	$ 1,119,801	$ 10,540,393	$ 2,279,203	$ 145,283	$ 2,424,486

Year Ending September 30,	Business-type Activities: Certificates of Obligation, not direct placement — Principal	Interest	Total
2026	$ 410,750	$ 264,496	$ 675,246
2027	84,475	264,062	348,537
2028	88,350	259,741	348,091
2029	93,000	255,208	348,208
2030	211,575	247,593	459,168
2031-2035	1,232,250	1,063,649	2,295,899
2036-2040	1,581,775	713,600	2,295,375
2041-2045	2,032,050	264,159	2,296,209
Totals	$ 5,734,225	$ 3,332,508	$ 9,066,733

Year Ending September 30,	Business-type Activities: Priority Revenue Bonds, not direct placement — Principal	Interest	Total	Priority Revenue Bonds, direct placement — Principal	Interest	Total
2026	$ 6,360,000	$ 644,000	$ 7,004,000	$ 190,000	$ 27,150	$ 217,150
2027	6,520,000	326,000	6,846,000	195,000	21,375	216,375
2028	-	-	-	200,000	15,450	215,450
2029	-	-	-	205,000	9,375	214,375
2030	-	-	-	210,000	3,150	213,150
Totals	$ 12,880,000	$ 970,000	$ 13,850,000	$ 1,000,000	$ 76,500	$ 1,076,500

Year Ending September 30,	Business-type Activities: Junior Lien Revenue Bonds, not direct placement — Principal	Interest	Total	Junior Lien Revenue Bonds, direct placement — Principal	Interest	Total
2026	$ 28,665,000	$ 52,249,914	$ 80,914,914	$ 7,036,000	$ 8,007,376	$ 15,043,376
2027	28,925,000	50,899,709	79,824,709	7,172,000	7,882,384	15,054,384
2028	30,370,000	49,453,459	79,823,459	7,309,000	7,754,229	15,063,229
2029	31,880,000	47,934,959	79,814,959	7,451,000	7,619,565	15,070,565
2030	33,480,000	46,340,959	79,820,959	7,599,000	7,478,314	15,077,314
2031-2035	209,435,000	204,674,938	414,109,938	40,582,000	34,929,782	75,511,782
2036-2040	261,560,000	151,099,144	412,659,144	46,035,000	29,703,894	75,738,894
2041-2045	228,435,000	96,607,381	325,042,381	52,809,000	22,622,768	75,431,768
2046-2050	169,485,000	52,264,438	221,749,438	50,045,000	14,098,370	64,143,370
2051-2055	126,120,000	15,339,981	141,459,981	45,100,000	4,342,333	49,442,333
Totals	$ 1,148,355,000	$ 766,864,882	$ 1,915,219,882	$ 271,138,000	$ 144,439,015	$ 415,577,015

Year Ending September 30,	Business-type Activities: Subordinate Lien Revenue Bonds, direct placement — Principal	Interest	Total
2026	$ 3,030,000	$ 399,088	$ 3,429,088
2027	3,100,000	306,066	3,406,066
2028	3,180,000	213,066	3,393,066
2029	3,255,000	110,670	3,365,670
Totals	$ 12,565,000	$ 1,028,890	$ 13,593,890

$12,811,327 is available in the Debt Service Fund to service general obligation bonds. There are a number of limitations and restrictions contained in the various bond indentures. The City believes they are in compliance with all significant limitations and restrictions.

Debt Issuance

The City issued $78,975,000 of General Improvement Refunding Bonds, Series 2024C, dated December 5, 2024 to refund $83,680,000 of previously issued bonds, and was initiated to lower overall annual debt service requirements of the City and to pay the costs of issuance. The bonds carry a stated interest rate of 5.00% and are scheduled to mature in annual installments through 2035. The refunding resulted in savings of $4,765,511 and a net present value savings of $4,539,077. The net carrying amount of the old debt exceeded the reacquisition price by $1,530,311. This amount is recorded as a deferred inflow and amortized over the life of the refunded debt.

The City issued $28,685,000 of General Improvement Bonds, Series 2025, dated September 16, 2025 to fund construction, renovation and improvements to various City facilities. The obligations are scheduled to mature in annual installments until 2045 and the interest rate is 5.00%.

The City issued $36,995,000 of Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025A, dated September 16, 2025, to fund construction, renovation and improvements to various City facilities. The obligations are scheduled to mature in annual installments until 2045 and the interest rate is 5.00%.

The City issued $4,480,000 of Combination Tax and Limited Pledge Revenue Certificates of Obligation, Taxable Series 2025B, dated September 16. 2025, to fund construction, renovation and improvements to the City's solid waste facilities, including landfill site development and related road improvements. The obligations are scheduled to mature in annual installments until 2045 and the interest rates range between 5.15% - 6.00%.

The City issued $296,870,000 of Utility System Senior Lien Revenue Improvement and Refunding Bonds, Series 2025, dated July 17, 2025, for capital improvements to the Utility System and to refund $128,105,000 of Utility System Junior Lien Revenue Bonds, Series 2015A, 2015C and 2015D. The Bonds are scheduled to mature in annual installments until 2055 and the interest rate ranges from 5.00% - 5.25%. The refunding resulted in a net present value savings of $6,982,312 and a gross savings of $8,209,476. The net carrying amount of the old debt exceeded the reacquisition price by $6,678,433. This amount is recorded as a deferred inflow and amortized over the life of the refunded debt.

The City issued $211,050,000 of Utility System Senior Lien Revenue Improvement Bonds, Series 2024A and $10,000,000 of Utility System Senior Lien Revenue Improvement Bonds, Series 2024B, dated November 14, 2024, for capital improvements to the Utility System. The bonds are scheduled to mature in annual installments from 2026 to 2054 and carry a stated interest rate ranging from 2.06%-3.82%.

Advance Refundings and Defeasances
In current and prior years, the City refinanced other bond issues through the issuance of refunding bonds. The proceeds from the refunding bonds have been deposited in irrevocable trusts which, together with interest earnings on those deposits, will provide amounts sufficient for future redemption or payment of principal and interest of the issues refunded. The trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As of September 30, 2025, $221,690,000 of bonds outstanding were considered legally defeased.

Federal Arbitrage
The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly, a liability to the City could result. The rebate would not be made until five years from the bond issuance date and may be liquidated through lower interest earnings in future years. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the Internal Revenue Service's rules and regulations. For the fiscal year ended September 30, 2025, the City has recorded arbitrage liability of $661,496 in the governmental activities and $645,655 arbitrage liability in the business-type activities.

Authorized But Unissued Bonds
As of September 30, 2025, the City had $220,000,000 in authorized but unissued general obligation bonds remaining from the November 8, 2022 and November 5, 2024 bond election.

B. Notes Payable

Notes payable as of September 30, 2025, are as follows:

Series	Original Issue at Par	Maturity Date	Interest Rates (%)	Ending Balance
Governmental activities:				
2023 Limited Tax Notes	$ 3,315,000	2030	5.00%	$ 2,500,000
2025 Limited Tax Notes	$ 10,485,000	2032	5.00%	$ 10,485,000
Total governmental activities, not direct placement				12,985,000
2014 Public property finance contractual obligation	9,000,000	2026	2.44%	870,000
Total governmental activities, direct placement				870,000
Total governmental activities notes payable				$ 13,855,000
Business-type activities:				
2021A Utility system junior lien revenue notes, taxable	35,000,000	2031	1.85%	$ 21,760,000
Total business-type activities, direct placement				21,760,000
Total business-type activities notes payable				$ 21,760,000

The annual requirements to amortize the notes outstanding as of September 30, 2025, are as follows:

Year Ending September 30,	Governmental Activities					
	Not direct placement			Direct placement		
	Principal	Interest	Total	Principal	Interest	Total
2026	$ 1,750,000	$ 583,656	$ 2,333,656	$ 870,000	$ 10,614	$ 880,614
2027	1,820,000	516,250	2,336,250	-	-	-
2028	1,915,000	422,875	2,337,875	-	-	-
2029	2,010,000	324,750	2,334,750	-	-	-
2030	2,115,000	221,625	2,336,625	-	-	-
2031-2035	3,375,000	170,875	3,545,875	-	-	-
Totals	$ 12,985,000	$ 2,240,031	$ 15,225,031	$ 870,000	$ 10,614	$ 880,614

Year Ending September 30,	Business-type Activities		
	Direct placement		
	Principal	Interest	Total
2026	$ 3,465,000	$ 402,560	$ 3,867,560
2027	3,525,000	338,458	3,863,458
2028	3,590,000	273,245	3,863,245
2029	3,660,000	206,830	3,866,830
2030	3,725,000	139,120	3,864,120
2031-2035	3,795,000	70,207	3,865,207
Totals	$ 21,760,000	$ 1,430,420	$ 23,190,420

Note Issuance
The City issued $10,485,000 of Limited Tax Notes, Series 2025, dated September 16, 2025 to fund construction, renovation and improvements to various City facilities and infrastructure, and purchase of vehicles and equipment for public safety and solid waste operations. The obligations are scheduled to mature in annual installments until 2032 and the interest rate is 5.00%.

C. Financed Purchases

The City has entered into financing purchasing agreements for the purchase of the following assets: various trucks and heavy equipment for the Solid Waste Department, Health Department, Parks and Recreation Department, Street Department, Fire Department, Police Department, and Utilities; containers for the Solid Waste Department; and computer and connectivity equipment for several City departments. These agreements qualify as financed purchases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception.

The assets acquired under financed purchase agreements are reported in machinery and equipment within capital assets, and bear interest rates between 1.6% and 4.6% and have terms of up to 60 months. The ending balance of the liability as of September 30, 2025, is $17,566,383 for governmental activities and $9,460,292 for business type activities.

The annual debt service requirements for financed purchases as of September 30, 2025, are as follows:

Year Ending September 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	$ 6,437,069	$ 533,748	$ 6,970,817	$ 2,910,512	$ 311,787	$ 3,222,299
2027	4,826,470	336,736	5,163,206	2,547,407	210,230	2,757,637
2028	3,076,192	179,241	3,255,433	2,132,440	113,315	2,245,755
2029	2,175,255	80,578	2,255,833	1,359,504	45,475	1,404,979
2030	1,051,397	14,358	1,065,755	510,429	6,509	516,938
Totals	$ 17,566,383	$ 1,144,661	$ 18,711,044	$ 9,460,292	$ 687,316	$ 10,147,608

D. Leases Payable

The City leases office space, radio tower and rooftop space for antennae, parking spaces, and office equipment through long-term leases. The interest rates range from 2.1% to 4.9%, and the lease terms range from two to twenty-nine years including optional renewal periods that are reasonably certain to be exercised. As of September 30, 2025, the value of the right-to-use assets for governmental activities is $8,125,896, and the accumulated amortization is $2,564.687.

The annual requirements to amortize leases payable as of September 30, 2025, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	$ 733,863	$ 147,595	$ 881,458
2027	636,574	124,690	761,264
2028	606,970	103,890	710,860
2029	337,909	87,339	425,248
2030	260,789	80,460	341,249
2031-2035	1,520,368	304,712	1,825,080
2036-2040	567,079	174,867	741,946
2041-2045	612,661	113,309	725,970
2046-2050	659,136	33,361	692,497
Total	$ 5,935,349	$ 1,170,223	$ 7,105,572

E. Subscriptions Payable (SBITA)

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

	Interest Rate(s)	Ending Balance
Governmental activities	2.4% - 4.6%	$ 6,573,108
Business-type activities	2.4% - 4.6%	74,335

The annual requirements to amortize subscriptions payable as of September 30, 2025, are as follows:

Year Ending	Governmental Activities			Business-type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2026	$ 3,753,763	$ 144,289	$ 3,898,052	$ 50,346	$ 3,121	$ 53,467
2027	1,896,508	56,500	1,953,008	23,989	1,048	25,037
2028	725,606	20,933	746,539	-	-	-
2029	197,231	5,769	203,000	-	-	-
Total	$ 6,573,108	$ 227,491	$ 6,800,599	$ 74,335	$ 4,169	$ 78,504

The value of the subscription assets for governmental activities as of the end of the current fiscal year was $22,270,626 and had accumulated amortization of $13,398,965. The value of the subscription assets for business-type activities as of the end of the current fiscal year was $221,775 and had accumulated amortization of $140,337.

F. Closure and Post-Closure Care Costs

State and Federal laws and regulations require the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfills, an accrued liability has been recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfills no longer accept waste. The estimated remaining total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of September, 30, 2025, and is assigned to periods based on cumulative landfill use. The City ceased accepting waste for disposal at the J.C. Elliott Landfill on November 10, 2007, and began full-time waste operations at Cefe Valenzuela Landfill. The estimated liability for landfill closure and post-closure costs recorded in the governmental activities at September 30, 2025, is $18,015,233 for both the J.C. Elliott Landfill and the Cefe Valenzuela Landfill. The current portion of this amount is $126,412, the majority of which is related to the costs for gas and water monitoring, site inspection and record- keeping for J.C. Elliott Landfill. The closure and post-closure costs that have not been recognized in these financial statements is $12,522,745. The actual costs of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. As of September 30, 2025, Cefe Valenzuela Landfill was at 56.62% filled capacity for developed cells and 9.21% filled capacity for the entire permitted site, with an estimated remaining life at current performance of 200 years.

G. Special Assessment Bonds

The Public Improvement Districts (PID) are created by City Council under the TEXAS PID Act (Texas Local Government Code Chapter 372) principally to finance certain capital improvement projects for master planned developments within City boundaries. In order to finance the capital improvements, the City can issue special assessment bonds up to a maximum principal amount in accordance with development agreements between the City and the developer.

The City is authorized by the Texas PID Act and an Assessment Ordinance to collect assessments levied on the properties within the improvement area, which is pledged to pay the scheduled principal and interest payments on the PID bonds.

The City is in no way liable for repayment of the PID bonds, and is only acting as a custodian for property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if appropriate.

A summary of the terms of special assessment bonds, as of September 30, 2025, follows:

Description	Original Issue	Final Maturity	Interest Rates (%)	Ending Balance
Special Assessment Bonds				
Whitecap Public Improvement District				
Series 2024 Whitecap - Improvement Area #1	$ 22,624,000	2054	5.375-6.500%	$ 22,088,000
Total	$ 22,624,000			$ 22,088,000
Total authorized for issuance	100,000,000			
Authorized but unissued	77,376,000			

Note 9. Risk Management

The City operates a risk management program for workers' compensation claims, liability claims and property insurance. In addition, the City operates an employee benefits program which includes life and health insurance.

A. Insurance

The City self-funds workers' compensation, general/auto liabilities and health benefits. Purchased insurance coverage includes: Commercial property insurance with a $75 million limit on all perils, $50 million limit on flood and earthquake, and a $75 million limit on named storm; $75 million in airport liability; $10 million of gas utility liability insurance in excess of $250,000 deductible; $5 million aggregate of excess general liability insurance and statutory excess workers' compensation coverage above the $500,000 self-insurance retention per liability and workers' compensation claim and above the $1 million self-insurance retention per law enforcement liability claim. Primary flood coverage provides up to $500,000 on specified buildings. All funds of the City participate in the program and make payments to the Liability and Employee Benefits Fund based on an annual actuarial analysis. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years. In addition, the City of Corpus Christi provides comprehensive health coverage to employees, dependents and retirees. Coverage becomes effective the first day of employment and the plan has no lifetime limit.

The estimated claims liability of $28,933,457 at September 30, 2025, of which $9,763,457 is due within one year, is based on requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund claims liability amounts for fiscal years 2023, 2024 and 2025 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2022-2023	$ 17,052,029	$ 43,562,332	$ (41,342,086)	$ 19,272,275
2023-2024	19,272,275	50,830,525	(42,710,434)	27,392,366
2024-2025	27,392,366	58,412,470	(56,871,379)	28,933,457

B. Contingent Liabilities

The City is a defendant in various claims and lawsuits involving automobile liability, civil rights liability, contractual issues, and other matters. The City intends to vigorously contest any and all cases while recognizing that sound business judgment may dictate settlement. The City is self-insured for these contingent liabilities. The estimated liability of $10,943,000 which includes an estimate of incurred but not reported claims, is accrued in the Internal Service Funds. The City estimates that the claims reserves are adequate to cover losses for which it may be liable. The City believes any unknown claims or changes to the claims would not have a material impact on the City's basic financial statements. The City has purchased excess liability insurance for worker's compensation and liability claims exceeding $1 million. The City is generally limited in liability for governmental functions under the Texas Tort Claims Act to money damages in a maximum amount of $250,000 per person and $500,000 per single occurrence for bodily injury or death.

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

Note 10. Employment Retirement Benefits

A. Plan Descriptions

The City participates in funding two retirement plans as follows: (1) all City employees except firefighters participate in the Texas Municipal Retirement System (TMRS) and (2) firefighters participate in the Corpus Christi Firefighters' Retirement System (FFRS).

The City participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit cash-balance plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

The City contributes to the FFRS for firefighters in the Corpus Christi Fire Department. FFRS is a single employer, contributory, defined benefit plan. The benefit provisions are authorized by the Texas Local Firefighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Corpus Christi Firefighters' Retirement System. The City does not have access to nor can it utilize assets within the retirement plan trust. FFRS issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Corpus Christi Firefighters' Retirement System at 711 N. Carancahua, Suite 724, Corpus Christi, Texas 78401.

B. Benefits Provided

TMRS - Retirement benefits are provided to all City employees except firefighters. Benefit provisions are adopted by the governing body of the city within the options available in the state statutes governing TMRS.

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

The City grants a monetary credit referred to as Updated Service Credit. This monetary credit is determined by hypothetically re-computing the member's account balance by assuming that the current member deposit rate of the employing city has always been in effect. The computation also assumes that the member's salary has always been the member's average salary using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year (not the actual interest credited to the member's account in previous years), and increased by the city match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual city match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted. The City increases the annuities of its retirees, effective January 1 of a calendar year, at a rate equal to 30% of the increase in the Consumer Price index – all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases. The Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Members are vested after 5 years.

FFRS - The FFRS provides benefits to firefighters in the Corpus Christi Fire Department. The benefits are fully vested after 20 years of credited service. Firefighters may retire at age 54 with 20 years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, he may retire starting on the date he would have both completed 20 years of service if he had remained a Corpus Christi firefighter and attained age 54. The present plan provides a monthly normal service retirement benefit, payable in a Joint and 100% to Spouse form of annuity, equal to the greater of (1) 52% of Highest 60-Month Average Pay plus $150 per month for each year of service in excess of 20 years and (2) $137 per month for each year of service.

A retiring firefighter who is eligible for service retirement with certain minimum combinations of age and service has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 60-Month Average Pay as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later 48 months prior to termination and when he meets the age 54 and 20 years of service requirement. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the System after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The System has the authority to provide ad hoc postretirement benefit increases and has done so periodically in the past.

Membership in the Plans
In the current measurement period, the following members were covered by the pension systems:

	Texas Municipal Retirement System	Corpus Christi Firefighters' Retirement System	Total
Retirees and beneficiaries currently receiving benefits	2,616	356	2,972
Inactive employees entitled to but not yet receiving benefits	1,823	11	1,834
Active employees	2,961	465	3,426
Total	7,400	832	8,232

C. Contributions

TMRS - Contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Corpus Christi were required to contribute 7% of their annual gross earnings during the fiscal year. The City's contributions to TMRS for the year ended September 30, 2025, were $32,907,303 which equaled the required contributions.

FFRS - The contribution provisions of the System are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the city.

Firefighters for the City of Corpus Christi were required to contribute 14.1% of their annual gross earnings from during the fiscal year. The City's contributions to FFRS for the year ended September 30, 2025, were $12,240,087 which equaled the required contributions.

Contribution rates for employees and for the City during the fiscal year were as follows:

	Texas Municipal Retirement System	Corpus Christi Firefighters' Retirement System
Authority establishing contribution obligation	State Legislation	State Legislation
Frequency of contribution	Monthly	Biweekly
Employee's contribution (percentage of earnings):		
October 1, 2024 - September 30, 2025	7.00%	14.10%
City's contribution (percent of earnings):		
October 1, 2024 - December 31, 2024	16.57%	26.216%
January 1, 2025 - September 30, 2025	15.99%	26.216%
City's contribution:		
October 1, 2024 - September 30, 2025	$ 32,907,303	$ 12,240,087

D. Net Pension Liabilities

The City's net pension liability for TMRS and FFRS was measured as of December 31, 2024. The total pension liability (TPL) used to calculate the net pension liability for TMRS and FFRS was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions
The Total Pension Liabilities in the December 31, 2024, actuarial valuation for TMRS and FFRS were determined using the following actuarial assumptions:

	Texas Municipal Retirement System	Corpus Christi Firefighters' Retirement System
Inflation rate	2.50%	2.50%
Overall payroll growth	2.75%	2.50%
Investment rate of return	6.75%, net of investment expense, including inflation	7.00%, net of investment expense, including inflation

TMRS - salary increases were based on a service-related table. Mortality rates for retirees and beneficiaries were based on the 2019 Municipal Retirees of Texas Mortality Tables. For active members, mortality rates were based on PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. All mortality rates are projected on a fully generational basis with scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. All mortality rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2024, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2018, through December 31, 2022. They were adopted in 2023 and first used in the December 2023 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate are based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013, valuation, TMRS adopted the Entry Age Normal (EAN) actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	7.10%
Core fixed income	6.0%	5.00%
Non-core fixed income	6.0%	6.80%
Hedge funds	5.0%	6.40%
Private equity	13.0%	8.50%
Private debt	13.0%	8.20%
Real estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other public and private markets	4.0%	7.30%
Total	100%	

FFRS – Mortality rates were based on the PubS-2016 (Public Safety) total dataset tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2021.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighing the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.58%) and by adding expected inflation (2.50%). In addition, the final 7.00% assumption was selected by rounding down. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Equities:		
Large cap domestic	19.0%	5.85%
Small/mid cap domestic	10.0%	6.14%
International developed	10.5%	6.18%
Emerging markets	6.0%	7.81%
Real estate	10.0%	4.41%
Private equity	8.0%	6.50%
Fixed income	36.5%	2.12%
Cash	0.0%	0.00%
Total	100%	

Discount Rate

TMRS - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FFRS - The discount rate used to measure the total pension liability was 7.00%. No projection of cash flows was used to determine the discount rate because the December 31, 2024, actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 15 years. Because of the 15-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

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

The following presents the net pension liabilities of the City, calculated using the discount rates used in the actuarial valuation, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in the Discount Rate	Discount Rate	1% Increase in the Discount Rate
City's net pension liability (TMRS)	$ 230,727,734	$ 95,881,979	$ (16,632,344)
City's net pension liability (FFRS)	173,004,701	136,022,164	104,859,016
Total net pension liability	$ 403,732,435	$ 231,904,143	$ 88,226,672

Pension Plans Fiduciary Net Positions

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

FFRS - FFRS issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Corpus Christi Firefighters' Retirement System at 711 N. Carancahua, Suite 724, Corpus Christi, Texas 78401. See that report for all information about the plan fiduciary net position.

Changes in Net Position Liabilities

	Increase (Decrease)		
TMRS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2023	$ 1,051,588,248	$ 923,813,230	$ 127,775,018
Changes for the year:			
Service cost	31,544,761	-	31,544,761
Interest	70,022,398	-	70,022,398
Changes in benefit terms	-		-
Difference between expected and actual experience	8,119,761	-	8,119,761
Changes in assumptions	-	-	-
Employer contributions	-	32,484,489	(32,484,489)
Employee contributions	-	13,958,962	(13,958,962)
Net investment income	-	95,766,515	(95,766,515)
Benefit payments, including refunds of employee contributions	(59,983,544)	(59,983,544)	-
Administrative expense	-	(615,610)	615,610
Other changes	-	(14,397)	14,397
Net changes	49,703,376	81,596,415	(31,893,039)
Balance at December 31, 2024	$ 1,101,291,624	$ 1,005,409,645	$ 95,881,979

	Increase (Decrease)		
FFRS	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2023	$ 314,545,962	$ 183,259,960	$ 131,286,002
Changes for the year:			
Service cost	6,431,058	-	6,431,058
Interest	22,254,427	-	22,254,427
Difference between expected and actual experience	5,288,250	-	5,288,250
Changes in assumptions	1,619,047	-	1,619,047
Employer contributions	-	11,424,861	(11,424,861)
Employee contributions	-	6,144,494	(6,144,494)
Net investment income	-	13,621,612	(13,621,612)
Benefit payments, including refunds of employee contributions	(19,452,577)	(19,452,577)	-
Administrative expense	-	(334,347)	334,347
Other changes	-	-	-
Net changes	16,140,205	11,404,043	4,736,162
Balance at December 31, 2024	$ 330,686,167	$ 194,664,003	$ 136,022,164

Changes of assumptions for FFRS reflects the reduction of the discount rate from 7.15% to 7.00% used in the December 31, 2024, actuarial valuation.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized a pension expense of $47,043,667.

Components of Pension Expense	Texas Municipal Retirement System	Corpus Christi Firefighters' Retirement System	Total
Service cost	$ 31,544,761	$ 6,431,058	$ 37,975,819
Interest	70,022,398	22,254,427	92,276,825
Change in benefit terms	-	-	-
Employee contributions	(13,958,962)	(6,144,494)	(20,103,456)
Projected earnings on plan investments	(62,357,393)	(13,023,809)	(75,381,202)
Recognition of current year deferred outflows (inflows) - Liabilities	2,475,537	869,936	3,345,473
Amortization of deferred outflows (inflows) - Liabilities	2,731,776	1,562,571	4,294,347
Recognition of current year deferred outflows (inflows) - Assets	(6,681,825)	(119,559)	(6,801,384)
Amortization of deferred outflows (inflows) - Assets	6,109,530	4,363,361	10,472,891
Administrative expense	615,610	334,347	949,957
Other	14,397	-	14,397
Total	$ 30,515,829	$ 16,527,838	$ 47,043,667

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

	TMRS		FFRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,183,996	$ -	$ 5,027,847	$ 3,534,547	$ 14,211,843	$ 3,534,547
Changes in actuarial assumptions used	-	2,735,622	5,996,204	-	5,996,204	2,735,622
Differences between projected and actual investment earnings	-	9,490,570	11,977,977	-	11,977,977	9,490,570
Contributions subsequent to the measurement date	25,181,229	-	8,862,034	-	34,043,263	-
Totals	$ 34,365,225	$ 12,226,192	$ 31,864,062	$ 3,534,547	$ 66,229,287	$ 15,760,739

The amount contributed by the City to TMRS and FFRS subsequent to the measurement date of the net pension liability, December 31, 2024, through September 30, 2025, is a deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2026. These amounts are $25,181,229 (TMRS) and $8,862,034 (FFRS) for a total of $34,043,263. Deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a decrease of pension expense over the next five years. Other deferred inflows and outflows except for contributions subsequent to the measurement date will be recognized in pension expense using the average expected remaining service lives of all plan members. Investment differences and other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Texas Municipal Retirement System	Corpus Christi Firefighters' Retirement System	Total
2026	$ 3,929,751	$ 8,001,664	$ 11,931,415
2027	13,681,235	8,487,068	22,168,303
2028	(14,059,950)	148,250	(13,911,700)
2029	(6,593,232)	486,567	(6,106,665)
2030	-	656,251	656,251
Thereafter	-	1,687,681	1,687,681
Totals	$ (3,042,196)	$ 19,467,481	$ 16,425,285

F. Deferred Compensation Plan

The City has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code, Section 457. Participation in the plan is open to all regular employees and is voluntary. The City does not contribute to, own or administer the amount deferred by employees and, therefore, the liability and corresponding investments are not reflected in the basic statements.

Note 11. Postemployment Health Care Benefits

A. Plan Description

The City's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans as described in footnote 10(B) to continue medical coverage as a participant in the City's plan. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75, and the City is not required to contribute.

B. Benefits Provided

The City maintains three self-insured plans, allowing employees who retire and meet retirement eligibility requirements to continue medical coverages as a participant in one of the City-sponsored plans. The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City are eligible to receive postemployment health care benefits. Coverage under one of the City's three plans for retirees and their spouses and dependents is provided until age 65. At age 65, coverage under the City's plans is terminated, but retirees have the option to move onto a fully insured Medicare Advantage plan administered by a third party.

At the measurement date September 30, 2024, the following employees were covered by the benefit terms:

Inactive plan members, dependent spouses, or beneficiaries currently receiving benefits	68
Inactive plan members entitled to but not yet receiving benefits	-
Active employees	3,145
Total plan members	3,213

C. Total OPEB Liability

The measurement date is September 30, 2024. The measurement period for the OPEB expense was October 1, 2023 to September 30, 2024. The reporting period is October 1, 2024, through September 30, 2025.

Actuarial Assumptions

The total OPEB liability of $17,384,480 was determined by an actuarial valuation as of September 30, 2023, using the following assumptions:

Actuarial cost method	Individual entry-age norm
Inflation rate	2.50%
Salary increase rate	2.00%
Discount rate	3.81%
Health care trend rates	7.10%, declining to 4.25%
Years to ultimate health care trend rate	14
Participation rates:	
Citicare	10%
Public safety	20%
Citicare fire	55%

Mortality rates for Citicare retirees were based on the Pub-2010 General Healthy Annuitant headcount-weighted mortality tables for males and females. Mortality rates for Citicare Fire & Public Safety retirees were based on the Pub-2010 Safety Healthy Annuitant headcount-weighted mortality tables for males and females. All rates are projected on a fully generational basis with the ultimate rates of Mortality Improvement Scale MP-2020.

Discount Rate
Given the City's decision not to fund the program, all future benefit payments were discounted using a 20-year municipal bond rate published as of September 30, 2024, of 3.81%. The Bond Buyer 20-Bond GO Index consists of tax-exempt general obligation bonds with a maturity of 20 years and an average AA credit rating.

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

The following presents the total OPEB liabilities of the City, as well as what the City's total OPEB liabilities would be if they were calculated using a discount rate or healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	Discount Rate			Healthcare Cost Trend Rates		
	1% Decrease (2.81%)	Current Rate (3.81%)	1% Increase (4.81%)	1% Decrease (6.10% decreasing to 3.25%)	Current Rates (7.10% decreasing to 4.25%)	1% Increase (8.10% decreasing to 5.25%)
Citicare	$ 2,296,840	$ 2,082,731	$ 1,891,079	$ 1,812,656	$ 2,082,731	$ 2,411,697
Citicare Fire	13,405,996	12,288,948	11,263,791	11,168,594	12,288,948	13,642,897
Public Safety	3,294,483	3,012,801	2,756,738	2,673,614	3,012,801	3,419,278
Total OPEB liability	$ 18,997,319	$ 17,384,480	$ 15,911,608	$ 15,654,864	$ 17,384,480	$ 19,473,872

Schedule of Changes in the Total OPEB Liability and Related Ratios

	Citicare	Citicare Fire	Public Safety	Total
Reporting period ending	9/30/2025	9/30/2025	9/30/2025	9/30/2025
Measurement date	9/30/2024	9/30/2024	9/30/2024	9/30/2024
Valuation date	9/30/2023	9/30/2023	9/30/2023	9/30/2023
Service cost	$ 209,409	$ 461,156	$ 136,472	$ 807,037
Interest	82,524	505,204	120,406	708,134
Difference between expected and actual experience	(11,927)	(81,345)	170,756	77,484
Changes of assumptions	158,944	847,309	211,800	1,218,053
Actual benefit payments	(67,801)	(248,658)	(317,925)	(634,384)
Net change in total OPEB liability	371,149	1,483,666	321,509	2,176,324
Total OPEB liability - beginning	1,711,582	10,805,282	2,691,292	15,208,156
Total OPEB liability - ending	$ 2,082,731	$ 12,288,948	$ 3,012,801	$ 17,384,480

Changes of assumptions reflects a change in the discount rate from 4.63 % at the beginning of the measurement period (September 30, 2023) to 3.81% at the end of the measurement period (September 30, 2024).

There were no changes of benefit terms during the current measurement period.

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

For the year ended September 30, 2025, the City recognized OPEB expense of $2,105,656.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,260,042	$ (1,322,992)
Changes in assumptions	2,769,900	(2,508,180)
Employer contributions subsequent to the measurement date	1,449,680	-
Total	$ 8,479,622	$ (3,831,172)

Deferred outflows of resources related to OPEB from City contributions subsequent to the measurement date will be recognized as a reduction of OPEB liability in the fiscal year ended September 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB, except for contributions subsequent to the measurement date, will be recognized in OPEB expense over the average expected service lives of plan participants as follows:

Year Ending September 30,	
2026	$ 518,263
2027	518,256
2028	371,152
2029	226,504
2030	226,504
Thereafter	1,338,091
Totals	$ 3,198,770

Note 12. Interfund Transfers, Receivables and Payables

Interfund transfers for the year ended September 30, 2025, are as follows:

	Transfers Out					
Transfers In	General Fund	Nonmajor Governmental Funds	Utility System Fund	Nonmajor Enterprise Funds	Internal Service Funds	Total
General fund	$ -	$ 9,667,804	$ 13,031,724	$ 567,960	$ 574,920	$ 23,842,408
Nonmajor governmental funds	46,584,743	73,651,540	3,242,550	-	-	123,478,833
Internal service fund	5,810,004	5,976,507	15,623,778	96,222	-	27,506,511
Total	$ 52,394,747	$ 89,295,851	$ 31,898,052	$ 664,182	$ 574,920	$ 174,827,752

During the year, various interfund transfers were made to finance expenditures and service debt. The General Fund receives transfers for administrative service charges from enterprise and special revenue funds, and transfers out to pay for grant matches, operating subsidies, and capital projects. Transfers are made between other funds to fund debt service payments and for other restricted purposes. Various funds make transfers to Internal Service funds to finance capital outlay.

All transfers are in accordance with budgetary authorizations.

Interfund receivables and payables outstanding at September 30, 2025, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Reinvestment Zone #5	$ 20,917
	Corpus Christi Business and Job Development Corporation Fund - Seawall	624,659
	Corpus Christi Business and Job Development Corporation Fund - Arena	621,450
	Fire Fund	395,072
Total		$ 1,662,098

Other interfund balances are the result of timing differences between the dates that interfund goods and services were provided or reimbursable expenditures occurred and when payments between funds were made.

Note 13. Conduit Debt Obligations

The Corpus Christi Housing Finance Corporation and the Coastal Bend Health Facilities Development Corporation are public non-profit corporations created by the City under State law to facilitate financing of authorized projects. These entities issued bonds to unrelated commercial entities. As of September 30, 2025, there were three series of bonds outstanding with an aggregate principal amount payable of $10,601,991. In accordance with Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*, the bonds are not recorded as liabilities of the City or the respective corporations and are solely payable from revenues of the various commercial entities.

Note 14. Commitments

The City entered into an agreement with the Lavaca Navidad River Authority to acquire the rights to purchase water from Lake Texana for a period of forty-two years. The annual payments are based on a formula which includes a percentage of the operating and maintenance expenses of Lake Texana and a percentage of the principal and interest on the bonds associated with the construction of the reservoir. The percentage is based on the portion of Lake Texana's firm yield which is allocated to the City. From the inception of the agreement through January 10, 2018, the City was allocated 41,840 acre feet out of a total firm yield of 74,500 acre feet. As of January 11, 2018, the City's allocation of water was reduced from 41,840 acre feet to 36,440 acre feet, thus reducing the portion of costs paid by the City from 56.16% to 48.91%. The minimum annual payments based on the City's current allocation of Lake Texana water on this unconditional purchase obligation are as follows:

Year Ending September 30,	Fixed	Variable	Total
2026	$ 1,674,213	$ 7,037,658	$ 8,711,871
2027	1,673,582	7,104,035	8,777,617
2028	1,673,600	7,171,852	8,845,452
2029	1,673,998	7,241,142	8,915,140
2030	1,673,813	7,311,935	8,985,748
2031-2035	8,365,159	37,676,513	46,041,672
Total	$ 16,734,365	$ 73,543,135	$ 90,277,500

A summary of encumbrances related to unperformed contracts for goods or services is as follows. These numbers include the capital projects commitments detailed below:

	General Fund	Debt Service Fund	Street Capital Projects Fund	Utility System Fund	Nonmajor and Other Funds	Total
Summary of encumbered commitments	$ 8,178,779	$ -	$ 53,110,386	$ 205,459,987	$ 235,484,211	$ 502,233,363

The City has entered or will enter into contracts in the amount of $1,529,506,793 for the construction or renovation of various facilities as follows:

Project Description	Project Authorization	Expenditures Through 9/30/2025	Encumbered Commitments 9/30/2025	Additional Project Authorization to be Committed
Airport	$ 22,619,092	$ 4,658,903	$ 501,872	$ 17,458,317
Arena	24,349,973	7,282,132	1,234,246	15,833,595
Marina Development	5,163,212	2,427,681	-	2,735,531
Bayfront Development	9,962,511	2,682,519	3,481,418	3,798,574
City Buildings and Facilities	36,748,803	2,932,040	3,201,721	30,615,042
Convention Facility	13,137,776	1,161,786	1,754,009	10,221,981
Fire	47,099,529	9,217,705	2,498,296	35,383,528
Library	7,867,290	490,844	810,187	6,566,259
Packery Channel	26,256,738	2,121,478	1,414,655	22,720,605
Park	93,745,274	10,333,347	1,608,941	81,802,986
Police	45,613,498	7,245,230	5,184,024	33,184,244
Public Health & Safety	710,296	35,355	298,032	376,909
Sanitary Landfill & solid waste services	19,983,416	3,694,843	1,030,093	15,258,480
Seawall	62,715,369	15,536,753	8,286,899	38,891,717
Street	354,314,410	63,887,475	60,287,311	230,139,624
Water	745,130,793	189,105,790	174,790,631	381,234,372
Storm Water	139,782,786	36,437,509	30,313,916	73,031,361
Wastewater	318,789,320	96,659,733	121,649,637	100,479,950
Gas	21,837,016	10,409,186	3,868,907	7,558,923
	$ 1,995,827,102	$ 466,320,309	$ 422,214,795	$ 1,107,291,998

Note 15. Public-Private Partnerships

The City has arrangements in which it contracts with external parties to operate nonfinancial assets for an extended period of time to provide public services.

The City has an agreement with Foresight Corpus Christi Golf, LLC (Foresight), under which Foresight will operate and collect user fees from the Gabe Lozano, Sr. Golf Course and the Oso Beach Golf Course. Foresight pays the City 50% of net cash flows from operations annually. The City uses the funds received to fund the City's operational, debt service, and capital improvement costs related to the golf courses. The City reports the golf courses and related equipment as a capital asset with a carrying amount of $1,182,026 at September 30, 2025.

The City has an agreement with Global Spectrum, L.P., dba OVG360 (OVG), under which OVG operates and collects user fees from the Hilliard Center facilities. OVG is compensated through management fees, incentive fees and commercial rights fees and the City has discretion on the operating budget and retains residual interest. The City reports the Hilliard Center buildings and related improvements as capital assets with a carrying amount of $56,413,604 at September 30, 2025.

Note 16. Segment Information for Enterprise Funds

The City has pledged future utility revenues, net of specified operating expenses, to repay $1,419,493,000 of senior / junior lien revenue bonds and $21,760,000 of junior lien revenue notes. Proceeds of the bonds provided financing for the construction of improvements to its utility system or were used to refund previously issued bonds. Proceeds of the notes provided financing of natural gas purchased during winter storm Uri in February 2021. The bonds and notes are payable solely from utility net revenues and are payable through 2055. The City's policy is to establish and maintain rates and charges for facilities and services provided by the utility system that will produce revenues sufficient to pay in each fiscal year the operating and debt service expenses of the system and to cover average annual debt service requirements at 1.15 times for senior / junior lien revenue bonds and notes. Annual principal and interest payments on the bonds and notes are expected to require approximately 69% of net revenues. The total principal and interest remaining to be paid on the bonds and notes is $2,353,987,317. Principal and interest paid for the current year and total net revenues were $82,462,516 and $119,342,941, respectively. Because the utility system fund is a segment and reported as a major fund in the fund financial statements, segment disclosures herein are not reported.

The City has pledged future revenues of the City Marina, net of specified operating expense, to repay $1,000,000 of outstanding priority revenue bonds. Proceeds of the bonds provided financing for improvements to the Marina. The bonds are payable solely from Marina net revenues and are payable through 2030. Annual principal and interest payments on the bonds are expected to require approximately 59% of net revenues. The total principal and interest remaining to be paid on the bonds is $1,076,500. Principal and interest paid for the current year and total net revenues were $217,775 and $367,927, respectively. The marina activity is accounted for in other enterprise funds in the fund financial statements.

Segment information of the Marina fund as of and for the year ended September 30, 2025, is as follows:

	Marina Fund
Current assets	$ 2,919,566
Capital assets	9,421,960
Total assets	12,341,526
Deferred outflows of resources	126,283
Current liabilities	774,260
Long-term liabilities	1,319,032
Total liabilities	2,093,292
Deferred inflows of resources	733,572
Net position	
Net investment in capital assets	8,421,960
Unrestricted	1,218,985
Net position	9,640,945
Operating revenue	2,025,525
Depreciation and amortization	(397,284)
Other operating expenses	(1,696,700)
Operating loss	(68,459)
Nonoperating revenue	101,262
Change in net position before transfers	32,803
Transfers	(84,828)
Change in net position	(52,025)
Net position, beginning of year - as previously reported	9,684,331
Restatement of beginning balance - change in accounting principle (GASB 101)	8,639
Net position, beginning of year - restated	9,692,970
Net position, end of year	$ 9,640,945
Net cash flow provided by (used for):	
Operating activities	$ 350,554
Noncapital financing activities	(84,828)
Capital and related financing activities	(3,448,639)
Investment activities	119,049
Beginning cash, cash equivalents and investments	5,041,272
Ending cash, cash equivalents and investments	$ 1,977,408

Note 17. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

A. Chapter 380 Economic Development Incentive Agreements

The City provides tax abatements in accordance with Article III, Section 52-z of the Texas Constitution and Chapter 380 of the Texas Local Government Code (Chapter 380) under which the City has the authority to make loans or grants of public funds for the purposes of promoting local economic development and stimulating business and commercial activity with the City and its extraterritorial jurisdiction. Taxes abated under Chapter 380 by the City include sales taxes and property taxes and are on a reimbursement basis in which the entity pays the taxes in full, and the City reimburses the agreed upon amount. The recipients of Chapter 380 abatements make commitments as to the size of the project development in dollars and number and average salary of jobs created or retained. Most agreements provide for a maximum reimbursement amount over the term of the agreement.

- Sales tax abatements are based on the incremental increase in sales taxes generated after the economic development project, and range from 70-100% of the increase.
- Property tax abatements are based on a percentage of property taxes paid and range from 25-100%. In some of the agreements, the percentage abated gradually decreases over the term of the agreement.

For the fiscal year ended September 30, 2025, the City abated taxes totaling $786,647 under this program.

B. Tax Increment Financing Zone #3

The City has created tax increment financing zones under the authority of the Tax Increment Financing Act, Chapter 311 of the Texas Tax Code. These are also referred to as reinvestment zones. The assessed value of property in a reinvestment zone at the time of the creation of the zone constitutes the base value as to all political subdivisions exercising taxing power within the reinvestment zone. Tax receipts from all political subdivisions participating in the reinvestment zone received as a result of increased assessed values over the base value (the tax increment) are placed in the tax increment fund and may be used to pay for certain project costs that benefit the zone, along with incidental, financing and administrative costs. A Project Plan must be adopted in accordance with Chapter 311 setting out the plan for the development or redevelopment of the zone.

Reinvestment Zone #3 consists of approximately 856 acres encompassing most of Downtown Corpus Christi. The purpose of the Zone is to encourage the development and redevelopment of Downtown. The primary functions of the Zone are to support private sector development and investment, to plan and construct public improvements including enhanced streets, parking, sidewalks and public spaces, and to provide revitalization focused programs and services. The Zone has several programs under which the costs of private development may be supported on a reimbursement basis, including project specific development agreements which reimburse a portion of the net property tax increment on residential projects. Project specific development agreements may be entered into with developers of projects that meet the criteria outlined in the adopted Project and Financing Plan of the Zone. The criteria include a minimum of 5,000 square feet or creation of 25 or more new residential units. The agreement may reimburse up to 75% of net new tax increment for up to 10 years with a cap based on project cost. Additional tax reimbursement may be approved if necessary to close a financing gap if a review finds it is justified. Projects are eligible for tax reimbursement after the project or specified improvements are complete and the project has been granted a certificate of occupancy and the subject taxes have been paid.

For the fiscal year ended September 30, 2025, the City abated taxes totaling $154,422 under this program.

C. Property Tax Abatements

State law authorizes subdivisions of the State of Texas to grant tax abatements to any person, organization or corporation in order to stimulate economic development within the State under Chapter 312 of the Texas Tax Code. Consequently, the City Council has adopted a resolution establishing criteria whereby the City will, on a case-by-case basis, give consideration to providing tax abatement to any qualifying applicant. Generally, the period of abatement is for up to two years during the period of construction and for eight years thereafter with a maximum period not to exceed ten years. The percentage of tax abated shall be determined based upon either capital investment or a combination of number of new jobs created plus the average salary of all jobs at the facility. Notwithstanding the resolution adopted by the City Council, or the criteria attendant thereto, it is not implied or suggested that the City is under any obligation to provide tax abatement to any applicant. The abatements are provided as a reduction of taxable assessed value of the property, and the recipient receives a tax bill that is already net of the abated amount.

As of January 1, 2024 (tax year 2024), the estimated value of property in the City that was subject to tax abatement was $2,358,013 and the amount of taxes abated was $0.

Note 18. Other Information

A. Fund Deficits

As a result of the implementation of GASB 68 and GASB 75, three Internal Service Funds have a negative unrestricted net position: Information Technology, Liability and Employees Benefits and Engineering Services. The full net pension liability and total OPEB liability, as well as the associated deferred outflows and deferred inflows, are recorded, but the City's policy is to fund long-term liabilities on a pay-as-you-go basis. Therefore, these Internal Service Funds will likely continue to carry negative net positions in future fiscal years. The Employee Benefits and Engineering Services funds carry a deficit net position that will be addressed through internal charges to other funds in the subsequent year.

The Fire capital projects fund has a deficit unassigned fund balance due to timing of capital outlay. The deficit will be addressed through transfers appropriated from other funds in a subsequent year.

Reinvestment Zone #5 reported in Special Revenue Funds has a deficit fund balance due to residual expenditures incurred subsequent to collection of the remaining outstanding tax increment levies. City council approved to close the fund in August 2024, and the City will close the fund in fiscal year 2026, eliminating the fund deficit.

The Gas Fund, a segment of the Utility System Fund, is reporting negative unrestricted net position due primarily to the issuance of the Series 2021A Utility System Revenues Notes, which were issued in 2021 after winter storm Uri to meet the operating cash flow needs of an unprecedented gas price spike. The Gas Fund is anticipated to carry a negative unrestricted net position until these notes mature in 2031.

B. Subsequent Events

Issuance of Refunding Bonds
In December 2025, the City issued $32,625,000 of General Improvement Refunding Bonds, Series 2025C. The issuance refunded $35,385,000 of previously issued bonds, and was initiated to lower overall annual debt service requirements of the City and to pay the costs of issuance. The bonds carry a stated interest rate of 5.00% and are scheduled to mature in annual installments through 2038.

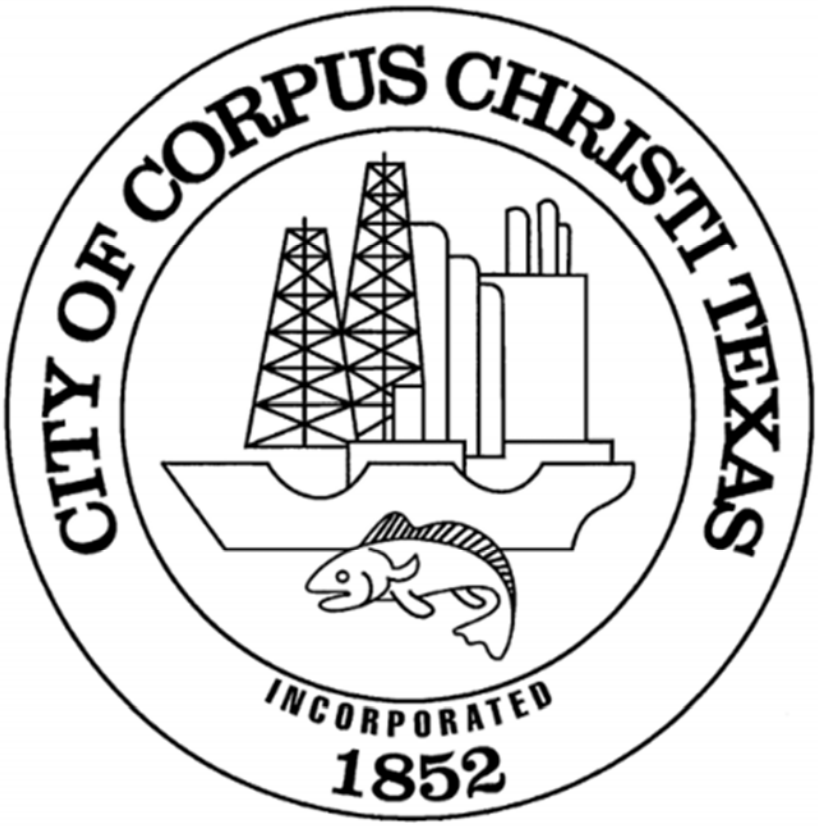
C. Restatement of Beginning Balances

During fiscal year 2025, the following resulted in an adjustment to or restatement of beginning balances for the City:

- The City adopted GASB Statement No. 101, *Compensated Absences* (GASB 101), resulting in a remeasurement and restatement of the liability as of October 1, 2024.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Government Wide		Proprietary Funds		
	Governmental Activities	Business-type Activities	Utility System Fund	Other Enterprise Funds	Internal Service Fund
Beginning balance, as previously reported	$ 982,737,178	$ 1,290,772,943	$ 1,118,668,936	$ 180,849,451	$ 99,750,916
Change in accounting principle - GASB 101	6,207,607	615,026	545,927	69,099	315,907
Beginning balance, restated	$ 988,944,785	$ 1,291,387,969	$ 1,119,214,863	$ 180,918,550	$ 100,066,823


CITY OF CORPUS CHRISTI TEXAS
INCORPORATED
1852

APPENDIX C

GENERAL INFORMATION REGARDING THE CITY OF CORPUS CHRISTI

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THE CITY . . . Corpus Christi (the "City") is the eighth largest city in the State of Texas with an estimated population of 305,215 in 2010 and estimated population in 2020 of 317,863 based on United States Census reports. The geographic location of the City on the Gulf of Mexico and the Intracoastal Waterway gives it one of the most strategic locations in the Southwest and has been important to its economic development.

The oil and gas industry are a major factor in the growth and economic stability within the trade area. Mineral values vary depending on world market and demand. This industry also provides a secondary market for petro by-products and chemicals.

The trade area's principal outlet for agricultural and petroleum products is Port Corpus Christi (the "Port"), which has served the area for over seventy years. The Port is the fifth largest port in the United States with more than 125 acres of open storage and fabrication sites and more than 295,000 square feet of covered dockside storage.

The City has one of the most strategically located waterways in the Southwest, with deep water transportation to the Gulf of Mexico and barge traffic all along the Texas Coast via the Intracoastal waterway. The nearest other port is in Brownsville, 160 miles to the south; nearest retail and wholesale outlet is San Antonio, 145 miles to the northwest; and the nearest heavy industry competition is Houston, 210 miles to the northeast.

PRIMARY EMPLOYERS[1]

Name	Estimated Number of Employees
Christus Spohn Health System	7,866
Corpus Christi Independent School District	5,795
Naval Air Station Corpus Christi	5,000
City of Corpus Christi[2]	3,359
Corpus Christi Army Depot	3,100
Driscoll Children's Hospital	2,609
Texas A&M University-Corpus Christi	2,363
AEP Texas	2,133
Nueces County	2,031
H.E.B. Grocery Company	2,019

Source: City of Corpus Christi ACFR
(1) As of September 30, 2025.
(2) City of Corpus Christi payroll.

EMPLOYMENT STATISTICS

	City of Corpus Christi			State of Texas		
	September 2026	September 2025	September 2024	September 2026	September 2025	September 2024
Total Civilian Labor Force	155,844	156,804	153,615	16,001,839	15,984,945	15,740,319
Total Employment	149,071	149,902	147,217	15,315,457	15,273,625	15,088,860
Total Unemployment	6,773	6,902	6,398	686,382	711,320	651,459
% Unemployed	4.3%	4.4%	4.2%	4.3%	4.4%	4.1%

Source: Texas Workforce Commission

TRANSPORTATION . . . The City owns the Corpus Christi International Airport situated on 2,657 acres. The Regional Transportation Authority operates the regional transportation system which provides passenger bus and paratransit service within the area.

TOURISM . . . The City continues to be a popular vacation spot for visitors and is the fifth most popular tourist destination in Texas, according to the Office of the Governor's Economic Development and Tourism Division. Historically, the number one reason people visit the area is to enjoy its miles of beaches including Mustang Island, Padre Island, and the Padre Island National Seashore, the longest undeveloped barrier island in the world and stretches some 70 miles from end-to-end. It encompasses 130,000 acres of beaches, dunes, and grassland habitats. It is located along the Central Flyway – a major migratory bird route for 350 different species. It is also a haven for marine life such as sea turtles, including endangered species reintroduced to the area. The opposite side of the barrier provides a shoreline for the Corpus Christi Bay, the Laguna Madre, and the multiple bays and bayous north of the Coastal Bend, which are all well suited for various types of outdoor recreation.

Attractions include USS Lexington, Commissioned in 1943 and a major player in the Pacific theater of WWII and now a naval museum. The Texas State Aquarium is a favorite attraction with its information and fun displays relating to the rich aquatic life of the Gulf of Mexico. Another attraction is the South Texas Botanical Garden and Nature Center. Set amid 180 acres, it is popular for its nature trails where one can see numerous species of trees, shrubs, herbs, cacti, and wildlife. The Art Museum of South Texas is housed in a modern facility on the city waterfront. It offers a broad range of exhibitions and educational programs. Another museum is the Corpus Christi Museum of Science and History featuring a wide variety of exhibits relating to the cultural and natural history of South Texas. Other tourist facilities located within the City include: a multi-purpose arena, convention center and theater at the American Bank Center, Whataburger Field, home to the Corpus Christi Hooks, a Double-A affiliate of the Houston Astros, Hurricane Alley Waterpark, the Multicultural Center/Heritage Park complex, the Congressman Solomon Ortiz International Center, and the Concrete Street Amphitheater. These attractions are all located in Corpus Christi's SEA District (Sports, Entertainment, and Arts District).

The City has professional and collegiate sports to offer residents and visitors. The City is home to the Corpus Christi Ice Rays of the North American Hockey League and the Corpus Christi Hooks. The Texas A&M-Corpus Christi Islanders participate in year-round NCAA Division I collegiate athletics and compete in 14 men's and women's sports as a member of the Southland Conference.

The City is also a renowned location for water sports and serves as host to numerous fishing tournaments. The City boasts successful sporting events including the "Beach to Bay" relay marathon and Conquer the Coast, a 65-mile bicycle ride that features a route through the area's coastal communities. The City also draws visitors through its multiple festivals including Buccaneer Days, Jazzfest, Dia de los Muertos, Harbor Lights, and the Mayor's 4th of July Big Bang Celebration.

CERTAIN GOVERNMENTAL SERVICES PROVIDED BY THE CITY . . . *Public Safety* . . . The City provides police protection, fire protection, building inspection, street lighting and traffic signals, and civil defense. Law enforcement and civil defense is provided through the Police Department. The City's Fire Department operates 18 fire stations throughout the City and the Emergency Medical Service.

Public Services . . . In addition to operating its water, wastewater disposal, and gas systems, the City also provides garbage collection and disposal and maintenance of streets and storm drainage areas.

Community Enrichment . . . The City has a main library and five branches which are equipped with over 358,000 volumes. The City owns and maintains approximately 190 parks containing over 1,785 acres. The City also owns extensive recreational facilities including 119 playgrounds, a marina with 621 slips, 4 municipal beaches, 2 public golf courses, 6 swimming pools, 37 tennis courts, 42 baseball and softball diamonds, 4 recreational centers, and 8 senior citizen centers. In addition, the City owns an auditorium, an Arena Harbor Playhouse, the Corpus Christi Museum, the Multicultural Center, the Water Garden, and a Community Convention facility.

Airport and Transit System . . . The City owns the Corpus Christi International Airport situated on 2,657 acres. The Regional Transportation Authority operates the regional transportation system which provides passenger bus and paratransit service within the area.

Health . . . The City maintains preventive health services through health facilities within the community.

The City does not have the responsibility of maintaining hospitals, a school system, or a higher education system, and does not expend any funds in providing welfare.

BUSINESS . . . The City is the retail and business center of the 12-county region in the Coastal Bend. The City continues to attract larger retailers as the population grows.

The Coastal Bend's petrochemical industry is a major contributor to the economy of the City. It is estimated that this industry has invested approximately $10 billion in construction, maintenance, and expansion of their local facilities. The petrochemical industry also makes more than $1.5 billion in annual purchases of local goods and services and is directly and indirectly responsible for providing an estimated 50,000 jobs. The United States decision to allow export of crude oil and refined products has been a boon for the Port of Corpus Christi Authority of Nueces County, Texas (the "Port"). The City has had almost a billion dollars in infrastructure spent to export oil. The Port now exports more than 55% of all oil exports in the United States. This is through companies such as NuStar Energy, who invested $425 million to acquire pipelines, storage facilities, and other oil and gas transportation infrastructure in relation to the Shale and the Permian Basin. Six major pipelines have been completed or are now under construction to bring more oil products to our region. This results in infrastructure spending and new jobs to handle the products. Many other companies that directly or indirectly involve the petrochemical industry include Air liquid, Bay Ltd, Celanese-Bishop Plant, CITGO Refining and Chemicals and many others. These companies alone provide almost 10,000 full-time permanent jobs to the local economy.

Gulf Coast Growth Ventures, a joint venture by ExxonMobil and Saudi Arabian Basic Industries Corporation ("SABIC") announced the site selection of their $9.48 billion ethylene cracker plants 8 miles north of the City. This facility will produce plastic used in products from water bottles to polyester. The facility will create 636 full-time jobs with an annual average wage of $90,000. The project should generate 11,000 jobs during the construction process and inject more than $50 billion into the local economy during the first six years of operation. Another project is The Tianjin Pipe (Group) Corporation ("TPCO") Texas Mill which has completed phase I and recently began phase II of a $1 billion pipe manufacturing facility, a structure consisting of approximately one million square feet. TPCO's site selection near Gregory-Portland represents the largest foreign direct investment ever by a Chinese company in the United States and will add 600 high-paying jobs to the City's region. In 2017 voestalpine, an Austrian steel producer, began production at their $700 million iron processing plant next to the City. In addition, Steel Dynamics announced in July 2019 they would be opening a $1.9 billion flat roll steel mill near Sinton. The plant is

expected to create 720 jobs and produce 3 million tons of steel each year. A survey of all of the industrial companies that are located on Corpus Christi Bay, just north of the City, showed that over half of these workers live in the City and all shop in the City, thereby providing an indication these developments will have a direct economic impact on the City.

The Convention Center facilities have received substantial capital outlay and maintenance since an expansion was completed in 2004, as has the Selena Auditorium since its original construction in 1977. This project continues the necessary repairs and upgrades required to attract premier performers, meet the needs of stage shows utilizing the auditorium, and provide a top-quality venue for conventions and visitors.

Texas A&M University – Corpus Christi ("TAMU CC") is in the midst of expansion, both at its Island Campus and at the Momentum Campus, which is situated on land donated by the City in 2008. Momentum Campus now houses sports facilities including the Dugan Family Soccer and Track Stadium. TAMU CC opened new residence halls, a dining hall, and the expanded University Center in 2015. The Island University now has more than 12,000 students from across the nation and 50 countries. The City and the Corpus Christi Business and Job Development Corporation, known as the Type A Board, supported several university initiatives including the Coastal Bend Business Innovation Center, the development of the mechanical and electrical engineering programs, research lab equipment, and establishing the Lone Star Unmanned Aircraft Systems Center. TAMU CC is confident that this center will attract aerospace companies to the City to build a permanent presence in the area, which will enhance the economic activity that will diversify that region.

Since 2017, Del Mar College completed four major projects approved by the City Council, utilizing just over $4 million in Type A fund allocations. These projects directly impact the region's capacity to provide a skilled workforce in high-demand fields. In December 2019, construction began on the new site for the southside campus. Del Mar College provides access to quality education, workforce preparation, and lifelong learning for student and community access. By renovating an unused hangar at the Corpus Christi International Airport, Del Mar College doubled its aviation maintenance technology program that produces airframe and power plant maintenance professionals for local industry and the Corpus Christi Army Depot. The purchase of truck driving simulators for the transportation training services program tripled Del Mar College's capacity to train residents for commercial driver's licenses, a critical need for the City's commercial and petroleum refining industry. A state-of-the-art petroleum process and instrumentation technology pilot plant is complete and has doubled the number of graduates available for local industries. This working model of a distillation unit used at local refineries and petrochemical plants will prepare students for high-demand careers in instrumentation, engineering technology, and related fields.

The City's local economy is at risk of impact as a result of the City's ongoing water challenges. All projections regarding the City's economic condition should take into account the short and long term impacts from the occurrence of this acute disparity between water demand and water supply.

BUILDING PERMITS (CITY OF CORPUS CHRISTI)

Fiscal Year	Building Permits	Total Value
2017-2018[(1)]	2,756	$574,721,710
2018-2019[(2)]	2,529	345,362,954
2019-2020[(3)]	7,029	691,580,494
2020-2021	8,484	545,311,675
2021-2022	8,044	708,497,098
2022-2023[(4)]	6,088	872,950,340
2023-2024	18,249	541,395,954
2024-2025	18,007	553,829,740

(1) The 2017-2018 value directly reflected the community's effort to rebuild post Hurricane Harvey.
(2) The 2018-2019 decrease in both the count and value can be attributed to the factors related to the homeowners/builders economical barriers.
(3) The 2019-2020 increased count in permits reflect the account for additional permits issued with a parent-child relationship, it appears that in the previous years these were excluded, however each additional child permit conveys value.
(4) Although there was a decrease in the number of permits issued, the total value of the permits increased by 23.21% over the prior year.

NUECES COUNTY . . . Nueces County, Texas (the "County") is not liable in any way on the Bonds and the information contained herein is solely for background information concerning the area.

The County is located on the Texas Gulf Coast and comprises an area of 847 square miles. The geographic location of the County on the Gulf of Mexico and the Intracoastal Waterway gives it one of the most strategic locations in the Southwest and has been important to its economic development. The County is a political subdivision of the State of Texas. The County was created by the State Legislature on April 18, 1846 and was officially organized on January 11, 1847.

POPULATION STATISTICS

Year	Trade Area	Corpus Christi
2015	449,323	320,434
2016	453,633	324,074
2017	457,971	325,733
2018	462,424	325,605
2019	466,736	326,554
2020	429,024	326,586
2021	429,024	317,863
2022	429,024	317,773
2023	442,600	316,239
2024	442,600	316,595
2025	442,600	317,317

Source: The City.

NATURAL WEATHER EVENTS . . . The Texas Gulf Coast, including the City, is naturally susceptible to the effects of extreme weather events and natural disasters, including floods, droughts, and hurricanes and more recently, wildfires. The occurrence of such events and natural disasters can produce significant negative ecological, environmental, and economic impacts. Such impacts can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The City is keenly aware of the risk from hurricanes and sea level rise, as are officials at the County. The City has adopted procedures and plans to reduce the risk from hurricanes and flooding and has completed an assessment of public assets to identify and prioritize vulnerable assets and develop flexible and responsive adaptations and mitigation measures. The City has also brought in additional personnel, brought out-of-service engines back into action, and deployed brush trucks to high-risk zones.

CYBERSECURITY . . . Government entities in the State have been the subject of cyber-attacks, some of which have been successful and have caused material disruptions to such entities' finances and operations. The City in the past has also been the target of cyber-attacks. The City has policies and procedures in place relating to cybersecurity threats and has staff dedicated to establishing practices, strategies, and protocols to mitigate and minimize risk and exposure to cybersecurity incidents, including mandatory cybersecurity training for all City personnel. However, no assurances can be given by the City that such measures will ensure against future cybersecurity threats and attacks, and any breach could cause material disruption to the City's finances or operations.

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APPENDIX D

FORM OF BOND COUNSEL'S OPINION

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NORTON ROSE FULBRIGHT

December 17, 2026

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DRAFT

IN REGARD to the authorization and issuance of the "City of Corpus Christi, Texas Utility System Senior Lien Revenue Improvement and Refunding Bonds, Series 2026A" (the *Bonds*), dated December 1, 2026, in the aggregate principal amount of $___,___,___ we have reviewed the legality and validity of the issuance thereof by the City of Corpus Christi, Texas (the *City*). The Bonds are issuable in fully registered form only, in denominations of $5,000 or any integral multiple thereof, and have Stated Maturities of July 15 in each of the years 20__ through 20__, unless redeemed prior to stated maturity in accordance with the terms stated on the face of the Bonds. Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the applicable meaning ascribed thereto in the Ordinance.

WE HAVE SERVED AS BOND COUNSEL for the City solely to pass upon the legality and validity of the issuance of the Bonds under the laws of the State of Texas, the defeasance and discharge of the City's obligations being refunded by certain proceeds of the Bonds, and with respect to the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City or the City's combined utility system and have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the City Council of the City in connection with the issuance of the Bonds, including the Ordinance; and the Escrow Agreement (the *Escrow Agreement*) between the City and BOKF, NA (the *Escrow Agent*), (2) a Verification Report of Public Finance Partners LLC concerning the sufficiency of the cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement and the sufficiency of cash deposited to pay the purchase price of the Purchased Bonds, (3) customary certifications and opinions of officials of the City; (4) certificates executed by officers of the City relating to the expected use and investment of proceeds of the Bonds and certain other funds of the City, and to certain other facts within the knowledge and control of the City; and (5) such other documentation, including an examination

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of the Bond executed and delivered initially by the City, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Escrow Agreement has been duly authorized, executed, and delivered by the Issuer and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a valid and binding obligation, enforceable in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity), and that the outstanding obligations refunded, discharged, paid, and retired with certain proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement and the ordinances authorizing their issuance, and in accordance with the provisions of Chapter 1207, as amended, Texas Government Code. In rendering this opinion, we have relied upon the Verification Report of Public Finance Partners LLC concerning the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon and the sufficiency of the cash deposited to pay the purchase price of the Purchased Bonds.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Bonds are valid and legally binding special obligations of the City enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Bonds are payable from and equally and ratably secured solely by a first and prior lien on and pledge of the Senior Lien Pledged Revenues, which includes a lien on and pledge of Net Revenues that is on parity with the lien thereon and pledge thereof securing the Senior Lien Obligations and any Additional Senior Lien Obligations hereafter issued, derived from the operation of the System. In the Ordinance, the City retains the right to issue Additional Senior Lien Obligations, Additional Subordinate Lien Obligations, and Inferior Lien Obligations and bonds or other evidences of indebtedness whose lien on and pledge of the Net Revenues shall be subordinate and inferior to that possessed by the Senior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. The Bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the City or the System, except with respect to the Senior Lien Pledged Revenues. The holder of the Bonds shall never have the right to demand payment of the Bonds out of any funds raised or to be raised by taxation.

Legal Opinion of Norton Rose Fulbright US LLP, Austin, Texas, in connection with the authorization and issuance of "CITY OF CORPUS CHRISTI, TEXAS UTILITY SYSTEM SENIOR LIEN REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2026A"

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the City and the System with the provisions of the Ordinance and in reliance upon the Verification Report of Public Finance Partners LLC concerning the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement and the sufficiency of the cash deposited to pay the purchase price of the Purchased Bonds and upon the representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Bonds will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. 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, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, 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.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Norton Rose Fulbright US LLP

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CITY OF CORPUS CHRISTI, TEXAS • UTILITY SYSTEM SENIOR LIEN REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2026A



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