

PRELIMINARY OFFICIAL STATEMENT

DATED SEPTEMBER 10, 2026

Ratings:
Fitch: "AAA"
S&P: "AAA"
(See "OTHER INFORMATION -
Ratings" herein)

NEW ISSUES - Book-Entry-Only

In the opinion of Orrick, Herrington & Sutcliffe LLP, 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 Series 2026A Bonds (defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code). In the further opinion of Bond Counsel, interest on the Series 2026A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2026A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel also observes that interest on the Taxable Series 2026B Bonds (defined below) is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS - SERIES 2026A BONDS" and "TAX MATTERS - TAXABLE SERIES 2026B BONDS" herein.



\$751,035,000*
STATE OF TEXAS
GENERAL OBLIGATION BONDS

\$645,140,000*	\$105,895,000*
Water Financial Assistance Bonds, Series 2026A (State Water Plan)	Water Financial Assistance Bonds, Taxable Series 2026B (State Water Plan)

Dated Date: Date of Delivery (as defined below)

Due: February 1 and August 1, as shown on pages ii and iii herein

The State of Texas Water Financial Assistance Bonds, Series 2026A (State Water Plan) (the Series 2026A Bonds) and the State of Texas Water Financial Assistance Bonds, Taxable Series 2026B (State Water Plan) (the Taxable Series 2026B Bonds, and together with the Series 2026A Bonds, the Bonds), are general obligations of the State of Texas (the State) and are issued by the Texas Water Development Board (the TWDB or the Board) under the authority of the Texas Constitution (the Constitution) and general laws of the State. Interest on the Series 2026A Bonds and the Taxable Series 2026B Bonds will accrue from the Date of Delivery at the fixed rates of interest shown on pages ii and iii, respectively, herein and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable on August 1, 2027 and on each February 1 and August 1 thereafter until maturity or prior redemption. The Bonds will be issued only as fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof. The Depository Trust Company, New York, New York (DTC), initially will act as securities depository for the Bonds. **Beneficial owners of the Bonds will not receive physical delivery of Bond certificates except as described herein.**

The Bonds are subject to redemption prior to stated maturity as provided herein. See "THE BONDS – Series 2026A Bonds – Redemption Provisions" and "THE BONDS – Taxable Series 2026B Bonds – Redemption Provisions".

THE BONDS ARE GENERAL OBLIGATIONS OF THE STATE OF TEXAS AND ARE SECURED BY THE FULL FAITH AND CREDIT OF THE STATE OF TEXAS. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS".

The Bonds are issued pursuant to two separate Board resolutions (the 2026A Resolution, and the 2026B Resolution, respectively, and together, the Bond Resolutions), all of which were adopted by the Board on July 23, 2026. In the Bond Resolutions, the Board delegated to certain designated officials the authority to establish and approve the final terms of the sale of the Bonds through the execution of one or more approval certificates (the Bond Resolutions together with such respective approval certificates are collectively referred to herein as the Resolutions). The Bonds are being issued pursuant to the Resolutions, and the Constitution and general laws of the State, including particularly Article III, Sections 49-d-8 and 49-d-11 Texas Constitution, Subchapter L of Chapter 17 of the Texas Water Code, as amended (the Act), and Chapter 1371, Texas Government Code, as amended (Chapter 1371), for the purpose of conserving and developing the water resources of the State by (i) providing funds for the Financial Assistance Account for Water Assistance Projects included in the State Water Plan (each as defined herein); and (ii) providing funds for the payment of expenses arising in connection with the issuance of the Bonds. Capitalized terms not otherwise defined herein have the meanings given to said terms in the Resolutions.

NOTICE TO INVESTORS: Concurrently with the issuance of the Bonds, the Board expects to issue its State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2026 (Master Trust), in an aggregate principal amount not to exceed \$1,050,000,000 (the Revenue Bonds). A separate offering document has been prepared for the sale of the Revenue Bonds. The Revenue Bonds shall NOT be payable from the security pledged to the payment of the Bonds. The Bonds shall NOT be payable from the security pledged to the payment of the Revenue Bonds. See "PLAN OF FINANCE – Concurrent Issuance of Revenue Bonds".

SEE INSIDE COVER PAGES HEREIN FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE BONDS

The Bonds are offered for delivery when, as and if issued and accepted by the underwriters listed below (the Underwriters), subject to prior sale, withdrawal, or modification of the offer without notice and are subject to the approving legal opinions of the Attorney General of the State, and Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel. Certain legal matters will be passed on for the Board by Bracewell LLP, Houston, Texas, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., Austin, Texas. See "LEGAL MATTERS." It is expected that the Bonds will be available for delivery, through the facilities of DTC, on or about October 9, 2026 (the Date of Delivery).

MORGAN STANLEY

BOFA SECURITIES
J.P. MORGAN
RBC CAPITAL MARKETS
TRB CAPITAL MARKETS

FHN FINANCIAL CAPITAL MARKETS
RAMIREZ & CO., INC.
SIEBERT WILLIAMS SHANK

JEFFERIES
RAYMOND JAMES
STIFEL NICOLAUS & COMPANY, INC.
WELLS FARGO SECURITIES

* Preliminary, subject to change.

Maturity Schedule*

\$645,140,000
STATE OF TEXAS
GENERAL OBLIGATION BONDS
Water Financial Assistance Bonds,
Series 2026A
(State Water Plan)

CUSIP No. Prefix: 882724⁽³⁾

Stated Maturity ⁽¹⁾⁽²⁾	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ⁽³⁾	Stated Maturity ⁽¹⁾⁽²⁾	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ⁽³⁾
8/1/2027	\$ 4,000,000				2/1/2043	\$ 6,755,000			
2/1/2028	4,000,000				8/1/2043	13,125,000			
8/1/2028	8,020,000				2/1/2044	7,115,000			
2/1/2029	2,615,000				8/1/2044	13,740,000			
8/1/2029	8,640,000				2/1/2045	7,495,000			
2/1/2030	2,835,000				8/1/2045	14,405,000			
8/1/2030	9,030,000				2/1/2046	7,910,000			
2/1/2031	4,855,000				8/1/2046	15,085,000			
8/1/2031	12,720,000				2/1/2047	8,300,000			
2/1/2032	6,015,000				8/1/2047	15,810,000			
8/1/2032	10,395,000				2/1/2048	7,290,000			
2/1/2033	6,380,000				8/1/2048	16,575,000			
8/1/2033	10,895,000				2/1/2049	7,670,000			
2/1/2034	6,770,000				8/1/2049	17,380,000			
8/1/2034	11,435,000				2/1/2050	8,095,000			
2/1/2035	7,170,000				8/1/2050	18,235,000			
8/1/2035	11,985,000				2/1/2051	8,540,000			
2/1/2036	7,600,000				8/1/2051	19,135,000			
8/1/2036	9,710,000				2/1/2052	9,000,000			
2/1/2037	5,110,000				8/1/2052	20,085,000			
8/1/2037	10,190,000				2/1/2053	7,455,000			
2/1/2038	5,420,000				8/1/2053	21,080,000			
8/1/2038	10,665,000				2/1/2054	7,895,000			
2/1/2039	5,645,000				8/1/2054	22,145,000			
8/1/2039	11,095,000				2/1/2055	8,360,000			
2/1/2040	5,905,000				8/1/2055	23,270,000			
8/1/2040	11,545,000				2/1/2056	8,845,000			
2/1/2041	6,165,000				8/1/2056	24,450,000			
8/1/2041	12,035,000				2/1/2057	9,360,000			
2/1/2042	6,450,000				8/1/2057	22,685,000			
8/1/2042	12,555,000								

(Interest to accrue from the Date of Delivery)

* Preliminary, subject to change.

⁽¹⁾ *Optional Redemption.* The Series 2026A Bonds having stated maturities on and after _____, 20__, are subject to redemption at the option of the Board, in whole or from time to time in part, on _____, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS – Series 2026A Bonds – Redemption Provisions – Optional Redemption."

⁽²⁾ *Mandatory Sinking Fund Redemption.* The Series 2026A Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as a term bond. See "THE BONDS – Series 2026A Bonds – Redemption Provisions – Mandatory Sinking Fund Redemption."

⁽³⁾ 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 State, the Board, the Financial Advisor (as defined herein), or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

Maturity Schedule*

\$105,895,000

STATE OF TEXAS

GENERAL OBLIGATION BONDS

Water Financial Assistance Bonds,

Taxable Series 2026B

(State Water Plan)

CUSIP No. Prefix: 882724⁽³⁾

Stated Maturity ⁽¹⁾⁽²⁾	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ⁽³⁾	Stated Maturity ⁽¹⁾⁽²⁾	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix: ⁽³⁾
8/1/2027	\$ 100,000				8/1/2039	\$ 2,915,000			
2/1/2028	230,000				8/1/2040	3,080,000			
8/1/2028	245,000				8/1/2041	3,255,000			
2/1/2029	245,000				8/1/2042	3,440,000			
8/1/2029	255,000				8/1/2043	3,640,000			
2/1/2030	255,000				8/1/2044	3,855,000			
8/1/2030	270,000				8/1/2045	4,085,000			
2/1/2031	265,000				8/1/2046	4,325,000			
8/1/2031	2,445,000				8/1/2047	4,580,000			
2/1/2032	285,000				8/1/2048	4,860,000			
8/1/2032	2,560,000				8/1/2049	5,155,000			
2/1/2033	300,000				8/1/2050	5,465,000			
8/1/2033	2,685,000				8/1/2051	5,800,000			
2/1/2034	320,000				8/1/2052	6,155,000			
8/1/2034	2,820,000				8/1/2053	6,525,000			
2/1/2035	340,000				8/1/2054	6,915,000			
8/1/2035	2,960,000				8/1/2055	7,345,000			
8/1/2036	2,485,000				8/1/2056	25,000			
8/1/2037	2,620,000				8/1/2057	25,000			
8/1/2038	2,765,000								

(Interest to accrue from the Date of Delivery)

* Preliminary, subject to change.

⁽¹⁾ *Optional Redemption.* The Taxable Series 2026B Bonds having stated maturities on and after _____, 20__, are subject to redemption at the option of the Board, in whole or from time to time in part, on _____, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS – Taxable Series 2026B Bonds – Redemption Provisions – Optional Redemption."

⁽²⁾ *Mandatory Sinking Fund Redemption.* The Taxable Series 2026B Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as a term bond. See "THE BONDS – Taxable Series 2026B Bonds – Redemption Provisions – Mandatory Sinking Fund Redemption."

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SALE AND DISTRIBUTION OF THE BONDS

For purposes of compliance with United States Securities and Exchange Commission (the SEC) Rule 15c2-12 (the Rule), and in effect on the date of this Preliminary Official Statement, this document constitutes an "Official Statement" of the Board with respect to the Bonds that has been "deemed final" by the Board 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, maturity schedules and the Appendices attached hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

Use of Official Statement

The Series 2026A Bonds and Taxable Series 2026B Bonds are separate and distinct securities offered, issued and sold independently, except for use of this common Official Statement in connection with such offering and sale. While the Bonds share certain common attributes, each issue is separate from the other and each issue should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

No dealer, broker, salesman or other person has been authorized by the Board or the Underwriters 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 representation must not be relied upon as having been authorized by the Board or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create the implication that there has been no change in the affairs of the Board or the State since the date hereof. This Official Statement is submitted in connection with the sale of securities referred to herein and in no instance may this Official Statement be reproduced or used for any other purpose.

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, and as part of, 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.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertakings of the Board and the Texas Comptroller of Public Accounts (Comptroller), respectively, to provide certain information on a continuing basis. No representation is made by the Board or the Underwriters regarding the use, presentation and interpretation of the financial information of the State or the Board made by third parties, including, without limitation, the Municipal Securities Rulemaking Board (the MSRB).

NONE OF THE STATE, THE BOARD, THE BOARD'S FINANCIAL ADVISOR OR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (DTC) OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC.

Marketability

THE BONDS ARE BEING OFFERED FOR SALE TO THE PUBLIC AT THE PRICES SHOWN ON PAGES ii AND iii HEREOF. THE UNDERWRITERS RESERVE THE RIGHT TO LOWER SUCH INITIAL OFFERING PRICES AS THEY DEEM NECESSARY IN CONNECTION WITH THE MARKETING OF THE BONDS. THE UNDERWRITERS RESERVE THE RIGHT TO JOIN WITH DEALERS AND OTHER UNDERWRITERS IN OFFERING THE BONDS TO THE PUBLIC. THE OBLIGATION OF THE UNDERWRITERS TO ACCEPT DELIVERY OF THE BONDS IS SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE BOND PURCHASE AGREEMENT, THE APPROVAL OF LEGAL MATTERS BY COUNSEL AND OTHER CONDITIONS. See "OTHER INFORMATION – Underwriting" herein.

Securities Laws

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or 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 or qualification provisions. See "LEGAL MATTERS – Registration and Qualification of Bonds for Sale" herein.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES DESCRIBED IN THIS OFFICIAL STATEMENT OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. See "OTHER INFORMATION – Forward-Looking Statements" herein.

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INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES HEREIN TO THE “ISSUER” MEANS THE TEXAS WATER DEVELOPMENT BOARD AND REFERENCES TO “BONDS” OR “SECURITIES” MEAN THE BONDS OFFERED HEREBY. THIS INFORMATION WAS PROVIDED BY THE UNDERWRITERS AND THE ISSUER MAKES NO REPRESENTATION AS TO THE ACCURACY OR ADEQUACY OF THIS INFORMATION.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA (EEA)

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE INSURANCE DISTRIBUTION DIRECTIVE), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE PROSPECTUS REGULATION). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION. THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS AND SALES OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THE EEA, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A “QUALIFIED INVESTOR” AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN “QUALIFIED INVESTORS” AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE ISSUER FOR ANY SUCH OFFER; OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF SECURITIES TO THE PUBLIC” IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD, DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD, DISTRIBUTED OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS EITHER ONE (OR BOTH) OF THE FOLLOWING: (I) NOT A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018; OR (II) NOT A QUALIFIED INVESTOR AS DEFINED IN PARAGRAPH 15 OF SCHEDULE 1 TO THE PUBLIC OFFERS AND ADMISSIONS TO TRADING REGULATIONS 2024 (“POATRS”). CONSEQUENTLY, NO DISCLOSURE DOCUMENT REQUIRED BY THE FCA PRODUCT DISCLOSURE SOURCEBOOK (“DISC”) FOR OFFERING, SELLING OR DISTRIBUTING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING, SELLING OR DISTRIBUTING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER DISC AND THE CONSUMER COMPOSITE INVESTMENTS (DESIGNATED ACTIVITIES) REGULATIONS 2024.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER PART 1 OF SCHEDULE 1 TO THE POATRS.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF SECURITIES TO THE PUBLIC” IN RELATION TO THE BONDS IN THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO BUY THE BONDS OR SUBSCRIBE FOR THE BONDS.

ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE UNITED KINGDOM OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” AS DEFINED IN PARAGRAPH 15 OF SCHEDULE 1 TO THE POATRS. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

ADDITIONAL NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE POATRS. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CAP. 571 OF THE LAWS OF HONG KONG) ("SFO") OR ANY REGULATORY AUTHORITY IN HONG KONG. ACCORDINGLY, YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THE BONDS MAY NOT BE OFFERED OR SOLD, AND THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES, IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32 OF THE LAWS OF HONG KONG) ("C(WUMP)O") OR WHICH DO NOT CONSTITUTE AN INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE SFO, OR (II) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE C(WUMP)O. NO ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER IN HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF (A) ONLY TO PERSONS OUTSIDE HONG KONG OR (B) ONLY TO "PROFESSIONAL INVESTORS" IN HONG KONG AS DEFINED IN THE SFO AND ANY RULES MADE THEREUNDER.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THE BONDS MAY NOT BE PUBLICLY OFFERED IN SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE ("SIX") OR ON ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A PROSPECTUS OR A KEY INFORMATION DOCUMENT WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON FINANCIAL SERVICES ("FINSA") OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE SIX LISTING RULES OR THE LISTING RULES OF ANY OTHER STOCK EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS OR THE OFFERING MAY BE PUBLICLY OFFERED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND. ACCORDINGLY, THIS OFFICIAL STATEMENT MAY BE COMMUNICATED IN OR FROM SWITZERLAND TO A LIMITED NUMBER [FEWER THAN 500 INVESTORS] OF SELECTED INVESTORS ONLY.

NONE OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, THE ISSUER OR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. IN PARTICULAR, THIS OFFICIAL STATEMENT WILL NOT BE FILED WITH, AND THE BONDS WILL NOT BE SUPERVISED BY, THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA").

THE BONDS DO NOT CONSTITUTE COLLECTIVE INVESTMENTS SCHEMES WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("CISA"). ACCORDINGLY, INVESTORS ARE EXPOSED TO THE DEFAULT RISK OF THE ISSUER AND DO NOT HAVE THE BENEFIT OF THE SPECIFIC INVESTOR PROTECTION PROVIDED UNDER THE CISA.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH OR APPROVED BY THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN, THE REPUBLIC OF CHINA ("TAIWAN") (THE "FSC") PURSUANT TO APPLICABLE SECURITIES LAWS AND REGULATIONS OF TAIWAN AND THE BONDS, INCLUDING ANY COPY OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENTS RELATING TO THE BONDS, MAY NOT BE OFFERED, SOLD, DELIVERED OR DISTRIBUTED WITHIN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION WITH OR APPROVAL OF THE FSC. NO PERSON OR ENTITY IN TAIWAN HAS BEEN AUTHORIZED TO OFFER, SELL, DISTRIBUTE, GIVE ADVICE REGARDING OR OTHERWISE INTERMEDIATE THE OFFERING, SALE OR DISTRIBUTION OF THE BONDS UNLESS THE BONDS OFFERED OR SOLD TO INVESTORS IN TAIWAN ARE OTHERWISE THROUGH TAIWAN LICENSED FINANCIAL INSTITUTIONS TO THE EXTENT PERMITTED UNDER RELEVANT TAIWAN LAWS OR REGULATIONS. TAIWAN INVESTORS WHO SUBSCRIBE AND PURCHASE THE BONDS SHALL COMPLY WITH ALL RELEVANT SECURITIES, TAX AND FOREIGN EXCHANGE LAWS AND REGULATIONS IN EFFECT IN TAIWAN.

NOTICE TO PROSPECTIVE INVESTORS IN THE PEOPLE’S REPUBLIC OF CHINA

THE BONDS ARE NOT BEING OFFERED OR SOLD AND MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE PEOPLE’S REPUBLIC OF CHINA (FOR SUCH PURPOSES, NOT INCLUDING HONG KONG, MACAU, OR TAIWAN, THE “PRC”), EXCEPT AS PERMITTED BY THE APPLICABLE LAWS OF THE PRC.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED PURSUANT TO ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED (“FIEA”)) AND, ACCORDINGLY, NEITHER THE BONDS NOR ANY INTEREST IN THEM MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT, OF ANY RESIDENT OF JAPAN OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO A RESIDENT OF JAPAN EXCEPT UNDER CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND GUIDELINES PROMULGATED BY THE RELEVANT JAPANESE GOVERNMENTAL AND REGULATORY AUTHORITIES AND IN EFFECT AT THE RELEVANT TIME. FOR THE PURPOSES OF THIS PARAGRAPH, “RESIDENT OF JAPAN” MEANS A NATURAL PERSON HAVING HIS/HER PLACE OF DOMICILE OR RESIDENCE IN JAPAN, OR A LEGAL PERSON HAVING ITS MAIN OFFICE IN JAPAN. A BRANCH, AGENCY OR OTHER OFFICE IN JAPAN OF A NON-RESIDENT, IRRESPECTIVE OF WHETHER IT IS LEGALLY AUTHORIZED TO REPRESENT ITS PRINCIPAL OR NOT, SHALL BE DEEMED TO BE A RESIDENT OF JAPAN EVEN IF ITS MAIN OFFICE IS IN ANY COUNTRY OTHER THAN JAPAN. RESIDENT OF JAPAN SHALL EXCLUDE NON-RESIDENTS OF JAPAN, AS SUCH TERM IS DEFINED IN ARTICLE 6, PARAGRAPH 1, SUB-PARAGRAPH 6 OF THE FOREIGN EXCHANGE AND TRADE ACT OF JAPAN (ACT. NO. 228 OF 1949, AS AMENDED).

THE OFFERING OF THE BONDS IN JAPAN IS BEING MADE BY MEANS OF A PRIVATE PLACEMENT TO QUALIFIED INSTITUTIONAL INVESTORS (TEKIKAKU-KIKAN-TOSHIKA) (WITHIN THE MEANING OF SUCH TERM PROVIDED FOR UNDER ARTICLE 2, PARAGRAPH 3, SUB-PARAGRAPH 1 OF THE FIEA AND ARTICLE 10, PARAGRAPH 1 OF THE CABINET OFFICE ORDINANCE CONCERNING DEFINITIONS PROVIDED IN ARTICLE 2 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT IN JAPAN (MINISTRY OF FINANCE ORDINANCE NO.14 OF 1993, AS AMENDED)) (“QIIS”). THE OFFERING OF THE BONDS IN JAPAN SHALL BE MADE ON THE CONDITIONS THAT THE BONDS SHALL NOT BE TRANSFERRED TO ANY PERSON OTHER THAN QIIS AND A DOCUMENT INCLUDING THE INFORMATION ON THE BONDS AND TO BE DELIVERED TO A PROSPECTIVE PURCHASER SHALL STATE THAT THE BONDS SHALL NOT BE TRANSFERRED TO ANY PERSON OTHER THAN A QIIS.

NOTICE TO INVESTORS IN SINGAPORE

EACH OF THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH ANY OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE LODGED OR REGISTERED AS A PROSPECTUS (AS DEFINED IN THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE (“SFA”)) WITH THE MONETARY AUTHORITY OF SINGAPORE (“MAS”), AND STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENT OF PROSPECTUSES DOES NOT APPLY. THE MAS ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE OFFICIAL STATEMENT. EACH PROSPECTIVE INVESTOR SHOULD CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR THEM.

RECIPIENTS OF THIS OFFICIAL STATEMENT IN SINGAPORE SHOULD NOTE THAT THE OFFERING OF THE BONDS IS SUBJECT TO THE TERMS OF THIS OFFICIAL STATEMENT AND THE SFA.

EACH OF THIS OFFICIAL STATEMENT AND ANY OTHER DOCUMENTS OR MATERIALS IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE DIRECTLY OR INDIRECTLY ISSUED, CIRCULATED OR DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN (I) TO AN INSTITUTIONAL INVESTOR (AS DEFINED IN SECTION 4A(1)(C) OF THE SFA) (“*INSTITUTIONAL INVESTOR*”) PURSUANT TO SECTION 274 OF THE SFA; (II) TO AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A(1)(A) OF THE SFA) (“*ACCREDITED INVESTOR*”) PURSUANT TO SECTION 275(1) OF THE SFA, AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SFA; OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA.

SAVE WHERE THE BONDS ARE OF THE SAME CLASS AS OTHER BONDS OF THE ISSUER THAT ARE LISTED FOR QUOTATION ON AN APPROVED EXCHANGE (AS DEFINED IN SECTION 2(1) OF THE SFA) (“APPROVED EXCHANGE”) AND IN RESPECT OF WHICH ANY OFFER INFORMATION STATEMENT, INTRODUCTORY DOCUMENT, SHAREHOLDERS’ CIRCULAR FOR A REVERSE TAKE-OVER, DOCUMENT ISSUED FOR THE PURPOSES OF A SCHEME OF ARRANGEMENT, PROSPECTUS, OR ANY OTHER SIMILAR DOCUMENT APPROVED BY AN APPROVED EXCHANGE, WAS ISSUED IN CONNECTION WITH AN OFFER, OR THE LISTING FOR QUOTATION, OF THOSE BONDS, ANY SUBSEQUENT OFFERS IN SINGAPORE OF BONDS INITIALLY ACQUIRED PURSUANT TO AN OFFER MADE IN RELIANCE ON AN EXEMPTION UNDER SECTION 274 OF THE SFA OR SECTION 275(1) OF THE SFA MAY ONLY BE MADE, PURSUANT TO THE REQUIREMENTS OF SECTION 276 OF THE SFA, WITHIN THE PERIOD OF 6 MONTHS FROM THE DATE OF INITIAL ACQUISITION, TO PERSONS WHO ARE INSTITUTIONAL INVESTORS OR ACCREDITED INVESTORS. ANY TRANSFER AFTER SUCH INITIAL 6 MONTH PERIOD IN SINGAPORE SHALL BE MADE IN RELIANCE ON AN APPLICABLE EXEMPTION UNDER SUBDIVISION (4) OF DIVISION 1 OF PART 13 OF THE SFA (OTHER THAN SECTION 280 OF THE SFA).

IN ADDITION TO THE ABOVE, WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275(1) OF THE SFA BY A RELEVANT PERSON (AS DEFINED IN SECTION 275(2) OF THE SFA) WHICH IS:

- (1) A CORPORATION (OTHER THAN A CORPORATION THAT IS AN ACCREDITED INVESTOR), THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR
- (2) A TRUST (OTHER THAN A TRUST THE TRUSTEE OF WHICH IS AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY OF THE TRUST IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR,

SECURITIES (AS DEFINED IN SECTION 2(1) OF THE SFA) OR SECURITIES-BASED DERIVATIVES CONTRACTS (AS DEFINED IN SECTION 2(1) OF THE SFA) OF THAT CORPORATION OR THE BENEFICIARIES’ RIGHTS AND INTEREST (HOWSOEVER DESCRIBED) IN THAT TRUST SHALL NOT BE TRANSFERRED WITHIN 6 MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE BONDS PURSUANT TO AN OFFER MADE UNDER SECTION 275(1) OF THE SFA UNLESS:

- (a) TO INSTITUTIONAL INVESTORS;
- (b) TO RELEVANT PERSONS (AS DEFINED IN SECTION 275(2) OF THE SFA);
- (c) SUCH TRANSFER ARISES FROM AN OFFER MADE ON TERMS THAT SUCH SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS OF THAT CORPORATION OR SUCH BENEFICIARIES’ RIGHTS AND INTEREST IN THAT TRUST, THE SUBJECT OF TRANSFER, ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S\$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION, PROVIDED THAT THE PERSON ACQUIRING SECURITIES OR SECURITIES-BASED DERIVATIVES CONTRACTS OF SUCH CORPORATION MUST ACT AS PRINCIPAL;
- (d) NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;
- (e) THE TRANSFER IS BY OPERATION OF LAW; OR
- (f) SUCH BONDS ARE OF THE SAME CLASS AS OTHER BONDS OF THE ISSUER THAT ARE LISTED FOR QUOTATION ON AN APPROVED EXCHANGE AND IN RESPECT OF WHICH ANY OFFER INFORMATION STATEMENT, INTRODUCTORY DOCUMENT, SHAREHOLDERS’ CIRCULAR FOR A REVERSE TAKE-OVER, DOCUMENT ISSUED FOR THE PURPOSES OF A SCHEME OF ARRANGEMENT, PROSPECTUS, OR ANY OTHER SIMILAR DOCUMENT APPROVED BY AN APPROVED EXCHANGE, WAS ISSUED IN CONNECTION WITH AN OFFER, OR THE LISTING FOR QUOTATION, OF THOSE BONDS.

AS THE BONDS ARE ONLY OFFERED TO PERSONS IN SINGAPORE WHO QUALIFY AS AN ACCREDITED INVESTOR, AN EXPERT INVESTOR (AS DEFINED IN SECTION 4A(1)(B) OF THE SFA), AN INSTITUTIONAL INVESTOR AND/OR ANY OTHER PERSON THAT IS NOT AN INDIVIDUAL, THE ISSUER IS NOT REQUIRED TO DETERMINE THE CLASSIFICATION OF THE BONDS PURSUANT TO SECTION 309B OF THE SFA.

NOTHING SET OUT IN THIS NOTICE SHALL BE CONSTRUED AS LEGAL ADVICE AND EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL COUNSEL. THIS NOTICE IS FURTHER SUBJECT TO THE PROVISIONS OF THE SFA AND ITS REGULATIONS, AS THE SAME MAY BE AMENDED OR CONSOLIDATED FROM TIME TO TIME AND DOES NOT PURPORT TO BE EXHAUSTIVE IN ANY RESPECT.

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TEXAS WATER DEVELOPMENT BOARD

Members

L'Oreal Stepney, P.E., Chairwoman
Brady Franks, Member
Ashley Morgan, Member

Term Expiration

February 1, 2029
February 1, 2031
February 1, 2027

KEY STAFF MEMBERS

Bryan McMath
Kathleen Ligon
Jessica Peña
Georgia Sanchez

Dain Larsen
Ashley Harden

Executive Administrator
Assistant Executive Administrator
Deputy Executive Administrator
Chief Financial Officer and Development
Fund Manager
Director, Debt and Portfolio Management
General Counsel

BOND COUNSEL

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Austin, Texas

FINANCIAL ADVISOR

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Austin, Dallas and San Antonio, Texas

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Houston, Texas

PAYING AGENT/REGISTRAR

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

Questions regarding this Official Statement may be directed to Dain Larsen, Director, Debt and Portfolio Management, Texas Water Development Board, 1700 North Congress Avenue, Austin, Texas 78701; Telephone: (512) 463-7847; Electronic Mail: finance-debt-management@twdb.texas.gov.

PRELIMINARY OFFICIAL STATEMENT

relating to

\$751,035,000*

STATE OF TEXAS

GENERAL OBLIGATION BONDS

\$645,140,000*

\$105,895,000*

**Water Financial Assistance
Bonds, Series 2026A
(State Water Plan)**

**Water Financial Assistance
Bonds, Taxable Series 2026B
(State Water Plan)**

INTRODUCTION

The general obligation bonds of the State of Texas (the State) offered by the Texas Water Development Board (the Board or TWDB) hereby, acting on behalf of the State, are (i) the State of Texas Water Financial Assistance Bonds, Series 2026A (State Water Plan) (the Series 2026A Bonds), and (ii) the State of Texas Water Financial Assistance Bonds, Taxable Series 2026B (State Water Plan) (the Taxable Series 2026B Bonds and, together with the Series 2026A Bonds, the Bonds). The Bonds, together with other general obligation bonds issued or to be issued in the future pursuant to Article III, Sections 49-d-8 (Section 49-d-8), 49-d-9 (Section 49-d-9), 49-d-10 (Section 49-d-10), 49-d-11 (Section 49-d-11) and 49-d-14 (Section 49-d-14) of the Texas Constitution (the Constitution) to augment the funding of the Texas Water Development Fund II, a fund within the State Treasury (Development Fund II), are referred to herein collectively sometimes as the “Water Assistance Bonds.” The Bonds, together with other Water Assistance Bonds issued or to be issued in the future for the Financial Assistance Account of Development Fund II (the Financial Assistance Account), are referred to sometimes herein as the “Financial Assistance Bonds.” The debt service schedules for the Financial Assistance Bonds that will be outstanding upon the issuance of the Bonds are attached hereto as APPENDIX D.

The Bonds are being issued pursuant to (i) two separate resolutions (the 2026A Resolution and the 2026B Resolution, respectively, and together, the Bond Resolutions), each of which was adopted by the Board on July 23, 2026, and (ii) the Constitution and general laws of the State, including particularly Sections 49-d-8 and 49-d-11, Subchapter L of Chapter 17 of the Texas Water Code, as amended (the Act), and Chapter 1371, Texas Government Code, as amended (Chapter 1371). The Bond Resolutions delegate to authorized representatives of the Board the authority to complete the sale of the Bonds pursuant to the terms of one or more approval certificates (collectively, the Approval Certificate and together with the Bond Resolutions, the Resolutions), and one or more bond purchase agreements entered into with respect to the Bonds (collectively, the Purchase Agreement) between the Board and the underwriters listed on the cover page hereto (the Underwriters). Capitalized terms not otherwise defined herein have the meanings given to said terms in the Resolutions.

Concurrently with the issuance of the Bonds, the Board expects to issue its State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2026 (Master Trust), in an aggregate principal amount not to exceed \$1,050,000,000 (the Revenue Bonds). A separate offering document has been prepared for the sale of the Revenue Bonds. The Revenue Bonds shall NOT be payable from the security pledged to the payment of the Bonds. The Bonds shall NOT be payable from the security pledged to the payment of the Revenue Bonds. See “PLAN OF FINANCE – Concurrent Issuance of Revenue Bonds”.

THE BONDS CONSTITUTE GENERAL OBLIGATIONS OF THE STATE AND THE FULL FAITH AND CREDIT OF THE STATE IS PLEDGED FOR THE FAITHFUL PERFORMANCE IN PROPER TIME AND MANNER OF EACH OFFICIAL OR OTHER ACT REQUIRED OR NECESSARY TO PROVIDE FOR PROMPT PAYMENT OF THE BONDS. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

PLAN OF FINANCE

Background and Authorization

Section 49-d-8 created the Development Fund II as a separate account within the State Treasury. Section 49-d-9 authorized the Board to issue general obligation bonds in an amount not to exceed \$2 billion to augment Development Fund II. On November 6, 2007, voters approved Proposition 16, which added Section 49-d-10, and authorizes the Board to issue additional general obligation bonds to augment the Economically Distressed Areas Program Account of Development Fund II (the EDAP Account) in an amount not to exceed \$250 million. On November 8, 2011, voters approved Proposition 2, which added Section 49-d-11, and authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-11 that are outstanding at any time does not exceed \$6 billion. On November 5, 2019, voters approved Proposition 2, which added Section 49-d-14, and authorizes the Board to issue additional general obligation bonds for the EDAP Account of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-14 that are outstanding at any time does not exceed \$200 million.

* Preliminary, subject to change.

The Bonds are being issued as Water Assistance Bonds pursuant to the constitutional authority provided by Sections 49-d-8 and 49-d-11.

For a general discussion of Development Fund II and the bonds authorized to be issued to augment such fund, see "WATER ASSISTANCE BOND PROGRAM – Development Fund II", and "TABLE 1: WATER ASSISTANCE BONDS" below.

Use of Bond Proceeds

The Bonds are being issued for the purpose of conserving and developing the water resources of the State by (i) providing funds for the Financial Assistance Account for Water Assistance Projects included in the State Water Plan (defined herein), and (ii) providing funds for the payment of expenses arising in connection with the issuance of the Bonds. See "TEXAS WATER DEVELOPMENT BOARD – State Water Plan". The aggregate principal amount of all Series 2026A Bonds issued pursuant to the 2026A Resolution shall not exceed \$1,000,000,000. The aggregate principal amount of all Taxable Series 2026B Bonds issued pursuant to the 2026B Resolution shall not exceed \$150,000,000. The authority to sell the Bonds under the terms of each Bond Resolution expires six months after the adoption of such Bond Resolution.

The Bonds constitute the second issuance of general obligation water financial assistance bonds to fund State Water Plan projects identified for funding through the State Water Implementation Fund for Texas (SWIFT) Program and are issued to further augment the availability of funding for projects and commitments approved for the 2026 prioritization cycle. The Board provides financial assistance to State Water Plan projects through the purchase of or entering into of bonds, notes, agreements or other evidences of indebtedness purchased from or entered into with a political subdivision (collectively, the Political Subdivision Obligations) that are funded through both State Water Implementation Revenue Fund for Texas (SWIRFT) revenue bonds, including the Revenue Bonds (as defined below), and general obligation bonds, including the Bonds. The Board uses both SWIRFT revenue bonds and general obligation bonds to manage SWIFT program capacity, align financing sources with borrower and program characteristics, and fund approved State Water Plan commitments. The Board expects to finance a portion of its 2026 prioritization cycle financial commitments through the concurrently marketed Bonds and Revenue Bonds. See "SWIFT Funds Transfer Agreement and Trust Agreement" and "Concurrent Issuance of Revenue Bonds."

SWIFT Funds Transfer Agreement and Trust Agreement

On November 5, 2013, Texas voters approved the addition of Sections 49-d-12 and 49-d-13 to Article III of the Texas Constitution creating the SWIFT and the State Water Implementation Revenue Fund for Texas (SWIRFT), respectively. Both SWIFT and SWIRFT are constitutionally dedicated funds in the State Treasury outside the general revenue fund of the State created for the purpose of implementing the State Water Plan. Both SWIFT and SWIRFT are administered by, or on behalf of, the Board or its successor for the purpose of implementing the State Water Plan. See "OTHER FINANCIAL ASSISTANCE PROGRAMS OF THE BOARD – State Water Implementation Fund for Texas Program" for more information about the State Water Plan, SWIFT and SWIRFT.

Funds in the SWIFT are kept and held by the Texas Treasury Safekeeping Trust Company (the TTSTC) in the name of the Board. The Board and the TTSTC may enter into bond enhancement agreements to provide a source of revenue or security for the payment of bonds issued by the Board in support of the State Water Plan. The SWIFT Funds Transfer Agreement (the SWIFT Funds Transfer Agreement) executed in connection with the issuance of the Bonds and the Revenue Bonds constitutes such a bond enhancement agreement under state law. Pursuant to Subchapter G of Chapter 15 of the Texas Water Code, the Board may elect no more than two transfers of funds from SWIFT in each fiscal year of the State, which commences on September 1 of a calendar year and ends on the succeeding August 31. To that end, on September 3, 2026, the Board and the TTSTC entered into a SWIFT Funds Transfer Agreement, pursuant to which not to exceed \$130,000,000 in funds from SWIFT will be transferred on or before the Date of Delivery to The Bank of New York Mellon Trust Company, N.A. as custodian (the Custodian) pursuant to a trust agreement (the Trust Agreement) and held in a special assistance account to support the payment of debt service on the Bonds and the Board's finding that the Bonds are expected to be self-supporting. See "WATER ASSISTANCE BOND PROGRAM - Financial Assistance Bonds." The Board is entering into the Trust Agreement under authority of Section 17.954, Texas Water Code, as a bond enhancement agreement to further enhance the marketability, security or creditworthiness of the Bonds. Under the terms of the Trust Agreement, moneys held under the Trust Agreement will be transferred on or before debt service payment dates in support of paying debt service on the Bonds. Funds to be transferred under the terms of the SWIFT Funds Transfer Agreement will be the first transfer of moneys from SWIFT effected in the State's fiscal year ending August 31, 2027.

Moneys held under the terms of the Trust Agreement are NOT available to be transferred to support the payment of debt service on any other obligations of the Board now or hereafter issued, including specifically the Revenue Bonds.

Concurrent Issuance of Revenue Bonds

The Board expects to issue its State Water Implementation Revenue Fund for Texas Revenue Bonds, Series 2026 (Master Trust) in a principal amount not to exceed \$1,050,000,000 concurrently with the Bonds. The Revenue Bonds will be issued as revenue bonds under the authority of Sections 49-d-12 and 49-d-13, Article III, Texas Constitution, and Subchapter H, Chapter 15, Texas Water Code, as amended, to provide funds to purchase political subdivision obligations, the proceeds of which will be used

to finance projects included in the State Water Plan. The Revenue Bonds are being offered pursuant to a separate offering document, and will be secured by the funds created under a master trust indenture and bond indenture authorizing the Revenue Bonds, including by the political subdivision bonds purchased with proceeds of the Revenue Bonds. The Revenue Bonds are NOT general obligations of the State and are NOT secured by taxation or by the general revenues of the State. The Bonds shall NOT be payable from the security pledged to the payment of the Revenue Bonds. See "OTHER FINANCIAL ASSISTANCE PROGRAMS OF THE BOARD – State Water Implementation Fund for Texas Program" for more information about the SWIFT Program and SWIRFT revenue bonds.

Anticipated Issuance of Additional General Obligation Bonds

Various State entities, including the Board, have issued and are authorized to issue general obligation bonds or other similar obligations of the State. In addition, by constitutional amendment, the voters of the State may authorize the issuance of additional general obligation bonds or other similar indebtedness for which the full faith, credit and taxing powers of the State are pledged. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "APPENDIX A – THE STATE OF TEXAS."

SOURCES AND USES OF FUNDS

The Series 2026A Bonds

The proceeds from the sale of the Series 2026A Bonds will be applied approximately as follows:

Sources

Principal Amount	
Premium	
Total	<u>\$ -</u>

Uses

Deposit to Financial Assistance Account	
Costs of Issuance ⁽¹⁾	
Underwriters' Discount	
Total	<u>\$ -</u>

(1) Includes legal, financial advisory, rating agency, Paying Agent/Registrar fees of the Board and other costs of issuance.

The Taxable Series 2026B Bonds

The proceeds from the sale of the Taxable Series 2026B Bonds and available funds of the Board, if any, will be applied approximately as follows:

Sources

Principal Amount	
Total	<u>\$ -</u>

Uses

Deposit to Financial Assistance Account	
Costs of Issuance ⁽¹⁾	
Underwriters' Discount	
Total	<u>\$ -</u>

(1) Includes legal, financial advisory, rating agency, Paying Agent/Registrar fees of the Board and other costs of issuance.

THE BONDS

General Provisions

The Bonds will be issued only as fully registered bonds, in denominations of \$5,000 principal amount or any integral multiple thereof (an Authorized Denomination). Interest on the Bonds will accrue from the Date of Delivery at the respective per annum rates for each maturity of Bonds of each series as shown on pages ii and iii, respectively, hereof and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable on August 1, 2027, and on each February 1 and August 1 thereafter until maturity or prior redemption. The Bonds mature on February 1 and August 1 in the years and in the principal amounts set forth on pages ii and iii hereof.

The Board initially will issue the Bonds registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (DTC), pursuant to the book-entry-only system described in APPENDIX E to this Official Statement. Beneficial ownership of the Bonds may be acquired in Authorized Denominations. No physical delivery of the Bonds will be made to the Beneficial Owners (as defined in APPENDIX E) thereof. Principal of and interest on the Bonds will be payable to Cede & Co., which will make distributions of the payments to the participating members of DTC for subsequent remittance to the Beneficial Owners.

Payment of principal of the Bonds will be made to the registered owner upon maturity or redemption prior to maturity only upon presentation and surrender of such Bonds at the Designated Payment/Transfer Office of the Paying Agent/Registrar (defined herein); *provided, however*, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described in APPENDIX E to this Official Statement. When the Bonds are not in the book-entry-only system, interest on the Bonds will be paid to registered owners shown on the registration books kept by the Paying Agent/Registrar at the close of business on the fifteenth day of the month next preceding such interest payment date (the Record Date).

In the event that any date for payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Designated Payment/Transfer Office of 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 day on which such banking institutions are authorized to close. Payment on such later date will not increase the amount of interest due and will have the same force and effect as if made on the original date payment was due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book-entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Board and the securities depository.

Series 2026A Bonds – Redemption Provisions

Optional Redemption. The Series 2026A Bonds having stated maturities on and after _____, 20____, are subject to redemption at the option of the Board, in whole or from time to time in part, on _____, 20____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Series 2026A Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as a term bond.

Taxable Series 2026B Bonds – Redemption Provisions

Optional Redemption. The Taxable Series 2026B Bonds having stated maturities on and after _____, 20____, are subject to redemption at the option of the Board, in whole or from time to time in part, on _____, 20____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Taxable Series 2026B Bonds may be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more consecutive maturities as a term bond.

Selection of Series 2026A Bonds to be Redeemed

If fewer than all of the Series 2026A Bonds that are subject to redemption are called for redemption, the maturities (or mandatory sinking fund redemption amounts within a maturity) to be redeemed will be selected by the Board, and such Bonds to be redeemed within any one maturity will be selected by the Paying Agent/Registrar by lot (or in such other random selection manner as the Paying Agent/Registrar may determine) in integral multiples of \$5,000; provided, however, that during any period in which ownership of such Bonds to be redeemed is determined only by a book-entry-only system at DTC, or a successor securities depository, if fewer than all of such Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate will be selected in accordance with the arrangement between the Board and DTC or successor securities depository.

Selection of Taxable Series 2026B Bonds to be Redeemed

If fewer than all of the Taxable Series 2026B Bonds that are subject to redemption are called for redemption, the maturities (or mandatory sinking fund redemption amounts within a maturity) to be redeemed will be selected by the Board. If the Taxable Series 2026B Bonds are registered in book-entry only form and so long as DTC, or a successor securities depository, is the sole registered owner of such Taxable Series 2026B Bonds and if less than all of the Taxable Series 2026B Bonds of a maturity are called for prior redemption, the particular Taxable Series 2026B Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures; provided, however, the selection for redemption of such Taxable Series 2026B Bonds shall be made in accordance with the operational arrangements of DTC then in effect. It is the Board's intent that redemption allocations made by DTC, the DTC Participants (as defined in APPENDIX E) or such other intermediaries that may exist between the Board and the beneficial owners of the Taxable Series 2026B Bonds be made on a Pro Rata Pass-Through Distribution of Principal basis as described above; however, the Board can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners of the Taxable Series 2026B Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Taxable Series 2026B Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then the Taxable Series 2026B Bonds will be selected for redemption in accordance with DTC procedures by lot. If the Taxable Series 2026B Bonds are no longer registered to DTC or its nominee, any redemption of less than all of a maturity of such Taxable Series 2026B Bonds shall be effected by the Paying Agent/Registrar among owners on a pro-rata basis subject to minimum Authorized Denominations. The Taxable Series 2026B Bonds or portions thereof to be redeemed shall be determined by the Paying Agent/Registrar, using such method as it shall deem fair and appropriate.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption, a written notice of such redemption will be given to the registered owner of each Bond, or portion thereof, that is being called for redemption by depositing such notice in the United States mail, first-class-postage prepaid, addressed to each such registered owner at such owner's address shown on the registration books of the Paying Agent/Registrar. The failure to send, mail, or receive such notice described above, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision will be made by the Board with the Paying Agent/Registrar for the payment of the required redemption price for Bonds or the portion thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption.

The Board reserves the right to give notice of its election to optionally redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of monies and/or Defeasance Securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the Board retains the right to rescind such notice at any time prior to the scheduled redemption date if the Board delivers a certificate or other direction to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such monies and/or Defeasance Securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall not constitute an event of default and shall remain outstanding.

SHOULD NOTICE TO CALL A PARTICULAR SERIES OF BONDS FOR REDEMPTION AT THE OPTION OF THE BOARD BE GIVEN IN THE MANNER PROVIDED ABOVE, BUT THE BOARD SHALL NOT BE ABLE TO PROVIDE THE PAYING AGENT/REGISTRAR WITH AMOUNTS SUFFICIENT TO EFFECT ON THE DATE FIXED FOR REDEMPTION THE PAYMENT OF THE ENTIRE REDEMPTION PRICE OF THE PARTICULAR SERIES OF BONDS SO CALLED FOR REDEMPTION, NO SUCH BONDS SHALL BE REDEEMED ON THE DATE FIXED FOR REDEMPTION, AND THE NOTICE OF REDEMPTION FOR SUCH BONDS SHALL BE NULL AND VOID.

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A. In the Resolutions, the Board retains the right to replace the Paying Agent/Registrar. The Board covenants in the Bond Resolutions to maintain and provide a Paying Agent/Registrar for the Bonds at all times while the Bonds are outstanding and any successor Paying Agent/Registrar is required to be a competent and legally qualified bank or trust company which shall be a corporation organized and doing business under the laws of the United States of America or any state, authorized under such laws to exercise trust powers and subject to supervision by federal or state authority. Upon any change in the Paying Agent/Registrar for the Bonds, the Board agrees to promptly cause a written notice thereof to be sent by the new Paying Agent/Registrar for the Bonds to each registered owner of the affected Bonds by United States mail, first-class-postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligation Pledge

THE BONDS ARE GENERAL OBLIGATIONS OF THE STATE, AND AS PROVIDED IN SECTIONS 49-d-8 AND 49-d-11, AND THE ACT, THE FULL FAITH AND CREDIT OF THE STATE IS PLEDGED FOR THE FAITHFUL PERFORMANCE OF ALL COVENANTS, RECITALS AND STIPULATIONS IN THE RESOLUTIONS AND THE BONDS.

Section 49-d-8 provides that if there is not enough money in the Financial Assistance Account, EDAP Account or State Participation Account (together, the Water Assistance Accounts) available to pay the principal of, premium, if any, and interest on the Water Assistance Bonds payable from such account, including money to make payments by the Board under any Bond Enhancement Agreement with respect to principal of or interest on such Water Assistance Bonds, there is appropriated out of the first money coming into the State Treasury in each fiscal year, not otherwise appropriated by the Constitution, an amount that is sufficient to pay such obligations maturing or becoming due during that fiscal year. If there is not sufficient money in the applicable Water Assistance Account to pay such Water Assistance Bonds payable from such Water Assistance Account, the Texas Water Code directs the Board to notify the Comptroller of such insufficiency and requires the Comptroller to transfer to the applicable Water Assistance Account the first money coming into the State Treasury not otherwise appropriated by the Constitution in amounts sufficient to pay such obligations. The Resolutions establish procedures by which the Board will seek transfers from the Comptroller. See "WATER ASSISTANCE BOND PROGRAM".

Perfection of Security

Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Bonds and the pledge of the security granted by the Board under the Bond Resolutions, and such pledge is therefore valid, effective and perfected. If State law is amended at any time while any Bonds are outstanding and unpaid such that the pledge of the security granted by the Board under the Bond Resolutions is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, as amended, then in order to preserve for the owners of Bonds the perfection of the security interest in said pledge, the Board has agreed to take such measures as it determines are reasonable and necessary under State law to comply with the provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Other Sources of Payment

Section 49-d-8 and the Texas Water Code provide that the State Participation Account, the EDAP Account, and the Financial Assistance Account are separate and distinct from one another and that each such account is a source of payment for Water Assistance Bonds issued with respect to that account. Funds transferred from SWIFT to the Board for deposit in the Financial Assistance Account are not sources of payment for EDAP Bonds or State Participation Bonds. The Board has also established (i) the State Participation Bond Payment Account (with respect to the State Participation Bonds, as defined herein) (the State Participation Bond Payment Account), (ii) the EDAP Bond Payment Account (with respect to the EDAP Bonds) (the EDAP Bond Payment Account), and (iii) the Financial Assistance Bond Payment Account (with respect to the Financial Assistance Bonds) (the Financial Assistance Bond Payment Account).

Accordingly, (i) the Financial Assistance Account and the Financial Assistance Bond Payment Account constitute sources of payment only for the Financial Assistance Bonds, including the Series 2026A Bonds and the Taxable Series 2026B Bonds, as described in this Official Statement. **No EDAP Bonds are being offered pursuant to this Official Statement and the EDAP Account and the EDAP Bond Payment Account are not sources of payment for the Bonds. No State Participation Bonds are being offered pursuant to this Official Statement and the State Participation Account and the State Participation Bond Payment Account are not sources of payment for the Bonds. Amounts in the Financial Assistance Account, including amounts transferred from the special assistance account under the Trust Agreement to the Board for deposit in the Financial Assistance Account, are not sources of payment of the EDAP Bonds or State Participation Bonds.**

On September 3, 2026, the Board and the TTSTC entered into the SWIFT Funds Transfer Agreement, pursuant to which not to exceed \$130,000,000 in funds from SWIFT will be transferred on or before the Date of Delivery to the Custodian to be held pursuant to the Trust Agreement and used to support the payment of debt service for the Bonds and to support the Board's finding that the Bonds are expected to be self-supporting. See "PLAN OF FINANCE - SWIFT Funds Transfer Agreement and Trust Agreement" and "WATER ASSISTANCE BOND PROGRAM - Financial Assistance Bonds."

Enforcement of Payment

The right of mandamus in any court of competent jurisdiction is specifically provided in the Texas Water Code to enforce payment of the Bonds, and obligations incurred under any bond enhancement agreement (a Bond Enhancement Agreement) with respect to the Bonds entered into by the Board pursuant to Section 17.954(c) of the Act, and the performance of official duties prescribed by Section 49-d-8 to make the transfers of funds as required. See "PLAN OF FINANCE - SWIFT Funds Transfer Agreement and Trust Agreement".

Defeasance

The Resolutions provide that any Bond issued thereunder will be deemed paid and no longer Outstanding (a Defeased Bond) when payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (by maturity or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by the Board irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other similar instrument for such payment (a) lawful money of the United States of America sufficient to make such payment and/or (b) Defeasance Securities (as defined below) that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Board with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. As used above and unless otherwise specified in the Approval Certificate, "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the Board provides for the funding of an escrow to effect the defeasance of the applicable Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent.

Upon such deposit as described above, such Bonds shall no longer be regarded to be Outstanding or unpaid. The Board has reserved the option, however, 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 Board, in the proceedings providing for the firm banking and financial arrangements, (i) expressly reserves the right to call the Defeased Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Defeased 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.

Amendment of Resolutions With Consent of Registered Owners

The registered owners aggregating in principal amount at least 51% of the aggregate principal amount of the Bonds (not including any Bonds held by or for the account of the Board) at the time Outstanding shall have the right from time to time to approve any amendment of the Resolutions authorizing the issuance of the Bonds which may be deemed necessary or desirable by the Board; provided, however, that nothing therein shall permit or be construed to permit the amendment of the terms and conditions contained in the Bond Resolutions or in the Bonds so as to:

- (i) make any change in the maturity of any of the Bonds;
- (ii) reduce the rate of interest borne by any of the Bonds;
- (iii) reduce the amount of the principal payable on any of the Bonds;
- (iv) modify the terms of payment of principal of or interest on any of the Bonds, or impose any conditions with respect to such payment;
- (v) change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment; or
- (vi) affect the rights of the registered owners of less than all of the Bonds then outstanding;

unless such amendment or amendments be approved by the registered owners of all of the Bonds of the affected Series at the time Outstanding.

Amendment of Resolutions Without Consent of Registered Owners

The Board may, without prior notice to or the consent of the registered owners of the Bonds, pursuant to an amendatory resolution from time to time:

- (i) impose conditions or restrictions additional to, but not in diminution of, those contained in the Bond Resolutions respecting the issuance of the Bonds;
- (ii) undertake covenants additional to but not inconsistent with those contained in the Bond Resolutions;
- (iii) correct any ambiguity or correct or supplement any inconsistent or defective provision contained in the Bond Resolutions or any amendatory resolution;
- (iv) adopt amendments to the Bond Resolutions that provide for the payment of principal of and interest on the Bonds or the payment of administrative expenses of the Board from Bond proceeds; or
- (v) adopt amendments to the Bond Resolutions that, in the opinion of nationally-recognized bond counsel acceptable to the Board, do not adversely affect the registered owners.

In addition to the foregoing, the Board expressly reserves the right, without prior notice to or consent from the registered owners of the Bonds, to amend certain provisions of the Bond Resolutions to reflect subsequent amendments to the Constitution and the Act, including, without limitation, amendments altering:

- (i) the administration of Development Fund II; or
- (ii) the accounts within Development Fund II; or
- (iii) the deposit or application of money received by the Board as repayments of loans to political subdivisions and interest on those loans, or proceeds from the sale, transfer or lease of facilities held for any account within Development Fund II; or
- (iv) the use of the proceeds of the Bonds; or
- (v) the rights, duties and obligations of the Comptroller as specified in the Bond Resolutions; or
- (vi) the procedure for payment of the Bonds; or
- (vii) the payment of expenses of administering Development Fund II and other authorized expenses of the Board; or the administration of any fund serving as a source of payment of Financial Assistance Bonds, including the Water Infrastructure Fund;

provided, however, that such amendments to the Bond Resolutions can be made only if:

- (a) the Board receives an opinion of nationally-recognized bond counsel acceptable to the Board to the effect that such amendments comply with the Act and the affected Bond Resolutions, that the Bonds of the affected Series continue to be general obligations of the State and the Constitution provides for appropriation out of the first money coming into the State Treasury in each fiscal year, not otherwise appropriated by the Constitution, of an amount sufficient to pay the principal of or interest on the Bonds that mature or become payable during that Fiscal Year, to the extent the same are not otherwise paid from funds pledged to their payment;
- (b) bond counsel acceptable to the Board renders an opinion substantially to the effect that any such amendment will not adversely affect the excludability of interest on any tax-exempt Water Assistance Bonds from gross income for federal income tax purposes; and
- (c) each nationally recognized securities rating agency providing a rating on the Bonds at the time the Bonds were initially delivered to the Underwriters and that has a then existing rating thereon confirms in writing that subsequent to any such amendment, the Bonds will continue to be rated as general obligation bonds of the State.

If the Board so amends any Bond Resolution without the consent of registered owners as provided in this subsection, it shall cause notice of such amendment to be published one time in a financial newspaper or journal of general circulation in the City of New York, New York, or the City of Austin, Texas. Such notice shall contain a summary of the amendatory language, recite that the conditions set forth in items (a) through (c) above have been satisfied, and recite the effective date of such amendment. Such notice shall be published within thirty days of the effective date of such amendment. Such notice shall state that a copy thereof is on file at the principal office of the Board for inspection. Such publication is not required, however, if written notice is given to each registered owner of the affected Bonds.

WATER ASSISTANCE BOND PROGRAM

Development Fund I

The Legislature of the State (the Legislature) and the voters of the State have approved constitutional amendments increasing the Board's bond issuance authority and authorized funding purposes, such that the Board had been authorized to issue up to \$2,480,000,000 in general obligation bonds for various water development purposes (Water Development Bonds) to augment the Texas Water Development Fund (Development Fund I). Pursuant to such authorization, the Board has issued \$1,467,190,000 of Water Development Bonds for Development Fund I. In an effort to aggregate the authority of various constitutional amendments, voters approved Section 49-d-8 in 1997 which provided that bonds otherwise authorized by Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-5, 49-d-6 and 49-d-7 of Article III of the Constitution (the Development Fund I Constitutional Provisions) could be issued as Water Assistance Bonds to augment Development Fund II. Thereafter, all of the liabilities and assets formerly held in Development Fund I were transferred to Development Fund II.

Development Fund II

Development Fund II was established pursuant to Section 49-d-8 in 1997. Development Fund II is a fund in the State Treasury separate and legally distinct from Development Fund I. Section 49-d-8 provides that bonds otherwise authorized by the Development Fund I Constitutional Provisions can be issued to augment Development Fund II. Since Section 49-d-8 consolidated the separate bond issuance authorities contained in the Development Fund I Constitutional Provisions, and provides a more efficient cash flow for Development Fund II than exists for Development Fund I, the Board ceased issuing bonds to augment Development Fund I. In addition, the voters of the State approved Section 49-d-9 in 2001, which authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in an amount not to exceed \$2 billion.

Section 49-d-8 limits the authorized amount of EDAP Bonds that may be issued by the Board under that section to \$250 million in the aggregate, and the Board has previously issued EDAP Bonds in such amount pursuant to that section (including Water Development Bonds previously issued pursuant to subsection (b) of Section 49-d-7 of the Constitution.) In November 2007, the Constitution was amended to add Section 49-d-10, which authorized the Board to issue up to \$250 million in additional general obligation bonds as EDAP Bonds to augment the EDAP Account.

Section 49-d-11 was approved by the voters of the State on November 8, 2011 and authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-11 that are outstanding at any time does not exceed \$6 billion. Section 49-d-14 was approved by the voters of the State on November 5, 2019 and authorizes the Board to issue additional general obligation bonds for the EDAP Account of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-14 that are outstanding at any time does not exceed \$200 million. The effect of the provisions of Section 49-d-11 and Section 49-d-14 is to provide an "evergreen" authorization. Unlike bonds issued under authority of the Development Fund I Constitutional Provisions, Section 49-d-9 and Section 49-d-10 (which provide that the authority to issue bonds is extinguished once bonds are issued), once bonds issued under authority of Section 49-d-11 or Section 49-d-14 are no longer outstanding by their terms, the authority under Section 49-d-11 or Section 49-d-14 to issue bonds in a like principal amount is restored and made available to the Board.

The bonding authority provided by the Development Fund I Constitutional Provisions, Section 49-d-9, and Section 49-d-10 have been fully extinguished. Section 49-d-11 and Section 49-d-14 currently represent the only remaining authority to issue Water Assistance Bonds. See "TABLE 1: WATER ASSISTANCE BONDS" below.

Major Accounts within Development Fund II

Within Development Fund II, the Board has established the "Financial Assistance Bond Payment Account" the "State Participation Bond Payment Account," the "EDAP Bond Payment Account," and other accounts necessary for the proper administration of Development Fund II, as determined by the Board. In addition, the Board has the authority to create additional accounts as may be needed to administer its programs. Money on deposit in the Financial Assistance Account may be used for Water Assistance Projects; money on deposit in the State Participation Account may be used for State Participation Projects (defined herein) and money on deposit in the EDAP Account may be used for EDAP Projects. Money in each such account can be used to pay the expenses of the Board in connection with the issuance of bonds for such account and the administration of such account and for the payment of debt service on bonds issued for such account, including payments, if any, required under a Bond Enhancement Agreement with respect to principal of and interest on such bonds.

Section 49-d-8 and the Texas Water Code provide that the Financial Assistance Account, the State Participation Account, the Water Infrastructure Fund, and the EDAP Account are separate and distinct from one another and that each such account is a source of payment for Water Assistance Bonds issued with respect to that account. The Board has also established (i) the Financial Assistance Bond Payment Account, (ii) the State Participation Bond Payment Account and (iii) the EDAP Bond Payment Account. Accordingly, (i) the Financial Assistance Account and the Financial Assistance Bond Payment Account constitute sources of payment only for the Financial Assistance Bonds, (ii) the State Participation Account and the State Participation Bond Payment Account constitute sources of payment only for State Participation Bonds and (iii) the EDAP Account and the EDAP Bond Payment Account constitute sources of payment only for the EDAP Bonds.

For purposes of the discussion of Development Fund II herein, the following capitalized terms have the following meanings pursuant to the Resolutions:

"Water Assistance Project" means any project for which the Board is authorized to provide financial assistance, in accordance with the purposes described by Article III, Sections 49-c, 49-d, 49-d-1, 49-d-2, 49-d-5, 49-d-6, 49-d-7, or 49-d-8, Texas Constitution, other than (i) a State Participation Project or (ii) an EDAP Project. The term "Water Assistance Project" includes, without limitation, transfers to or deposits to the credit of any state revolving fund administered by the Board under the provisions of the Texas Water Code, specifically Chapter 15, Texas Water Code, and transfers to or deposits to the credit of the Rural Water Assistance Fund or the Water Infrastructure Fund.

"State Participation Project" means any project found by the Board to be in accordance with the purposes described in Section 16.131, Texas Water Code.

"EDAP Project" means any project found and determined by the Board to be in accordance with the purposes described in Subchapter K, Chapter 17, Texas Water Code.

Financial Assistance Bonds

As a practice, the Board's policy historically has been that debt service on Financial Assistance Bonds be self-supporting, and the Board has expected that program revenues flowing into the Financial Assistance Account will be sufficient to meet debt service requirements on outstanding Financial Assistance Bonds. The Board currently anticipates that the Board's policy will continue for the Bonds. No assurance, however, can be given that subsequent events, including, without limitation, changes in relevant constitutional or statutory provisions, will not cause the Board to change such policy. In connection with the issuance of State of Texas Water Financial Assistance Bonds, Series 2025E (State Water Plan) and State of Texas Water Financial Assistance Bonds, Taxable Series 2025F (State Water Plan) (together, the Series 2025 Water Financial Assistance State Water Plan Bonds), which were issued to fund water assistance projects included in the State Water Plan and identified for funding through the SWIFT program to further augment the availability of funding for projects and commitments approved for the 2025 prioritization cycle, the Board transferred \$62,041,380 from SWIFT to a custodian to be held pursuant to a trust agreement to support the payment of debt service on the Series 2025 Water Financial Assistance State Water Plan Bonds and to support the Board's finding that such bonds are expected to be self-supporting.

Financial Assistance Account. Consistent with the Texas Water Code and Section 49-d-8, the Financial Assistance Account receives the following money, which will be used as further described below:

- (i) Money and Assets Attributable to Bonds (as defined in the 2026A Resolution and the 2026B Resolution) designated by the Board as issued for Water Assistance Projects;
- (ii) payments received under a Bond Enhancement Agreement with respect to Financial Assistance Bonds designated by the Board as issued for Water Assistance Projects;
- (iii) investment income earned on money on deposit in the Financial Assistance Account; and
- (iv) any other funds, regardless of their source, that the Board directs to be deposited to the credit of the Financial Assistance Account.

See APPENDIX B attached hereto for unaudited financial data relating to the Financial Assistance Account for various fiscal years, including the fiscal year ended August 31, 2025. See "OTHER INFORMATION – Unaudited Financial Information".

Financial Assistance Bond Payment Account. The Board has established the Financial Assistance Bond Payment Account as a special account into which amounts will be deposited, as more fully described below, from the Financial Assistance Account, or otherwise from the State Treasury, and used to pay the principal of, premium, if any, and interest payable on the Financial Assistance Bonds, including, to the extent determined by the Board, amounts sufficient to make payments, if any, required under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds. In the case of Water Infrastructure Bonds, appropriations from the State's General Revenue Fund and moneys received from repayments of loans made from the Water Infrastructure Fund shall be used to pay debt service on Water Infrastructure Bonds, and such moneys will be deposited to the credit of an account within the Water Infrastructure Fund (the Water Infrastructure Fund Bond Payment Account) to pay debt service on Water Infrastructure Bonds. The Water Infrastructure Fund has become self-supporting and program revenues are now sufficient to meet debt service requirements on the Water Infrastructure Fund Bonds. As a result, the Board currently anticipates that the Legislature will no longer make appropriations from the State's General Revenue Fund to support debt service payments on the Water Infrastructure Bonds. See "WATER ASSISTANCE BOND PROGRAM – Water Infrastructure Fund."

Financial Assistance Bonds Flow of Funds. On or before the date interest or interest on and principal of the Financial Assistance Bonds is scheduled to become due and payable, the Board must cause to be transferred, from moneys available for such purpose in the Financial Assistance Account to the Financial Assistance Bond Payment Account an amount which will be sufficient to pay the principal of and premium, if any, and interest on the Financial Assistance Bonds, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, when such interest or interest and principal, and premium, if any, or such payments, if any, become due and payable, with allowance being made for money currently on deposit in the Financial Assistance Bond Payment Account and available to make such payments.

If the Executive Administrator of the Board or the designee thereof determines within fifteen (15) days of an interest or principal payment date that the money available in the Financial Assistance Account or, in the case of the refunded rural water assistance fund bonds, the Rural Water Assistance Fund, for transfer to the Financial Assistance Bond Payment Account, as described above, is not sufficient to pay the principal of, premium, if any, and interest on the Financial Assistance Bonds, which then are outstanding and are scheduled to be due and payable on such interest or principal payment date, including, to the extent determined by the Board, an amount which will be sufficient to make payments by the Board under one or more Bond Enhancement Agreements with respect to principal of or interest on such Financial Assistance Bonds, the Executive Administrator or the designee thereof is required to request the Comptroller to deposit no later than three days prior to such interest or principal payment date, or as soon thereafter as sufficient money has been received in the State Treasury, in the Financial Assistance Bond Payment Account out of the first money coming into the State Treasury, sufficient money so that the total amount in the Financial Assistance Bond Payment Account will be sufficient to pay the principal, premium, if any, and interest to mature and come due on the Financial Assistance Bonds on such interest or principal payment date, or to make any payments by the Board, to the extent determined by the Board, under any Bond Enhancement Agreement with respect to principal of or interest on such Financial Assistance Bonds, and to pay all collection and exchange charges in connection therewith.

After making the transfers for the benefit of the Financial Assistance Bond Payment Account, other available money remaining in the Financial Assistance Account may, at the direction of the Board, be used for Water Assistance Projects and all of the purposes for which the Board may expend money in the Financial Assistance Account under Section 49-d-8. See "WATER ASSISTANCE BOND PROGRAM – Development Fund II."

Notwithstanding the foregoing, money in the Financial Assistance Account representing proceeds from Financial Assistance Bonds, prepayments of financial assistance provided from the Financial Assistance Account or proceeds from the sale or other disposition of the Board's rights to receive repayments of such financial assistance are not available for transfer to the Financial Assistance Bond Payment Account unless by resolution the Board specifically authorizes the transfer of any such proceeds or prepayments so identified in said resolution to the Financial Assistance Bond Payment Account.

Water Infrastructure Fund

No Water Infrastructure Bonds are being offered pursuant to this Official Statement. Section 49-d-9 requires that \$50,000,000 of the bonds authorized to be issued under Section 49-d-9 be used for the Water Infrastructure Fund, a special fund in the State Treasury established under Subchapter Q of Chapter 15 of the Texas Water Code to provide financial assistance to eligible Texas political subdivisions (the Water Infrastructure Fund). The Board met this requirement in 2008. Since 2007, the Legislature has authorized appropriations of money from the State's General Revenue Fund to support the payment of debt service on general obligation bonds issued for the Water Infrastructure Fund (Water Infrastructure Bonds). There are no longer any Water Infrastructure Bonds outstanding, and the Board does not anticipate that the Legislature will make appropriations from the State's General Revenue Fund to support debt service payments on any Water Infrastructure Bonds.

The Board may direct the Comptroller to transfer amounts from the Financial Assistance Account to the Water Infrastructure Fund to provide financial assistance under the Texas Water Code for the purposes provided in Subchapter Q, as listed in Section 15.974, Texas Water Code, as amended. Subchapter Q further provides that the Water Infrastructure Fund may be used (1) as a source of revenue for the repayment of debt service on Financial Assistance Bonds, the proceeds of which have been deposited into the Water Infrastructure Fund, and (2) pursuant to HB 1904 of the 87th Regular Session of the Legislature, effective September 1, 2021, to make transfers from the Water Infrastructure Fund to the Financial Assistance Account for the purposes described in Section 49-d-8, other than for the purposes described in Sections 17.957 and 17.958, Texas Water Code, as amended.

TABLE 1: WATER ASSISTANCE BONDS*

As of August 31, 2026					
Constitutional Provision^{(1),(2)}	Purpose	Constitutionally Authorized Amount	Authorization Used⁽³⁾	Authorization Currently Being Issued	Authorization Remaining⁽⁴⁾
Section 49-d-11 ⁽⁵⁾	Development Fund II	\$ 6,000,000,000	\$ 882,376,943	\$ 766,815,000	\$ 4,350,808,057
Section 49-d-14 ⁽⁶⁾	EDAP	200,000,000	96,384,842		103,615,158
Total			\$ 978,761,785	\$ 766,815,000	\$ 4,454,423,215

* Preliminary, subject to change.

(1) All section references are to Article III of the Texas Constitution.

(2) The bonding authority provided by the Development Fund I Constitutional Provisions, Section 49-d-9, and Section 49-d-10 has been fully extinguished. Section 49-d-11 and Section 49-d-14 currently represent the only remaining authority to issue Water Assistance Bonds.

(3) Authorization is evergreen; therefore, "Authorization Used" represents aggregate principal amount of bonds outstanding, together with premium derived from the sale of such bonds and used to augment Development Fund II. Excludes principal amount of bonds previously issued and paid (and related amortized premium).

(4) Assumes delivery of the Bonds. Authorization is evergreen; therefore, "Authorization Remaining" will increase as principal amount of bonds previously issued and in the process of issuance is paid (and related premium is amortized).

(5) Section 49-d-11 authorizes the Board to issue additional general obligation bonds for one or more accounts of Development Fund II in amounts such that the aggregate principal amount of bonds issued under Section 49-d-11 that are outstanding at any time does not exceed \$6 billion.

(6) Section 49-d-14 authorizes the Board to issue additional general obligation bonds for the EDAP Account in amounts such that the aggregate principal amount of bonds issued under Section 49-d-14 that are outstanding at any time does not exceed \$200 million.

OTHER FINANCIAL ASSISTANCE PROGRAMS OF THE BOARD

In addition to the financial assistance programs described under "WATER ASSISTANCE BOND PROGRAM", the Board administers other assistance programs which are funded with special revenues, general revenues or the proceeds of general obligation bonds of the State. The following is a brief summary of such programs. **None of the following programs are being funded with proceeds from the Bonds offered pursuant to this Official Statement.**

Texas Agricultural Water Conservation Bond Program

Article III, Section 50-d of the Constitution (adopted in 1985) authorizes the Board to issue general obligation Texas Agricultural Water Conservation Bonds. Subchapter J was added to Chapter 17 of the Texas Water Code, implementing the Agricultural Water Conservation Bond Program and creating the Agricultural Water Conservation Fund (Agriculture Fund).

Money in the Agriculture Fund may be used to provide grants to State agencies to fund conservation programs or conservation projects, provide grants or loans to certain political subdivisions for conservation programs or conservation projects, provide linked deposits to certain financial institutions for loans to certain entities and individuals for conservation projects, pay for the Board's conservation programs, pay costs of issuance for and debt service due on Texas Agricultural Water Conservation Bonds, and to pay the Board's related administrative expenses. Conservation programs, certain costs of which may be financed from the Agriculture Fund, include: (a) agricultural water conservation technical assistance programs; (b) research, demonstration, technology transfer, or educational programs relating to agricultural water use and conservation; (c) precipitation enhancement programs; and (d) any other agricultural water conservation program defined by Board rule. Conservation projects, certain costs of which may be financed from the Agriculture Fund, include projects that: (a) improve water use efficiency; (b) prepare irrigated land for conversion to dry land conditions; (c) prepare dry land for more efficient use of precipitation; (d) purchase and fund the acquisition and installation of devices on public or private property to indicate the amount of water withdrawn for irrigation; (e) prepare and maintain land to be used for brush control activities; and (f) implement any other agricultural water conservation project defined by Board rule.

TABLE 2: AGRICULTURE FUND GENERAL OBLIGATION BONDS

As of August 31, 2026

Constitutional Provision ⁽¹⁾	Purpose	Constitutionally Authorized Amount	Previously Issued	Authorized But Unissued
Section 50-d	Agriculture Fund	\$ 200,000,000	\$ 35,160,000	\$ 164,840,000
Total			\$ 35,160,000	\$ 164,840,000

⁽¹⁾ All section references are to Article III of the Texas Constitution.

Flood Infrastructure Fund

Article III, Section 49-d-14 of the Texas Constitution (adopted in 2019) created the Flood Infrastructure Fund (FIF) as a special fund in the State Treasury outside the general revenue fund. Subchapter I was added to Chapter 15 of the Texas Water Code to implement the FIF program and establish the FIF. The FIF is administered by the Board and has been funded with transfers of approximately \$1.4 billion from the State's general revenue fund and economic stabilization fund. The Board may utilize the proceeds of general obligation bonds or revenue bonds issued for an authorized purpose of the FIF.

The FIF program provides grants and zero interest loans for flood control, flood mitigation, and drainage projects included in the State Flood Plan. The most current State Flood Plan, the 2024 State Flood Plan was adopted by the Board on August 15, 2024. The 2024 State Flood Plan is available on the website of the Board at www.twdb.texas.gov/flood/planning/sfp/2024/index.asp. Eligible projects include structural, nonstructural, and nature-based solutions which fall into one of three categories: flood management evaluation, flood mitigation project, or flood management strategy. Project funding is available to eligible political subdivision applicants, including a city, county, district or authority created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution. In addition, funding for flood protection planning for watersheds is also available to any other political subdivision of the State, any interstate compact commission to which the State is a party, and any nonprofit water supply corporation created and operating under Chapter 67 of the Texas Water Code.

Texas Water Fund

In the 88th Regular Session of the Texas Legislature, the Texas Water Fund (TWF) was created through the enactment of Senate Bill (S.B.) 28 and Senate Joint Resolution (S.J.R.) 75. On November 7, 2023, the voters approved amending the State Constitution in the manner provided by S.J.R. 75 and the TWF was lawfully authorized. The TWF is a special fund in the State Treasury, outside the general revenue fund of the State. Through the operation of S.B. 28 and the enactment of the constitutional amendment, an appropriation of \$1 billion to the TWF became effective. While not a new financial assistance program, the Board is authorized by Subchapter H-1, Chapter 15, Texas Water Code (Subchapter H-1), to use the TWF to augment funding in several of its existing financial assistance programs. Section 15.504, Texas Water Code, prescribes the uses to which funds in the TWF may be used. The Board has previously transferred funds from the TWF to SWIFT in a total amount of \$460,265,020. On July 23, 2026, the Board authorized a transfer of funds from the TWF to the New Water Supply Fund for Texas (described below) in an amount not to exceed \$240million and the transfer of an equal amount from the New Water Supply Fund for Texas to SWIFT, in connection with the 2026 prioritization cycle. See "-State Water Implementation Fund for Texas Program." The TWF does not constitute security for any of the Board's financial assistance programs; specifically, the TWF does not constitute security for the Bonds.

New Water Supply for Texas Fund

The New Water Supply for Texas Fund is a special fund in the State Treasury administered by the TWDB. The fund may be used for the following purposes: (1) to provide financial assistance to political subdivisions of the State to develop water supply projects that create new water sources for the State, including desalination projects (which may include marine and brackish water desalination); produced water treatment projects, other than projects that are only for purposes of oil and gas exploration; aquifer storage and recovery projects; water and wastewater reuse projects; acquisition of water or water rights originating from outside Texas; “shovel-ready” reservoirs; and the development of infrastructure to transport water that is made available by these types of projects; (2) to make transfers to the SWIFT and to the Development Fund II for eligible projects through those programs; (3) to make transfers to the Texas Water Bank Account, which was established to facilitate the transfer, sale, or lease of water and water rights throughout the State, including purchasing, holding, and transferring water rights in the TWDB's name; and (4) to make transfers to the State Participation Account of the Development Fund II for eligible projects through that program. Pursuant to Subchapter C-1 of Chapter 15 of the Texas Water Code, the Texas Legislature directed the Board to undertake the financing of projects through the New Water Supply Fund for Texas that will lead to approximately 7 million acre-feet of new water supplies by December 31, 2033.

Revenue Bonds

The Board is authorized to issue an unlimited amount of revenue bonds to fund certain eligible projects. The Board has the authority to sell revenue bonds for the following purposes: (1) to finance the construction of water and wastewater projects of political subdivisions and nonprofit water supply corporations; (2) to provide interim financing to political subdivisions which are also receiving long term financing from the Board; (3) to finance projects of nonprofit water supply corporations; (4) to provide the State matching funds for federal funds provided to the Clean Water State Revolving Fund (CWSRF), the Drinking Water State Revolving Fund (DWSRF), and any additional State revolving fund hereafter established by the Board to provide financial assistance to political subdivisions for public works in accordance with a federal capitalization grant program; and (5) to finance water and sewer projects in economically distressed areas to the extent such assistance will not adversely affect the current or future integrity of financial assistance programs of the Board. The Board's revenue bonds do not constitute a debt of the State, and neither the full faith and credit nor the taxing authority of the State is in any manner pledged, given or loaned to the payment of the Board's revenue bonds. Further, the Board's revenue bonds are not secured by or payable from money in either Development Fund I or Development Fund II.

State Water Pollution Control Revolving Fund

The Federal Water Pollution Control Act of 1972, as amended by the Water Quality Act of 1987, as amended (the Federal Act), established the Federal Loan Program (described below) as a joint federal and state program. Under the Federal Loan Program, the United States Environmental Protection Agency (USEPA) is authorized to make grants (the SRF Capitalization Grants) to states to aid in providing financial assistance to municipalities; intermunicipal, interstate or state agencies; or other public entities eligible for assistance under the Federal Act (the Eligible Borrowers) for eligible projects including the construction of publicly owned treatment works, managing stormwater, measures to reduce the demand for publicly owned treatment works capacity through water conservation, efficiency, or reuse, and nonpoint source pollution control projects and other authorized purposes pursuant to the Federal Act. As a condition to receipt of an SRF Capitalization Grant, a state is required to establish a perpetual state revolving fund into which the SRF Capitalization Grant must be deposited, and to provide state matching funds for the SRF Capitalization Grant. Funds in a state revolving fund are permitted to be applied to provide financial assistance to Eligible Borrowers in a number of ways, including making direct loans, purchasing or refinancing debt obligations and providing loan guarantees.

Pursuant to Chapter 15, Subchapter J of the Texas Water Code (Subchapter J), which became effective June 17, 1987, the State created the CWSRF for the purpose of providing financial assistance to Eligible Borrowers for authorized activities and uses. The Board currently provides financial assistance by purchasing political subdivision obligations from Eligible Borrowers, or by providing loans or principal forgiveness.

The Board purchases political subdivision obligations or provides loans under the CWSRF program with terms up to thirty (30) years from project completion, but in no event longer than the projected useful life of the project financed or refinanced.

State Safe Drinking Water Revolving Fund

The Federal Safe Drinking Water Act (SDWA) established national primary drinking water regulations to protect the safety of the public's drinking water. Under the SDWA, the USEPA is authorized to make grants (DWSRF Capitalization Grants) to states to assist communities in meeting established drinking water standards. As a condition to receipt of a DWSRF Capitalization Grant, a state is required to establish a drinking water state revolving fund into which the DWSRF Capitalization Grant must be deposited, provide state matching funds for the DWSRF Capitalization Grant for deposit in the safe drinking water revolving fund and comply with certain other requirements of the SDWA. Pursuant to Subchapter J, Texas created the DWSRF for the purpose of providing financial assistance to political subdivisions and water supply corporations. The Legislature expanded the program to allow funding for privately owned corporations for loan subsidies, provided that only appropriated funds and federal grants are utilized for such purpose.

DWSRF funds are permitted to be applied to provide financial assistance to community water systems and non-profit community water systems in a number of ways, including making direct loans, retiring existing debt through refinancing, and providing loan guarantees for expenditures that facilitate compliance with the primary national drinking water regulations. Under the SDWA, no less than 15% of money credited to the DWSRF must be provided to public water systems which serve fewer than 10,000 persons to the extent such funds can be obligated for eligible projects. Additional set asides may be made for source water protection loans and programs for capacity development and for state administration of the SDWA. The Board currently provides financial assistance by purchasing political subdivision obligations from Eligible Borrowers, or by providing loans or principal forgiveness. The maximum term of such form of financial assistance may not exceed thirty (30) years from project completion, but in no event longer than the expected design life of the project financed or refinanced.

State Water Implementation Fund for Texas Program

Pursuant to Subchapter C of Chapter 16 of the Texas Water Code, the Texas Legislature directed the Board to prepare, develop, formulate, and adopt a comprehensive state water plan (the State Water Plan) prior to January 2002. Thereafter, the Board has been responsible for preparing, developing, formulating and adopting a State Water Plan before the end of each successive five-year period. For purposes of developing the State Water Plan, the State is divided into 16 regional water planning areas. Each regional water planning group for each regional water planning area must prepare a regional water plan and submit the plan to the Board for approval. Upon adoption of the State Water Plan, the Board is required to deliver the State Water Plan to the Governor, the Lieutenant Governor and the Speaker of the Texas House of Representatives, and present the adopted State Water Plan for review to the appropriate legislative committees in the Texas Legislature. The most current State Water Plan, the 2027 State Water Plan, was adopted by the Board on July 23, 2026. The 2027 State Water Plan is available on the website of the Board, at <http://www.twdb.texas.gov/waterplanning/swp/2027/index.asp>. See “State Water Plan” for more information.

In 2013, the 83rd Regular Session of the Texas Legislature enacted enabling legislation to implement provisions relating to the proposed constitutional amendments that created the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT) to enhance the ability of the State to provide financial assistance for projects to implement the State Water Plan. With the adoption of the two amendments to the Texas Constitution as described below, the plan envisioned by the Texas Legislature was implemented. Revenue bonds issued to support the “State Water Implementation Fund for Texas Program” are issued through the SWIRFT. At an election held on November 5, 2013, the voters of Texas approved constitutional amendments which added two new sections to Article III of the Constitution. Generally, Section 49-d-12 provided for the appropriation of \$2 billion from the State’s economic stabilization fund to create and fund SWIFT as a special fund in the State Treasury outside the general revenue fund of the State. Section 49-d-13 created SWIRFT as a special fund in the State Treasury outside the general revenue fund of the State.

Section 49-d-12 provides that money in SWIFT shall be administered, without further appropriation, by the Board for the purpose of implementing the State Water Plan. In addition, Section 49-d-12 authorizes the Texas Legislature to authorize the Board to enter into Bond Enhancement Agreements to provide a source of revenue or security for general obligation bonds or revenue bonds issued by the Board, the proceeds of which are used to finance State Water Plan projects, provided, that the Bond Enhancement Agreements do not exceed the capacity of SWIFT to fully support such agreements. Moneys to be made available under the terms of a Bond Enhancement Agreement are contributed solely from SWIFT. Subchapter G of Chapter 15 of the Texas Water Code provides that the Board has legal title to the money and investments of SWIFT to be used without further appropriation for the sole purpose of implementing the State Water Plan. Responsibility for the management and investment of SWIFT is conferred on the Texas Treasury Safekeeping Trust Company (TTSTC), a special-purpose trust company incorporated by the Comptroller under authority granted by Subchapter G of Chapter 404, Texas Government Code, which holds and invests SWIFT for and in the name of the Board.

The goal of the State Water Implementation Fund for Texas Program is to achieve funding of approximately \$27 billion of water projects over 50 years from 2015 and that the original \$2 billion capitalization of SWIFT is available in perpetuity. Subchapter G of Chapter 15 of the Texas Water Code provides that in each five year period between adoptions of a new State Water Plan, the Board shall undertake to apply not less than 10 percent of SWIFT funds to support projects that are for rural political subdivisions or agricultural water conservation, and 20 percent of SWIFT funds to support projects, including agricultural irrigation projects, that are designed for water conservation or reuse.

In accordance with State law, \$2 billion from the State’s economic stabilization fund was appropriated and transferred to SWIFT and approximately \$460 million has been transferred from the Texas Water Fund to SWIFT in connection with previous prioritization cycles. As of June 30, 2026, approximately \$1,333,325,429 has been transferred from SWIFT to provide a source of revenue or security for SWIRFT revenue bonds issued by the Board, as further described below. In addition to amounts transferred from SWIFT to provide a source of revenue or security for SWIRFT revenue bonds, in connection with the issuance of the Series 2025 Water Financial Assistance State Water Plan Bonds, the Board transferred \$62,041,380 from SWIFT to a custodian to be held pursuant to a trust agreement and used to support the payment of debt service on such bonds. Pursuant to the SWIFT Funds Transfer Agreement, the Board anticipates that not more than \$130,000,000 will be transferred on or before the Date of Delivery of the Bonds from SWIFT to the Custodian to be held pursuant to the Trust Agreement to support the payment of debt service on the Bonds, and that not more than \$125,000,000 will be transferred on or before the date of delivery of the Revenue Bonds from SWIFT to the funds created under the master trust indenture and bond indenture for the Revenue Bonds to support the payment of debt service on the Revenue Bonds. See “WATER ASSISTANCE BOND PROGRAM - Financial Assistance Bonds”. SWIFT is administered by the TTSTC. According to information available from TTSTC, as of June 30, 2026 SWIFT had a balance of approximately \$2.23 billion.

Additionally, on July 23, 2026, the Board voted to authorize the additional transfer of up to \$240 million from the Texas Water Fund to the New Water Supply Fund for Texas, and the transfer of an equal amount from the New Water Supply Fund for Texas to SWIFT, in connection with the 2026 prioritization cycle. Information relating to the administration of SWIFT by the TTSTC can be found at its website, TTSTC.org.

Section 49-d-13 authorizes the Texas Legislature to authorize the Board to issue bonds and enter into related credit agreements that are payable from revenues available to SWIRFT. Obligations issued or incurred pursuant to Section 49-d-13 are special obligations payable solely from amounts in SWIRFT. Moneys in SWIRFT consist of moneys transferred or deposited to the credit of SWIRFT by law; the proceeds of any fee or tax that may be imposed by the State in the future that by statute is dedicated for deposit to the credit of SWIRFT; any other revenue that the Texas Legislature dedicates for deposit to SWIRFT; investment earnings on amounts credited to SWIRFT; bond proceeds, including proceeds from revenue bonds issued for SWIRFT; repayments of political subdivision obligations made from SWIRFT; money from the sale, transfer, or lease of a project acquired, constructed, reconstructed, developed, or enlarged with money from SWIRFT; and money disbursed to SWIRFT from SWIFT.

The Board may use money in SWIRFT (i) as a source of revenue or security for the payment of the principal of and interest on revenue bonds issued by the Board under Subchapter H of Chapter 15 of the Texas Water Code, other bonds issued by the Board if the proceeds of SWIRFT revenue bonds will be deposited in the SWIRFT, (ii) to acquire political subdivision obligations or other assets from another fund or account administered by the Board, or (iii) to pay necessary and reasonable costs incurred by the Board in administering SWIRFT. Money deposited to the credit of SWIRFT must be invested as determined by the Board. Subchapter H of Chapter 15 of the Texas Water Code also authorizes that Board to issue revenue bonds for the purpose of providing money for SWIRFT. Revenue bonds issued under Subchapter H of Chapter 15 of the Texas Water Code are special obligations of the Board payable only from and secured by designated income and receipts of SWIRFT, and do not constitute indebtedness of the State.

As of June 30, 2026, the Board has issued eighteen series of SWIRFT revenue bonds, aggregating \$11,215,880,000 in principal amount outstanding. The following entities are Significant Borrowers under the SWIRFT revenue bond indentures: Tarrant Regional Water District; Lone Star Regional Water Authority; Palo Pinto County Municipal Water District No. 1; Coastal Water Authority, North Harris County Regional Water Authority; Sabine River Authority of Texas; North Fort Bend Water Authority; Upper Trinity Regional Water District, the North Texas Municipal Water District, and Brazosport Water Supply Corporation.

Rural Water Assistance Fund

Chapter 15, Subchapter R, of the Texas Water Code authorizes and governs the Rural Water Assistance Fund (RWAf), which is a special fund in the State Treasury. The RWAf may be used, among other purposes, to (i) provide low interest loans to Rural Political Subdivisions as defined in Section 15.001, Texas Water Code, as amended, for water or water related projects and for water quality enhancement projects, including the construction of infrastructure facilities for wholesale or retail water and sewer service, desalination projects, the purchase or lease of well water fields; the construction of infrastructure facilities for wholesale purchase or lease of rights to produce groundwater; onsite or wetland wastewater treatment facilities; and interim financing of construction projects, (ii) finance water projects in the State Water Plan or regional water plan or (iii) enable a Rural Political Subdivision to obtain water or wastewater service supplied by larger political subdivisions or to finance the consolidation or regionalization of neighboring political subdivisions, or both. The RWAf may also be used to (a) contract for outreach, financial, planning, and technical assistance to assist Rural Political Subdivisions for any purpose that could be funded by the RWAf and (b) buy down interest rates on loans or provide grants to Rural Political Subdivisions.

The Board may direct the Comptroller to transfer amounts from the Financial Assistance Account to the RWAf to provide financial assistance under the Texas Water Code for the purposes provided in Subchapter R, specifically for the uses described above, as listed in Section 15.994, Texas Water Code, as amended. Subchapter R further provides that the RWAf may be used as a source of revenue for the repayment of debt service on Financial Assistance Bonds, the proceeds of which have been deposited into the RWAf.

Texas Water Resources Finance Authority

The Texas Water Resources Finance Authority (the Authority), created in 1987 by the Legislature as a governmental entity and a body politic and corporate, is governed by a board of directors composed of the TWDB members. Because the Authority is a separate legal entity from the Board, it may issue revenue bonds, the proceeds of which may be used for the purpose of purchasing political subdivision bonds from the Board's existing loan portfolio or directly from political subdivisions. The Authority's revenue bonds do not constitute a debt of the State, and neither the full faith and credit nor the taxing authority of the State is in any manner pledged, given or loaned to the payment of the Authority's revenue bonds.

TEXAS WATER DEVELOPMENT BOARD

General

The Board is an agency of the State and was created by constitutional amendment in 1957. Its mission is to lead the State's efforts in ensuring a secure water future for Texas. The Board is responsible for long-range water planning in the State. The Board is primarily responsible for the State's financial programs associated with the water industry, including the establishment of policy for the financial programs.

The Board initially was given authorization to issue as general obligations of the State \$200,000,000 in "Water Development Bonds" for the "construction of dams, reservoirs and other water storage projects". Subsequent amendments to the Constitution and enabling legislation expanded the types of water-related facilities eligible for Board financial assistance to include all components of water supply, wastewater (sewage) conveyance and treatment, flood control, municipal solid waste management and agricultural water conservation projects. The Board may also execute contracts with any agency of the United States for the acquisition and development of storage facilities in the State and reservoirs constructed by the federal government, which contracts constitute general obligations of the State.

The primary focus of the Board prior to 1985 was to provide loans to assist communities that found it a hardship to obtain funding from other sources. Constitutional amendments and legislative changes implemented in 1985 broadened the eligibility criteria to include all eligible applicants and regional water, wastewater, municipal solid waste management, flood control projects, and water projects that involved the conversion from a ground water supply source to a surface supply. In 1987, with the creation of the Clean Water State Revolving Fund (CWSRF), all political subdivisions (no hardship or regional criteria required) became eligible to apply for financial assistance for wastewater treatment projects. In 1989, a constitutional amendment and legislation authorized the Board to provide loan and grant assistance to construct potable water supply and sanitary sewer systems in impoverished areas through the Economically Distressed Areas Program (EDAP). In 1998, the State established the Drinking Water State Revolving Fund (DWSRF) to receive proceeds of certain federal grants, provide matching funds and make loans to political subdivisions and water supply corporations that facilitate compliance with the federal government's primary national drinking water regulations. In 2013, the voters of the State also approved a constitutional amendment which created the SWIFT and the SWIRFT, and such funds are currently administered by the Board for the purpose of implementing the State Water Plan. See "OTHER FINANCIAL ASSISTANCE PROGRAMS OF THE BOARD – State Water Implementation Fund for Texas Program."

State Water Plan

The Board, as the Board of Water Engineers, prepared the first state water plan in 1961. Pursuant to Subchapter C of Chapter 16 of the Texas Water Code, the Texas Legislature directed the Board to prepare, develop, formulate, and adopt the State Water Plan, based upon a regional water planning process, by January 2002. Thereafter, the Board has been responsible for preparing, developing, formulating and adopting a State Water Plan before the end of each successive five-year period. The State Water Plan provides for and identifies projects in furtherance of the orderly development, management, and conservation of water resources and preparation for and response to drought conditions, in order that, if implemented, sufficient water will be available at a reasonable cost to ensure public health, safety and welfare, further economic development and protect the agricultural and natural resources of the entire State.

For purposes of developing the State Water Plan, the State is divided into 16 regional water planning areas. Each regional water planning group for each regional water planning area must prepare a regional water plan and submit the plan to the Board for approval by the Board, and for inclusion in the State Water Plan. The regional water planning groups shall submit their adopted regional water plans to the Board no later than January 5 of the year that is one year prior to the date the Board is to adopt the State Water Plan for the ensuing five-year period.

On adoption of the State Water Plan, the Board is required to deliver the State Water Plan to the Governor, the Lieutenant Governor and the Speaker of the Texas House of Representatives and present the adopted State Water Plan for review to the appropriate legislative committees in the Legislature.

The Board unanimously approved the most current 2027 State Water Plan on July 23, 2026, and it is available on the website of the Board at: <https://www.twdb.texas.gov/waterplanning/swp/2027/index.asp>.

Board Members

The members of the Board currently are:

L'Oreal Stepney, P.E., Chairwoman. L'Oreal Stepney was named Chairwoman of the Texas Water Development Board by Governor Abbott on January 8, 2025. Governor Abbott appointed her to the Board in December 2022 for a term beginning January 1, 2023. Stepney previously served as the deputy executive director of the Texas Commission on Environmental Quality (TCEQ). She began working for TCEQ in 1992, first in the Air Permitting Division for eight years, then as section manager for the Wastewater Permitting Section before being promoted to director of the Water Quality Division in 2003. She also served as deputy director of the Office of Water upon its creation in 2009. The Office of Water encompasses TCEQ's water availability, water districts, groundwater, river compacts, water quality permitting and planning, and public drinking water functions. During her time

at TCEQ, Stepney worked closely with the Texas Water Development Board on several water programs. Additionally, Stepney has participated in the group from Texas that meets with Mexico and the International Boundary and Water Commission to negotiate water deliveries under the Rio Grande 1944 Treaty. She is a board member for the Mickey Leland Environmental Internship Program and a graduate of the University of Texas Governor's Center Executive Management Program and the University of Texas Center for Public Policy Dispute Resolution Fellows Program. Stepney received a Bachelor of Science in aerospace engineering and a Master of Science in civil engineering from the University of Texas at Austin.

Brady Franks, Member. Governor Abbott appointed Brady Franks as a Board member of the Texas Water Development Board on September 26, 2025. He previously served as the State Budget Director in the Office of the Governor. Previously, Franks worked as the co-founder and chief executive of MF Advisors, director of government relations at the University of Texas at Austin (UT), and in various positions in the Texas House of Representatives for a decade, including Senior Budget and Policy Advisor to the Speaker of the House. Franks received a Bachelor of Arts in Government, a Master of Science in Community and Regional Planning, and a Master of Public Affairs from the University of Texas.

Ashley Morgan, Member. Governor Abbott appointed Ashley Morgan as a member of the Texas Water Development Board on October 3, 2025, for a term set to expire on February 1, 2027. Ashley Morgan of Georgetown is an attorney at Erben & Yarbrough. She previously worked for the Office of the Governor, the Office of the Attorney General, the Railroad Commission of Texas, and the Texas Commission on Environmental Quality. She is a member of the State Bar of Texas and the University of Texas System Chancellor's Council Executive Committee, a docent with the Docents of the Governor's Mansion, and an active member of the Stephen F. Austin Alumni Association. Morgan received a Bachelor of Arts in communication and political science from Stephen F. Austin State University and a Juris Doctor from the University of Texas School of Law.

Key Staff Members

Bryan McMath, Executive Administrator. Bryan McMath was named Executive Administrator on September 4, 2024, after serving as Interim Executive Administrator for six months. He joined the TWDB in 2018 as Governmental Relations Liaison before being named Director of Governmental Relations in January 2021. In that role, he coordinated communications regarding legislative and policy matters affecting the agency, as well as provided leadership in developing and communicating the TWDB's legislative priorities. Previously, Bryan worked for nearly 15 years at the Texas State Capitol. While his focus during his final six years at the capitol was on natural resource and water issues, he has supported other public policy areas during his career, including the state budget, energy, ethics, financial institutions, government organization, regulated industries, and transportation. Bryan holds a bachelor of arts degree in English from Vanderbilt University and a bachelor of fine arts degree from the School of the Art Institute of Chicago. He is currently pursuing a master of business administration at Texas State University.

Kathleen Ligon, Assistant Executive Administrator. Ms. Ligon joined the TWDB in August 2006. She was named Assistant Executive Administrator on September 10, 2024 after serving as Interim Assistant Executive Administrator for six months. She joined the Executive office in 2019 to serve as the agency's lead on implementing flood mitigation planning and funding legislation from the 88th Texas Legislative Session; later she was named Assistant Executive Administrator. Previously, Ms. Ligon served as senior policy analyst in Government Relations for three legislative sessions and served as a planner and special assistant to the Deputy Executive Administrator of the agency's planning office. Ms. Ligon has prior public service experience with the Lower Colorado River Authority and the Texas Department of Transportation. She is a graduate of the University of Texas at Austin.

Jessica Peña, Deputy Executive Administrator, Water Supply and Infrastructure. Ms. Peña joined the TWDB in July 2001. She was named the Deputy Executive Administrator of Water Supply and Infrastructure in May 2016. Prior to this role, she served as the director of Regional Water Project Development, which entailed managing seven multi-disciplined regional teams that implement water and wastewater projects across the state. Her past positions at the TWDB also include team manager for the Northeast Region of the state and financial analyst. Ms. Peña holds a Bachelor's degree in Business Administration with the distinction of magna cum laude from St. Edward's University.

Georgia Sanchez, Chief Financial Officer and Development Fund Manager. Ms. Sanchez joined the TWDB in March 2017 and served in the role of Director of Debt and Portfolio Management for seven years before being named Deputy Chief Financial Officer and, more recently, Chief Financial Officer in May 2025. She previously served more than 23 years with the City of Austin, Texas in roles including Assistant Treasurer and Investment Officer, where she managed cash, investments, and debt programs, and Corporate Budget Manager overseeing the implementation of the City's Capital Improvements Plan. She holds a Bachelor of Business Administration degree in International Business from The University of Texas at Austin.

Dain Larsen, Director, Debt and Portfolio Management. Dain Larsen has served the TWDB since April 2005, bringing more than two decades of experience in public-sector infrastructure finance. Throughout his tenure, he has played an integral role in allocating state and federal financial assistance for water, wastewater, and flood mitigation projects across Texas, progressing from Credit Analyst to Regional Team Manager and Assistant Director. In his current role as Director of Debt and Portfolio Management, Dain leverages his experience in public finance, project financing, and private banking to support debt management and long-term portfolio performance. Dain holds a Bachelor of Business Administration degree with a minor in Finance from Abilene Christian University and a Master of Science in Community and Regional Planning, with an emphasis in economic development, from the University of Texas at Austin.

Ashley Harden, General Counsel. Before being hired as General Counsel of the TWDB in May 2020, Mr. Harden worked as General Counsel for the Texas Comptroller of Public Accounts where his responsibilities involved State and local tax administration, State fiscal matters, and State procurement. Prior to working for the Texas Comptroller, Mr. Harden worked for the Texas Attorney General's Office and the Texas Department of Agriculture, where his practice included banking, public finance, and legal assistance to various federally funded programs. He is a graduate of SMU School of Law and the University of Texas at Austin.

Limitation of Liability of Officials of the Board

No present or future member of the Board or agent or employee of the Board, in his or her individual capacity, and neither the members of the Board nor any official executing the Bonds will be liable personally for payment on the Bonds or be subject to any personal liability or accountability by reason of the issuance of Bonds.

Bond Review Board Approval

With certain exceptions, bonds issued by State agencies and institutions, including bonds issued by the Board, must be approved by the Texas Bond Review Board (the Bond Review Board) prior to their issuance. The Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller (as defined herein). The Governor is the Chairman of the Bond Review Board. Each member of the Bond Review Board may, and frequently does, act through a designee.

The Board has submitted a complete application for approval of the Bonds to the Bond Review Board. On September 17, 2026, the Bond Review Board will meet to consider the approval of the issuance of the Bonds. The Bonds may not be issued without such approval.

Cybersecurity

All agencies of the State are required to adhere to Texas Administrative Code Chapter 202, which establishes a baseline of security standards and includes a Control Standards Catalog that is aligned with NIST 800-53, Rev. 5. Additionally, the State's Office of the Chief Information Security Officer, in conjunction with the Statewide Information Security Advisory Committee, created a strategic plan for the State that focuses on cybersecurity initiatives. The plan, adopted May 2024, addresses the goals of threat surface management, governance, education, resilience and workforce development. In addition to compliance with such plan, the Board has adopted information technology policies and procedures, including risk management policies and procedures that are reviewed and updated annually. The Board employs other routine and standard processes that ensure the security of information resources as well, such as an annual risk assessment of information resources, a quarterly security report presented to executive leadership, and an annual third party-controlled penetration test. Additionally, there is an Information Security Risk Assessment conducted by a third-party and an Agency Security Plan, both of which assess the Board's maturity level relative to established security objectives and are updated every two years. In addition, the Board requires annual security awareness training of all employees and contractors and conducts quarterly phishing exercises to reinforce awareness concepts. As of the date of this Official Statement, there have been no cybersecurity incidents that have materially impacted the operation or financial condition of the Board.

Sunset Review of the Board

The Board is subject to review, but not abolishment, under the Texas Sunset Act, Chapter 325, Texas Government Code (the Sunset Act), by the Sunset Advisory Commission (the Commission). Pursuant to the Sunset Act, the Commission is required to make recommendations to the Legislature regarding the reorganization, consolidation or transfer of programs administered by the Board. The Sunset Act further prohibits the Legislature from enacting legislation that would in any way affect the Board's obligations, including those contractual obligations to the holders of the Bonds. The Board was most recently reviewed in 2023 and is subject to review every 12th year thereafter. The Legislature, however, is not prohibited from considering legislation addressing the programs performed by the Board prior to such date.

GENERAL INFORMATION REGARDING THE STATE

Available Information

The Texas Comptroller of Public Accounts (the Comptroller) prepares (a) a quarterly appendix (the Bond Appendix), which sets forth certain information regarding the State (including its government, finances, economic profile, and other matters) for use by State entities when issuing debt, (b) an Annual Comprehensive Financial Report (ACFR), which includes financial statements audited by the State Auditor, and (c) from time to time notices of certain events as described under "CONTINUING DISCLOSURE OF INFORMATION – Continuing Disclosure Undertaking of the Comptroller – Event Notices." All such documents are provided to the Municipal Securities Rulemaking Board (the MSRB) and publicly accessible as described in "APPENDIX A – The State of Texas." The most current such documents are described in "APPENDIX A – The State of Texas" and incorporated herein by reference. No representation is made that such documents contain all facts material to an evaluation of the ability of the State to make timely payment of debt service on the Bonds, or the value of the Bonds, or that any specific information should be accorded any particular significance.

Constitutional Limitation on Debt

Article III, Section 49-j of the Texas Constitution prohibits the Legislature from authorizing additional State debt payable from the State's General Revenue Fund, including authorized but unissued bonds and lease purchase contracts in excess of \$250,000 but excluding debt reasonably expected to be paid from other sources, if the resulting maximum annual debt service in any State fiscal year on such State debt payable from the General Revenue Fund exceeds 5% of the average amount of General Revenue Fund revenues for the three immediately preceding fiscal years, excluding revenues constitutionally dedicated for purposes other than payment of state debt.

LEGAL MATTERS

Legal Opinions

The Board will furnish to the Underwriters complete transcripts of proceedings incident to the authorization and issuance of the Bonds, including the legal opinions of the Attorney General of the State to the effect that the Bonds are valid and legally binding obligations of the Board and, based upon examination of such respective transcripts of proceedings, the legal opinions to like effect of Orrick, Herrington & Sutcliffe LLP, Bond Counsel and, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Series 2026A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, and court decisions. In its capacity as Bond Counsel, Bond Counsel has reviewed the information under the captions "PLAN OF FINANCE" (except the subcaption "Anticipated Issuance of Additional General Obligation Bonds" and "Concurrent Issuance of Revenue Bonds", as to which no opinion will be expressed), "THE BONDS", "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS", "LEGAL MATTERS" (except the last two sentences of the first paragraph appearing under the subcaption "Legal Opinions", and the entirety of the information under the subcaption "No-Litigation Certificate" to which no opinion will be expressed), "TAX MATTERS – SERIES 2026A BONDS", "TAX MATTERS – TAXABLE SERIES 2026B BONDS," "CONTINUING DISCLOSURE OF INFORMATION" (excluding any information describing or otherwise pertaining to the continuing disclosure undertaking of the Comptroller and any statements with respect to the State's or the Board's compliance with prior continuing disclosure undertakings, as to which no opinion will be expressed), and APPENDIX C to this Official Statement, and such firm is of the opinion that the information relating to the Bonds and the Resolutions and such firm's legal conclusions contained under such captions and in APPENDIX C is a fair and accurate summary of the information purported to be shown therein. In connection with the transactions described herein, Bond Counsel represents only the Board. The legal opinions of Bond Counsel in the forms set forth in APPENDIX C to this Official Statement will accompany the Bonds deposited with DTC. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., Austin, Texas, whose legal fee is contingent on the issuance and sale of the Bonds. Certain legal matters will be passed on for the Board by Bracewell LLP, Houston, Texas, Disclosure Counsel.

Orrick, Herrington & Sutcliffe LLP and Bracewell LLP represent one or more of the Underwriters from time to time on matters not related to the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues 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.

No-Litigation Certificate

No litigation or other governmental proceedings are pending or, to the knowledge of the Board, threatened which seek to prohibit, restrain or enjoin the issuance, execution and delivery of the Bonds or question the validity or enforceability of the Bonds or any of the proceedings taken in connection with the issuance thereof.

The State is party to various legal proceedings relating to its operations and governmental functions, but such proceedings are unrelated to the Bonds or the security for the Bonds. For a discussion of litigation filed against the State please see the Bond Appendix litigation section in APPENDIX A hereto.

At the time of payment for and delivery of the Bonds, the Chair of the Board, or his or her designee, and the Executive Administrator will execute and deliver a certification to the effect that no litigation of any nature has been filed or is then pending which would restrain the issuance and delivery of the Bonds or affect the provision made for their payment or security or in any manner question the validity of the Bonds.

Eligibility for Investment in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business & Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. 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 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 (Chapter 2256, Texas Government Code, as amended), the Bonds may have to be assigned a rating of at least "A" or its equivalent as to the investment quality by a national rating agency before the Bonds are eligible investments for sinking funds or other public funds of such political subdivisions.

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The Board has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes. The Board has not made any review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Board assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. It is the obligation of the purchaser to register or qualify sale of the Bonds under the securities laws of any jurisdiction which so requires. This disclaimer of responsibility for registration or 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 or qualification 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 Board 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 Board 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.

TAX MATTERS – SERIES 2026A BONDS

In the opinion of Orrick, Herrington & Sutcliffe 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 Series 2026A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2026A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2026A Bonds. Complete copies of the proposed forms of opinions of Bond Counsel are set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Series 2026A Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2026A Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2026A Bonds is the first price at which a substantial amount of such maturity of the Series 2026A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2026A Bonds accrues daily over the term to maturity of such Series 2026A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2026A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2026A Bonds. Beneficial Owners of the Series 2026A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2026A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2026A Bonds is sold to the public.

Series 2026A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (Premium Bonds) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly

allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2026A Bonds. The Board has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2026A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2026A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2026A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2026A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2026A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2026A Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2026A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2026A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2026A Bonds. Prospective purchasers of the Series 2026A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2026A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (IRS) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Board or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2026A Bonds ends with the issuance of the Series 2026A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the Beneficial Owners regarding the tax-exempt status of the Series 2026A Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2026A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2026A Bonds, and may cause the Board or the Beneficial Owners to incur significant expense.

Payments on the Series 2026A Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2026A Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2026A Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (TIN) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

TAX MATTERS – TAXABLE SERIES 2026B BONDS

Bond Counsel observes that interest on the Taxable Series 2026B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Series 2026B Bonds.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Taxable Series 2026B Bonds that acquire their Taxable Series 2026B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Series 2026B Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Series 2026B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Series 2026B Bonds pursuant to this offering for the issue price that is applicable to such Taxable Series 2026B Bonds (i.e., the price at which a substantial amount of the Taxable Series 2026B Bonds are sold to the public) and who will hold their Taxable Series 2026B Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Series 2026B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Series 2026B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Series 2026B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Series 2026B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Series 2026B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Series 2026B Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Series 2026B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Taxable Series 2026B Bonds is less than the amount to be paid at maturity of such Taxable Series 2026B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Taxable Series 2026B Bonds) by more than a de minimis amount, the difference may constitute original issue discount (OID). U.S. Holders of Taxable Series 2026B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Taxable Series 2026B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Series 2026B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Series 2026B Bond.

Sale or Other Taxable Disposition of the Taxable Series 2026B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Board) or other disposition of a Taxable Series 2026B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Series 2026B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market

value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Series 2026B Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Series 2026B Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Series 2026B Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Series 2026B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Series 2026B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Series 2026B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Series 2026B Bonds. If the Board defeases any Taxable Series 2026B Bond, the Taxable Series 2026B Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Taxable Series 2026B Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Series 2026B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Series 2026B Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Series 2026B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Series 2026B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act (FATCA) – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "pass thru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign pass thru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Series 2026B Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Series 2026B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CONTINUING DISCLOSURE OF INFORMATION

Each of the Board and the Comptroller has entered into a separate undertaking for the benefit of bondholders to provide certain updated information and notices to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access (EMMA) system, as described below.

Continuing Disclosure Undertaking of the Board

General. In each Bond Resolution, the Board has made the following agreement for the benefit of the holders and Beneficial Owners of the related Bonds. The Board is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Board will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the MSRB through EMMA.

Annual Reports. The Board will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes financial information and operating data of the general type included in TABLE 1 – Water Assistance Bonds, TABLE 2 – Agriculture Fund General Obligation Bonds, and APPENDIX B of this Official Statement. The Board will update and provide this information within 195 days after the end of each fiscal year ending in or after 2027.

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 website or filed with the SEC, as permitted by SEC Rule 15c2-12 (the Rule). The updated information will include audited financial statements, if the Board or the State, as appropriate, commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Board will provide unaudited financial statements within the required time and audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principles for governmental entities or such other accounting principles as the Board may be required to employ from time to time pursuant to State law or regulation.

The Board's current fiscal year end is August 31. Accordingly, it must provide updated information within 195 days thereof unless the Board changes its fiscal year. If the Board changes its fiscal year, it will notify the MSRB of the change prior to the next date by which the Board otherwise would be required to provide financial information and operating data as described above.

Event Notices. The Board will notify the MSRB in a timely manner, not in excess of ten (10) Business Days (as defined in the Bond Resolutions) after the occurrence of any of the events listed below. The Board will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinion, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Board; (13) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor agent or the change of name of the agent, if material. In addition, the Board will provide timely notice of any failure by the Board to provide information, data, or financial statements in accordance with its agreement described above under "Continuing Disclosure Undertaking of the Board – Annual Reports".

For the purposes of the event numbered 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Board 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 Board, 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 Board.

Continuing Disclosure Undertaking of the Comptroller

General. The Comptroller has entered into an Amended and Restated Continuing Disclosure Agreement with the Bond Review Board dated March 12, 2019. The Board and the legal and beneficial owners of the Bonds are third-party beneficiaries of the Comptroller's agreement. The Comptroller is required to observe this agreement in respect of any issue of Securities, as defined in the agreement (which include the Bonds), for so long as the State remains an "obligated person," as defined in the Rule. Under the agreement, the Comptroller will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB as described below.

Annual Reports. The Comptroller will provide certain updated financial information and operating data to the MSRB annually. Under its disclosure agreement, the Comptroller is not obligated to provide such financial and operating data more frequently than on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type included in the Bond Appendix. The Comptroller will update and provide this information within 195 days after the end of each fiscal year of the State.

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 website or filed with the SEC, as permitted by the Rule. The updated information provided by the Comptroller will be provided on a cash basis and will not be audited, but the Comptroller will provide audited financial statements of the State prepared in accordance with generally accepted accounting principles for governmental entities when the State Auditor completes its statutorily required audit of such financial statements. The accounting principles pursuant to which such financial statements must be prepared may be changed from time to time to comply with State law.

The State's current fiscal year end is August 31. Accordingly, the Comptroller must provide updated information for each fiscal year within 195 days after that date unless the State changes its fiscal year. If the State changes its fiscal year, the Comptroller will notify the MSRB of the change prior to the next date by which the Comptroller otherwise would be required to provide financial information and operating data as described above.

Quarterly Reports. Although it is not contractually committed to do so, the Comptroller currently prepares and files with the MSRB a quarterly Bond Appendix which provides a general description of the State and sets forth certain information regarding the State, including its government, finances, economic profile, and other matters, for use by State entities when issuing debt. Certain tables within the Bond Appendix are updated on a quarterly basis while other tables within the Bond Appendix are updated on a semiannual or annual basis. The Bond Appendix is not audited and provides financial data on a cash basis. The Comptroller generally files an updated Bond Appendix with the MSRB within two weeks after each January 31, April 30, July 31, and October 31, and it may file voluntary notices of significant events with the MSRB between Bond Appendices, although there is no assurance that it will continue such voluntary filings at such times or at all in the future.

Event Notices. The Comptroller will also provide notice to the MSRB of any of the following events with respect to the Bonds on a timely basis no later than ten (10) business days after the event: (a) the incurrence of a financial obligation (as defined in the Rule, including certain debt, debt-like, and debt-related obligations) of the State, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation, any of which affect security holders, if material; or (b) a default, event of acceleration, termination event, modification of terms, or other similar event under the terms of any such financial obligation of the State, any of which reflect financial difficulties.

The Comptroller will also provide timely notice to the MSRB of any failure to provide updated financial information, operating data, or financial statements in accordance with its agreement.

Availability of Information

The Board and the Comptroller have agreed to provide the foregoing financial and operating information and notices only as described above. The Board and the Comptroller will be required to file their respective continuing disclosure information using the MSRB's EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

The quarterly Bond Appendix, if and when filed, the State's ACFR, and annual financial and operating information, and event notices, if any, may be obtained by using the EMMA Advanced Search function and entering the term "State of Texas Comptroller" in the Issuer Name field within the Security Information search filter. The most recently prepared Bond Appendix, ACFR, and notices may also be accessed on the Comptroller's website at: <https://comptroller.texas.gov/programs/systems/treasury-ops/index.php>.

Limitations and Amendments

The Board and the Comptroller have agreed to update information and to provide notices of events only as described above. Neither is responsible for performance of the other's agreement, and neither has agreed to provide other information that may be relevant or material to a complete presentation of the Board's or the State's financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. Neither makes any representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. Each disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of the Bonds may seek a writ of mandamus to compel the Board and the Comptroller to comply with their respective agreements.

The Board and the Comptroller may amend their respective continuing disclosure agreements from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Board or the State, 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 holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) a person unaffiliated with the State, the Comptroller, the Bond Review Board and the Board (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of such Bonds. The Board may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, 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 Board or the Comptroller so amends its disclosure 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.

OTHER INFORMATION

Ratings

Fitch Ratings, Inc. and S&P Global Ratings, a division of S&P Global Inc., have assigned ratings of "AAA" and "AAA" respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such rating companies and the Board and the Underwriters make no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies if, in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell, or hold securities.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase: the Series 2026A Bonds at a purchase price of \$ _____ (consisting of a principal amount of \$ _____, plus an original issue premium of \$ _____, and less an underwriting discount of \$ _____); and the Taxable Series 2026B Bonds at a purchase price of \$ _____ (consisting of a principal amount of \$ _____, less an underwriting discount of \$ _____).

The Underwriters will be obligated to purchase all of the Bonds if any Bonds 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 the Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have furnished for inclusion in this Official Statement the following paragraphs of this subcaption. The Board makes no representation as to the accuracy or completeness of the information contained in the following paragraphs.

The Underwriters and their respective affiliates 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 services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the State, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) 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 Board or the State.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor 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 selling efforts with respect to the Bonds.

BofA Securities, Inc. ("BofA Securities"), as an Underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

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

Jefferies LLC ("Jefferies"), an underwriter of the Bonds, and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, Jefferies and its affiliates may have certain creditors and/or other rights against the Board and its affiliates in connection with such activities. In the course of their various business activities, Jefferies and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives,

loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Board (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Board. Jefferies and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to the clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

RBC Capital Markets, LLC (“RBCCM”), an underwriter of the Bonds, has entered into a distribution arrangement with its affiliate RBC Securities, Inc. (“RBC Securities”) (formerly known as City National Securities, Inc.). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the Underwriters of the Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Unaudited Financial Information

The Board provides financial information and operating data regarding the Development Fund II in APPENDIX B to this Official Statement. The information presented in APPENDIX B is unaudited and is prepared in accordance with State requirements for State agencies.

Forward-Looking Statements

The statements contained or incorporated by reference into this Official Statement that are not purely historical are forward-looking statements including statements regarding the Board’s and the Comptroller’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 Board and the Comptroller on the date of this Official Statement or the date of the Bond Appendix, ACFR, or event notice, respectively, and the Board and the Comptroller assume no obligation to update any such forward-looking statements. It is important to note that the Board’s and the State’s actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included 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 Board and the Comptroller. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Certification of Official Statement

The financial and other information contained herein have been obtained from the Board’s records and other sources which are deemed 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 the Resolutions contained in this Official Statement are made subject to all of the provisions of such statutes and documents and the Resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

At the time of payment for and delivery of the Bonds, the Board will be furnished a letter from the State, signed on behalf of the State by the Comptroller, upon which the Underwriters will be authorized to rely, to the effect that (a) to the best of the Comptroller’s knowledge and belief, the documents identified in APPENDIX A hereto are true and correct as of their respective dates and do not contain an untrue statement of a material fact or omit to state a material fact that would make the statements made

therein, in light of the circumstances under which they are made, misleading; (b) the information therein has been obtained from sources which the Comptroller's office believes to be reliable; and (c) the Comptroller has entered into a continuing disclosure agreement with the Texas Bond Review Board, for the benefit of the Board and the legal and beneficial owners of the Bonds, to provide, with respect to the State, updated financial information and operating data, timely notice of certain financial obligation events, and other specified events.

Financial Advisor

Hilltop Securities Inc. is employed as Financial Advisor to the Board 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. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Board has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Board 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.

Website References

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 (or in any other document expressly incorporated herein) are not incorporated into, and are not part of, this Official Statement, including for purposes of, and as that term is defined in, the Rule.

Approval of Official Statement

The Resolutions approved the form and content of this Official Statement and authorized its further use in the reoffering of the Bonds by the Underwriters. Questions regarding this Official Statement may be directed to Dain Larsen, Director, Debt and Portfolio Management, Texas Water Development Board, 1700 North Congress Avenue, Austin, Texas 78701; Telephone: (512) 463-7847; Electronic Mail: finance-debt-management@twdb.texas.gov.

TEXAS WATER DEVELOPMENT BOARD

/s/

Executive Administrator
Texas Water Development Board

APPENDIX A

THE STATE OF TEXAS

As described in the body of the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Comptroller," the Texas Comptroller of Public Accounts (Comptroller) is required to file updated annual financial and operating data, audited financial statements of the State when received, and timely notice of certain events with the Municipal Securities Rulemaking Board (MSRB), and the Comptroller voluntarily files quarterly Bond Appendices and occasional notices of significant events.

The Official Statement hereby incorporates by reference the previously filed documents listed below, except for any information superseded by information that is included directly in the body of the Official Statement or incorporated by reference in a subsequent document, as well as any future filings that the Comptroller makes with the MSRB through EMMA prior to the termination of the offering of the Bonds under the Official Statement:

- State of Texas Annual Comprehensive Financial Report for the fiscal year ended August 31, 2025
- Bond Appendix: The State of Texas (August 2026, as may be supplemented from time to time)
- Each notice, if any, filed with the MSRB by the Comptroller since the end of the fiscal year of the State addressed in the foregoing Annual Comprehensive Financial Report.

These documents and any subsequently filed documents, if any, may be obtained by accessing EMMA at <https://emma.msrb.org/>, using the EMMA Advanced Search function and entering the term "State of Texas Comptroller" in the Issuer Name field within the Security Information search filter. The documents may also be accessed on the Comptroller's website at: <https://comptroller.texas.gov/programs/systems/treasury-ops/index.php>. For further information see "CONTINUING DISCLOSURE OF INFORMATION - Continuing Disclosure Undertaking of the Comptroller" in the body of the Official Statement.

Information in the Bond Appendix, ACFR, and any notice incorporated herein by reference is provided as of the date specified in the documents. No representation is made that such documents contain all facts material to an evaluation of the ability of the State to pay principal of and interest on the Bonds when due, or the value of the Bonds, or that any specific information should be accorded any particular significance.

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APPENDIX B

SELECTED FINANCIAL DATA (UNAUDITED)

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Statement of Net Position - DFund II
UNAUDITED¹

	2021	2022	2023	2024	2025
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 169,622,716	\$ 108,579,884	\$ 149,587,683	\$ 178,049,141	\$ 447,867,795
Receivables from:					
Interest and Dividends	11,606,565	12,382,105	12,883,918	12,417,014	9,558,164
Interfund Receivables	24,494,640	19,862,648	19,582,641	8,578,787	1,027,421
Due From Other Funds	60,556,650	42,786,892	44,400,472	44,581,982	43,170,925
Loans and Contracts	23,505,649	24,973,427	27,124,491	28,385,790	30,657,860
Total Current Assets	289,786,220	208,584,956	253,579,205	272,012,714	532,282,165
Non-Current Assets:					
Loans and Contracts	803,973,617	903,281,189	884,426,698	910,890,908	665,648,048
Interfund Receivables	167,148,323	145,800,675	126,218,034	64,281,870	33,801,753
Total Non-Current Assets	971,121,940	1,049,081,864	1,010,644,732	975,172,778	699,449,801
Total Assets	\$ 1,260,908,160	\$ 1,257,666,820	\$ 1,264,223,937	\$ 1,247,185,493	\$ 1,231,731,967
LIABILITIES					
Current Liabilities:					
Payables from:					
Accounts Payable	\$ -	\$ -	\$ 118,033	\$ -	\$ 204,090
Interest Payable	5,232,804	5,446,272	4,996,772	4,794,538	4,568,472
Due to Other Funds	59,486,981	41,870,725	43,589,180	44,182,859	43,223,560
General Obligation Bonds Payable	54,262,944	36,473,748	38,592,466	39,388,321	38,408,940
Total Current Liabilities	118,982,729	83,790,745	87,296,451	88,365,718	86,405,061
Non-Current Liabilities:					
General Obligation Bonds Payable	858,030,372	851,320,496	833,665,724	794,277,403	753,461,413
Total Non-Current Liabilities	858,030,372	851,320,496	833,665,724	794,277,403	753,461,413
Total Liabilities	\$ 977,013,101	\$ 935,111,241	\$ 920,962,175	\$ 882,643,121	\$ 839,866,474
NET POSITION					
Unrestricted	283,895,059	322,555,579	343,261,763	364,542,371	391,865,493
Total Net Position	\$ 283,895,059	\$ 322,555,579	\$ 343,261,763	\$ 364,542,371	\$ 391,865,493

Numbers may not add due to rounding

¹The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Annual Comprehensive Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency as a result of the ACFR Audit are not reflected in the amounts reported here.

Statement of Revenues, Expenses, and Changes in Net Position - DFund II

UNAUDITED¹

	2021	2022	2023	2024	2025
OPERATING REVENUES:					
Interest and Investment Income	\$ 45,633,630	\$ 44,120,214	\$ 50,853,733	\$ 54,709,229	\$ 51,411,232
Total Operating Revenues	45,633,630	44,120,214	50,853,733	54,709,229	51,411,232
OPERATING EXPENSES:					
Professional Fees and Services	13,215	2,551,956	389,491	21,245	462,745
Communication and Utilities	-	14,843	-	-	-
Interest	33,880,595	2,763,380	29,870,135	30,058,605	25,816,756
Other Operating Expenses	-	-	5,132	-	-
Total Operating Expenses	33,893,810	5,330,179	30,264,758	30,079,850	26,279,501
Operating Income (Loss)	11,739,820	38,790,035	20,588,975	24,629,378	25,131,731
Income/(Loss) before Other Revenues, Expenses, Gains/Losses and Transfers	11,739,820	38,790,035	20,588,975	24,629,378	25,131,731
OTHER REVENUES, EXPENSES, GAINS/LOSSES AND TRANSFERS:					
Transfers-In	43,693,442	3,279,210	50,853,435	82,709,838	50,090,634
Transfers-Out	(41,765,491)	(3,408,725)	(50,736,227)	(86,058,607)	(47,899,245)
Total Other Revenue, Expenses, Gain/Losses and Transfers	1,927,951	(129,515)	117,208	(3,348,769)	2,191,390
Change in Net Position	13,667,771	38,660,520	20,706,184	21,280,609	27,323,121
Total Net Position - September 1	270,227,288	283,895,059	322,555,579	343,261,763	364,542,371
Total Net Position - August 31	\$ 283,895,059	\$ 322,555,579	\$ 343,261,763	\$ 364,542,371	\$ 391,865,493

Numbers may not add due to rounding

¹The financial data presented here is a recapitulation of the Board's financial statements presented in their Annual Financial Reports. The Board's financial statements become a part of the Annual Comprehensive Financial Report for the State of Texas, which is audited by the State Auditor's Office; however, the scope of the reviews at the agency level do not constitute an audit of the individual agency's financial statements. Consequently, these statements are considered unaudited at the agency level. Any adjustments related to the agency as a result of the ACFR Audit are not reflected in the amounts reported here.

APPENDIX C

PROPOSED FORMS OF BOND COUNSEL OPINIONS

Opinions in substantially the following forms will be delivered by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

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_____, 2026

State of Texas
Water Financial Assistance Bonds,
Series 2026A (State Water Plan)

We have acted as Bond Counsel to the Texas Water Development Board (the “Board”) in connection with its issuance of \$_____ aggregate principal amount of State of Texas Water Financial Assistance Bonds, Series 2026A (State Water Plan) (the “Bonds”) issued pursuant to a resolution adopted by the Board on July 23, 2026 (the “Bond Resolution”) and an approval certificate dated _____, 2026 executed pursuant to the Bond Resolution (the “Approval Certificate” and, together with the Bond Resolution, the “Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

We have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas (the “State”) and with respect to the exclusion of interest on the Bonds from gross income under federal income tax law. In such capacity we have examined the Constitution and laws of the State, federal income tax law and a transcript of certain proceedings pertaining to the issuance of the Bonds. The transcript contains certified copies of certain proceedings of the Board; certain certifications and representations and other material facts within the knowledge and control of the Board, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds, including the Resolution. We have also examined executed Bond No. T-1.

We have not been requested to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the Board or the State or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Board's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Based on such examination, it is our opinion as follows:

1. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State presently in effect; the Bonds constitute valid and legally binding obligations of the State enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization,



moratorium or other similar laws affecting the rights of creditors of political subdivisions and governmental agencies and the exercise of judicial discretion in appropriate cases.

2. The Bonds constitute valid and legally binding general obligations of the State, pursuant to Article III, Section 49-d-8 and Section 49-d-11 of the Constitution, as amended, and Subchapter L of Chapter 17 of the Texas Water Code, as amended, which make a continuing appropriation without the necessity of subsequent legislative appropriation of the first moneys, not otherwise appropriated by the Constitution, coming into the Treasury in each fiscal year, in an amount sufficient to pay the principal and interest on the Bonds scheduled to mature during such fiscal years; and that all official actions have been taken to render fully effective for the Bonds such source of payment and other sources prescribed in the cited provisions of the Constitution and in the enabling act; and that the full faith and credit of the State are pledged to the payment of principal and interest on the Bonds; and the Bonds have been authorized and delivered in accordance with law.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

We have assumed compliance with all covenants and agreements contained in the Resolution, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

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.

ORRICK, HERRINGTON & SUTCLIFFE LLP



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_____, 2026

State of Texas
Water Financial Assistance Bonds,
Taxable Series 2026B (State Water Plan)

We have acted as Bond Counsel to the Texas Water Development Board (the “Board”) in connection with its issuance of \$_____ aggregate principal amount of State of Texas Water Financial Assistance Bonds, Taxable Series 2026B (State Water Plan) (the “Bonds”) issued pursuant to a resolution adopted by the Board on July 23, 2026 (the “Bond Resolution”) and an approval certificate dated _____, 2026 executed pursuant to the Bond Resolution (the “Approval Certificate”) and, together with the Bond Resolution, the “Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

We have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas (the “State”). In such capacity we have examined the Constitution and laws of the State and a transcript of certain proceedings pertaining to the issuance of the Bonds. The transcript contains certified copies of certain proceedings of the Board; certain certifications and representations and other material facts within the knowledge and control of the Board, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds, including the Resolution. We have also examined executed Bond No. T-1.

We have not been requested to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the Board or the State or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Board's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Based on such examination, it is our opinion as follows:

1. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State presently in effect; the Bonds constitute valid and legally binding obligations of the State enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political



subdivisions and governmental agencies and the exercise of judicial discretion in appropriate cases.

2. The Bonds constitute valid and legally binding general obligations of the State, pursuant to Article III, Section 49-d-8 and Section 49-d-11 of the Constitution, as amended, and Subchapter L of Chapter 17 of the Texas Water Code, as amended, which make a continuing appropriation without the necessity of subsequent legislative appropriation of the first moneys, not otherwise appropriated by the Constitution, coming into the Treasury in each fiscal year, in an amount sufficient to pay the principal and interest on the Bonds scheduled to mature during such fiscal years; and that all official actions have been taken to render fully effective for the Bonds such source of payment and other sources prescribed in the cited provisions of the Constitution and in the enabling act; and that the full faith and credit of the State are pledged to the payment of principal and interest on the Bonds; and the Bonds have been authorized and delivered in accordance with law.
3. We observe that interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. We express no opinion regarding any tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

We have assumed compliance with all covenants and agreements contained in the Resolution.

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 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.

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

SCHEDULE OF DEBT SERVICE REQUIREMENTS

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SCHEDULE OF DEBT SERVICE REQUIREMENTS*

\$645,140,000 Water Financial Assistance Bonds, Series 2026A (State Water Plan)	\$105,895,000 Water Financial Assistance Bonds, Taxable Series 2026B (State Water Plan)
--	--

Fiscal Year Ending August 31	Total Existing Debt Service	2026A Bonds Debt Service		2026B Bonds Debt Service		Projected Total Debt Service
		Principal	Interest	Principal	Interest	
2027	\$ 94,459,544	\$ 4,000,000	\$ 25,568,417	\$ 100,000	\$ 4,789,161	\$ 128,917,122
2028	90,029,086	12,020,000	31,222,706	475,000	5,894,986	139,641,779
2029	92,176,501	11,255,000	30,656,331	500,000	5,873,571	140,461,403
2030	96,164,315	11,865,000	30,088,081	525,000	5,850,804	144,493,200
2031	96,972,880	17,575,000	29,444,331	2,710,000	5,826,463	152,528,674
2032	88,212,727	16,410,000	28,536,581	2,845,000	5,700,418	141,704,726
2033	87,858,957	17,275,000	27,706,956	2,985,000	5,566,060	141,391,974
2034	83,233,095	18,205,000	26,833,456	3,140,000	5,421,979	136,833,530
2035	80,024,410	19,155,000	25,913,206	3,300,000	5,267,021	133,659,638
2036	76,087,671	17,310,000	24,944,706	2,485,000	5,110,086	125,937,464
2037	79,593,748	15,300,000	24,141,456	2,620,000	4,984,248	126,639,453
2038	77,992,249	16,085,000	23,395,806	2,765,000	4,850,264	125,088,320
2039	87,516,195	16,740,000	22,744,378	2,915,000	4,706,100	134,621,673
2040	88,175,558	17,450,000	22,044,800	3,080,000	4,551,200	135,301,558
2041	88,283,709	18,200,000	21,293,797	3,255,000	4,385,992	135,418,497
2042	56,969,446	19,005,000	20,487,281	3,440,000	4,209,769	104,111,496
2043	57,080,543	19,880,000	19,608,306	3,640,000	4,014,216	104,223,064
2044	57,190,903	20,855,000	18,605,306	3,855,000	3,807,292	104,313,501
2045	57,323,603	21,900,000	17,553,056	4,085,000	3,588,147	104,449,806
2046	55,049,996	22,995,000	16,457,569	4,325,000	3,355,927	102,183,492
2047	43,034,357	24,110,000	15,345,669	4,580,000	3,110,064	90,180,090
2048	43,144,742	23,865,000	14,169,975	4,860,000	2,840,545	88,880,262
2049	41,771,246	25,050,000	12,992,500	5,155,000	2,554,548	87,523,294
2050	41,891,937	26,330,000	11,729,375	5,465,000	2,251,192	87,667,503
2051	42,007,911	27,675,000	10,401,750	5,800,000	1,929,593	87,814,254
2052	39,897,878	29,085,000	9,006,500	6,155,000	1,588,281	85,732,658
2053	40,004,888	28,535,000	7,590,875	6,525,000	1,226,077	83,881,840
2054	40,157,201	30,040,000	6,153,125	6,915,000	842,101	84,107,426
2055	21,063,992	31,630,000	4,639,500	7,345,000	435,174	65,113,666
2056	6,630,816	33,295,000	3,045,875	25,000	2,942	42,999,634
2057		32,045,000	1,368,250	25,000	1,471	33,439,721
	<u>\$ 1,950,000,100</u>	<u>\$ 645,140,000</u>	<u>\$ 583,689,924</u>	<u>\$ 105,895,000</u>	<u>\$ 114,535,693</u>	<u>\$ 3,399,260,718</u>

* Preliminary, subject to change. Totals might not add due to rounding

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

This appendix 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 The Depository Trust Company, New York, New York ("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 the Official Statement. The Board, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but none of the Board, the Financial Advisor nor the Underwriters take any responsibility for the accuracy or completeness thereof.

The Board and the Underwriters cannot and do 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 the Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC. Termination of the DTC Book-Entry-Only System by the Board may require consent of the Participants under DTC Operational Arrangements.

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 will be issued for each maturity of the Bonds, as set forth on the inside of the cover pages hereof, in the aggregate principal amount of such maturity and will be deposited with DTC.

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

Purchases of 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 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 nominee do not effect 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 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 the Bonds may wish to take certain steps to augment 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 the 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 registrar and request that copies of the notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board 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).

All 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 Board 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 Board, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Board or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

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

The Board 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 information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof and the information is not to be construed as a representation by the Board, the Financial Advisor or the Underwriters.

Use of certain terms in other sections of the Official Statement. In reading the Official Statement it should be understood while the Bonds are in the book-entry-only system, references in other sections of the Official Statement to registered 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, notices that are to be given to registered owners under the Bond Resolutions will be given only to DTC.



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