

Agenda of Special Meeting

The Board of Trustees Pilot Point Independent School District

A Special Meeting of the Pilot Point Independent School District Board of Trustees will be held December 1, 2025, beginning at 5:00 PM in the Pilot Point ISD Administration Board Room, 829 S. Harrison Street, Pilot Point, TX 76258.

The subjects to be discussed or considered or upon which any formal action may be taken are listed below. Items do not have to be taken in the same order as shown on this meeting notice.

1. **CALL TO ORDER / ROLL CALL**
2. **PLEDGES TO THE FLAGS**
3. **INVOCATION**
4. **PUBLIC COMMENT**
5. **TRUSTEE WORKSHOP**
 - A. **District Bond Finance with Hilltop Securities** 2
6. **CLOSED SESSION**
 - A. **Texas Government Code § 551.074 - Considering the appointment, employment, evaluation, reassignments, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee; Texas Government Code §551.076 - Considering the deployment, specific occasions for, or implementation of, security personnel or devices; Texas Government Code § 551.082 - Considering discipline of a public school child, or complaint or charge against personnel; and Texas Government Code § 551.0821 - School Board; personally identifiable information about public school student.**
 1. Employment
 2. Resignations
7. **OPEN SESSION**
 - A. **Consideration and Possible Action on Employment**
8. **ADJOURNMENT**



Pilot Point ISD

OVERVIEW AND DISCUSSION OF BONDS

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Pilot Point Independent School District

DECEMBER 1, 2025

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BONDS 101

TAB 1

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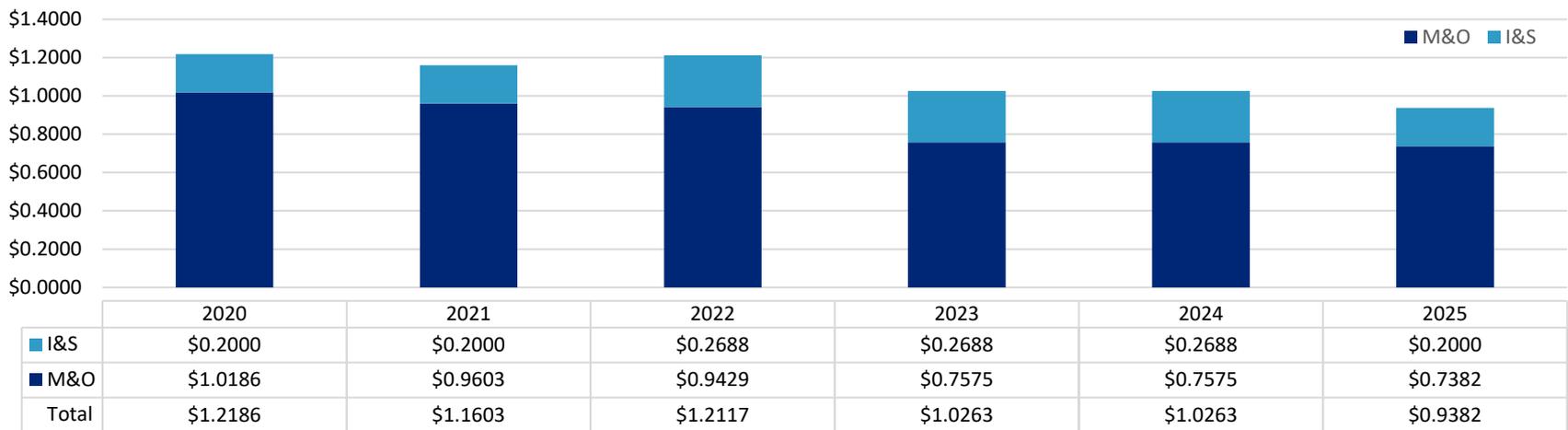
- A school bond is a loan, similar to a home mortgage. It is a contract to repay borrowed money over time with a fixed, usually tax-exempt interest rate
- Bonds that are approved/authorized by a school district's voters are called Unlimited Tax Bonds
- Unlimited Tax Bonds
 - Must be voted
 - Sold to lenders/investors to raise funds to pay for the costs of construction, acquisitions, renovations and/or equipment
 - Repaid from I&S tax revenues
 - Depending on the projects being financed with a bond issue, a school district bond will typically have a term of between 20 and 30 years (maximum legal term is 40 years). If short life projects like technology or transportation are included in a bond issuance, the amounts borrowed for those items are paid off within their five- or ten-year useful lives
- Bond authorizations can be sold in one bond issuance or multiple issuances over several years
- Almost all school districts in Texas utilize voted bonds to finance new facilities, major additions and/or major renovation projects

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TAX RATES

- A school district has two components to its total tax rate:
 - Maintenance & Operations (M&O) – Used for the “day-to-day” operations of the District (personnel, instructional, extracurricular, facilities, etc.)
 - Interest & Sinking (I&S) – Used to make payments on bonds and other tax-supported debt obligations
 - The State Attorney General will not approve a bond issue that is projected to result in an I&S tax rate above \$0.50 in any year that the bonds are outstanding using the current tax base at the time of the bond issuance (“AG Fifty Cent Test”)
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- The District’s I&S Tax Rate has remained relatively constant

Historical Tax Rates

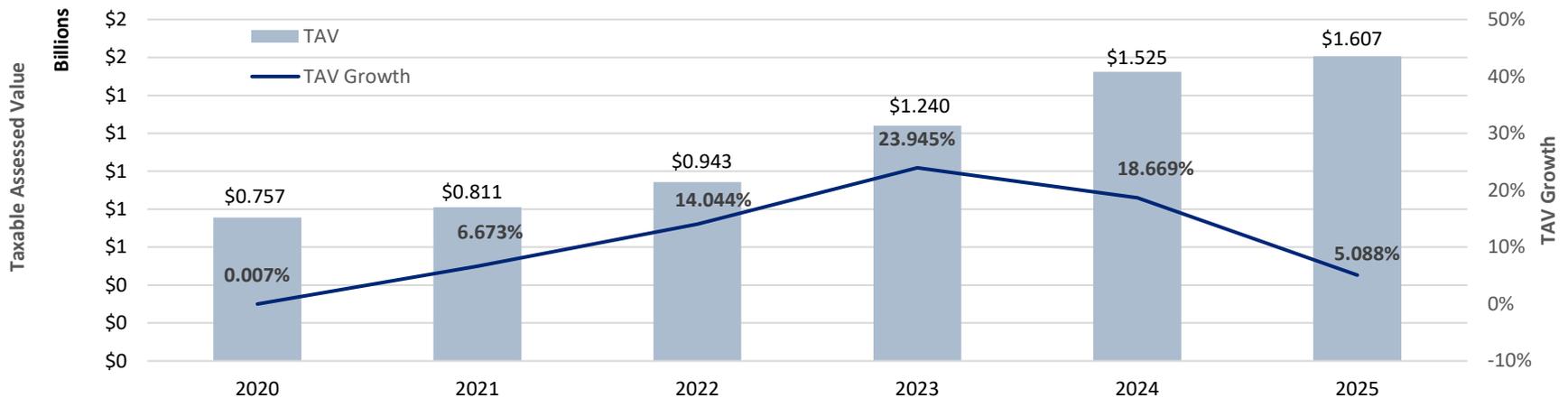


TAX BASE

- A school district's unlimited tax bonds are paid from a continuing direct annual property tax, levied by the school district on all taxable property located within the school district
- Tax rates are determined by dividing the debt service due into the taxable value
- When the tax base goes down, the same tax rate from prior year produces fewer dollars, requiring a higher tax rate. If the tax base goes up, that same tax rate produces more dollars and may result in a lower tax rate
- In projecting future tax rates to repay bonds, tax base assumptions are made for the term of the bonds. It is best practice to use tax base projections that are conservative (or lower) in the event there is an unexpected economic downturn

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Historical Taxable Assessed Valuation



BOND SALE PROCESS

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TAB 2

PROFESSIONALS INVOLVED IN A BOND SALE

- **Municipal Advisor**

- The Municipal Advisor (“MA”) is the liaison between bond market and the District, serving as the District’s advocate
- The MA possesses specialized transaction, structuring and market knowledge designed to achieve the most advantageous financing package
- The MA is charged with coordinating the issuance process and negotiating with other service providers on behalf of the District

- **Bond Counsel**

- A specialized attorney retained by the District to give a legal opinion that the District is authorized to issue the bonds and that interest on the bonds will be exempt from federal income taxation.
- Also prepares the bond election order and the transcript for submission to the Attorney General

- **Underwriter**

- A securities dealer which purchases municipal bonds for resale
- The underwriter may acquire the bonds by either competitive or negotiated sale

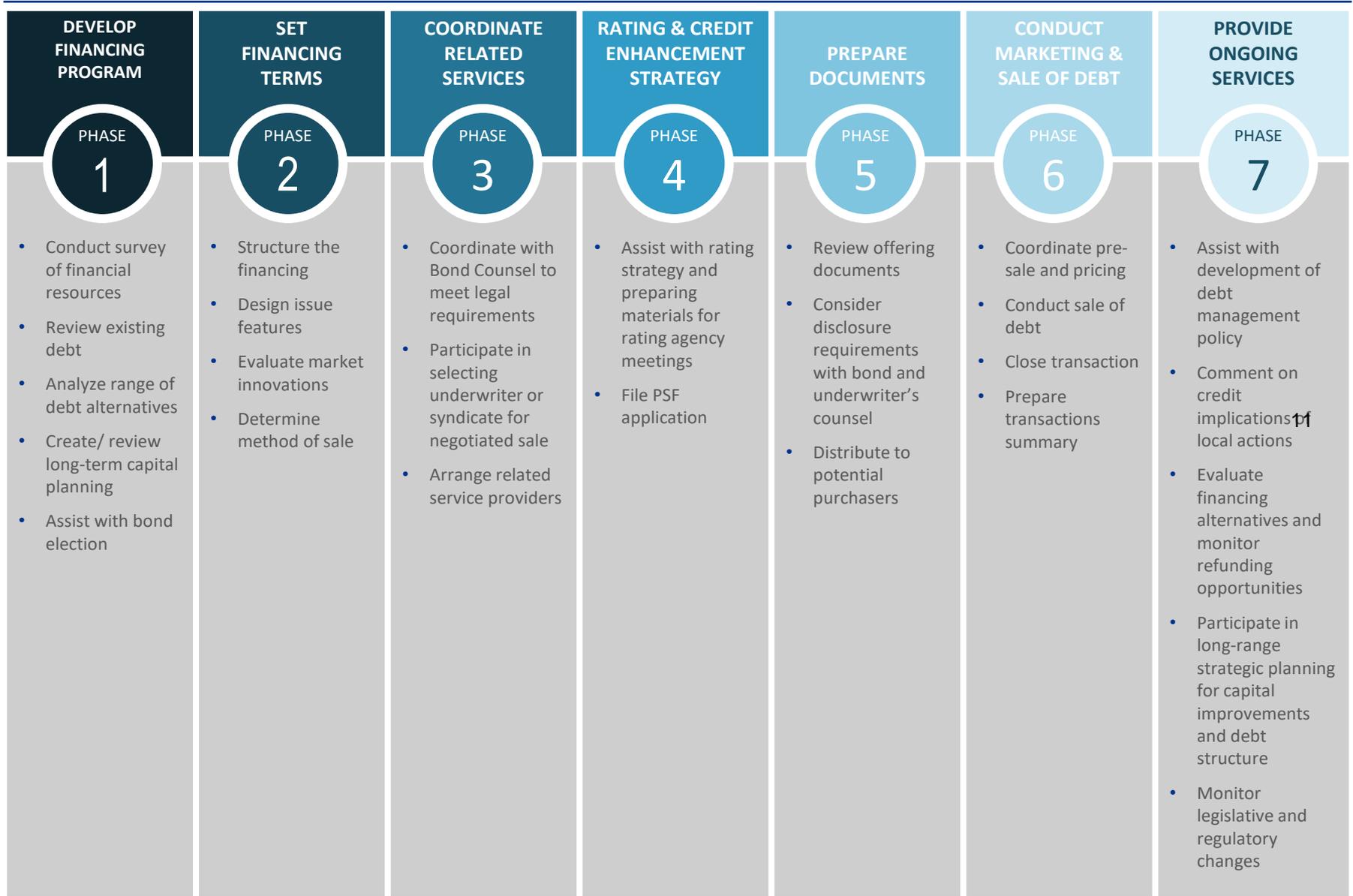
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PROFESSIONALS INVOLVED IN DEBT ISSUANCE

- **Credit Rating Agencies**
 - Organizations that evaluate the credit quality of a debt instrument and assign credit ratings
- **Credit Enhancement Companies**
 - Organizations such as the Permanent School Fund Guarantee Program (“PSF”) and bond insurance companies that lend their higher credit rating to the District for a fee and guarantee debt service payments to the bondholders
 - School districts should utilize the Permanent School Fund Guarantee (PSF) if it’s available
- **Paying Agent/Registrar**
 - A financial institution that tracks ownership of the bonds and coordinates the process of bond payments for the District to the bondholders

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BOND SALE PROCESS OVERVIEW



OUTSTANDING DEBT, REFUNDING, AND BOND CAPACITY UPDATE

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TAB 3

OUTSTANDING DEBT

Outstanding Debt Summary (as of August 31, 2025)

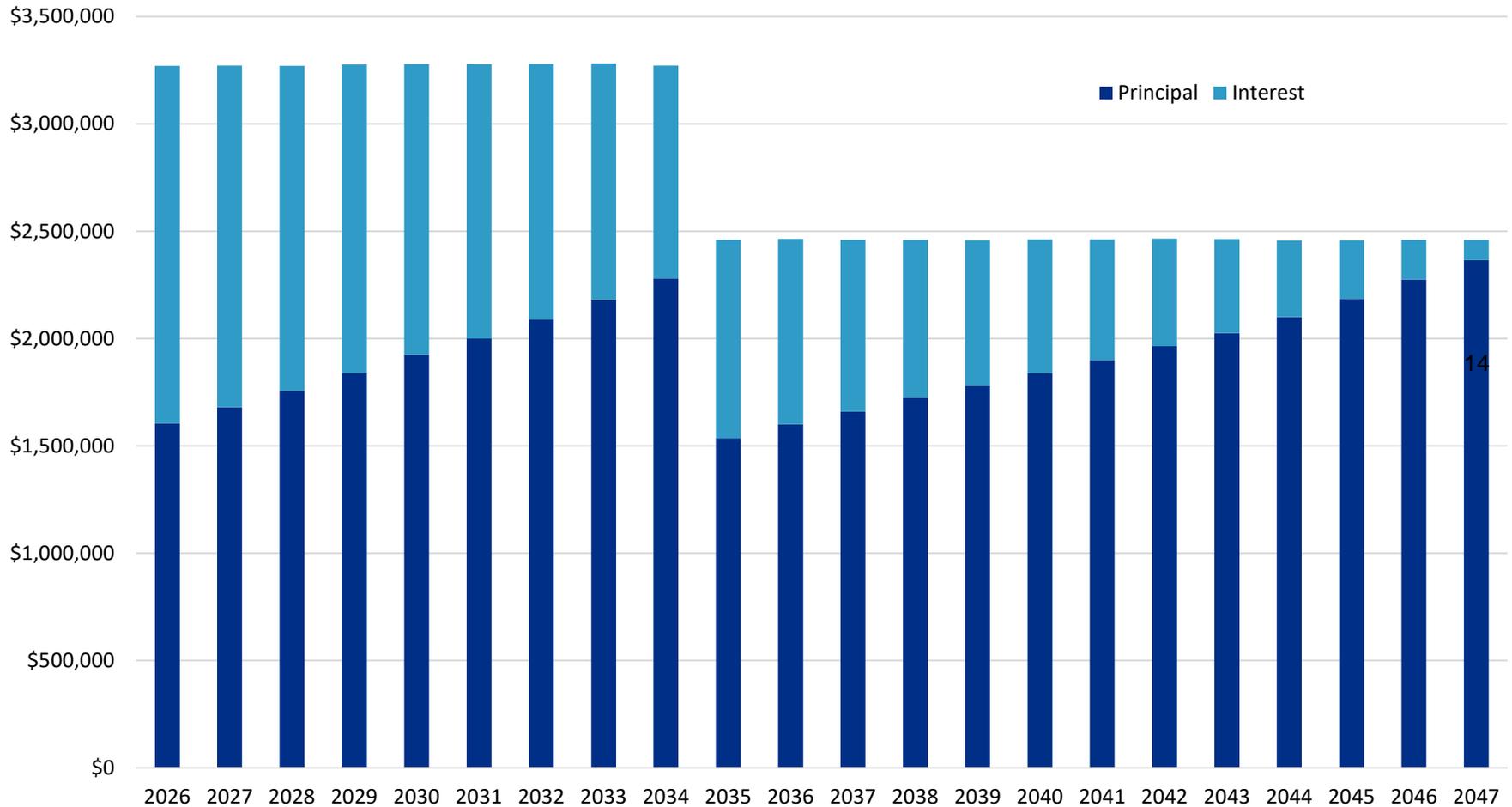
Issue	Amount Outstanding (\$)	Call Date	Coupon Range	Callable Amount (\$)	Final Maturity
Unlimited Tax School Building Bonds, Series 2022A	7,695,000	8/15/2031	4.00-5.00%	\$6,295,000	2/15/2047
Unlimited Tax School Building Bonds, Series 2022	24,840,000	2/15/2031	3.00-5.00%	21,565,000	2/15/2047
Unlimited Tax Refunding Bonds, Series 2018	1,970,000	8/15/2027	4.00-5.00%	1,395,000	8/15/2033
Unlimited Tax Refunding Bonds, Series 2016	7,805,000	anytime	4.00%	7,805,000	8/15/2033

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Total Outstanding Principal	Total Interest Payments
\$42,310,000	\$19,162,725
Underlying Ratings	
S&P – AA-	

OUTSTANDING DEBT

Debt Service (as of July 1, 2025)



PRELIMINARY BOND CAPACITY

- When calculating a school district's bond capacity, assumptions are made regarding taxable values, interest rates, term and structure, and timing
- The District's preliminary bond capacity assumes the following:
 - Taxable assessed valuation growth of 5.00% on existing tax base, with projected additional value from known developments (as projected by demographer) in tax years 2026 through 2030 and declining to 4.00% growth in tax year 2035 and thereafter
 - Level debt service for 25 years
 - 98% tax collections
 - Estimated Delivery Date of August 15, 2026
 - Projected interest rate of 4.50% (about 0.25% above current market)
 - No assumption is made for any savings that may be realized from refunding of some the District's existing debt
 - The hold harmless state aid for homestead exemptions is approximately \$445,000 per year
- Based on the assumptions above, the District's projected total bond sale range is approximately \$75 million to \$80 million at an I&S tax rate of 40 cents (see separate handouts)

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REGULATORY DISCLOSURES

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MUNICIPAL ADVISOR DISCLOSURE STATEMENT

This disclosure statement (“Conflict Disclosures”) is provided by Hilltop Securities Inc. (“the Firm”) to disclose information regarding conflicts of interest and legal or disciplinary events of the Firm that are required to be disclosed to potential clients pursuant to MSRB Rule G-42(b) and (c)(ii).

PART A – Disclosures of Conflicts of Interest

MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable.

Material Conflicts of Interest – The Firm makes the disclosures set forth below with respect to material conflicts of interest in connection with the Scope of Services under the Agreement with the Firm, together with explanations of how the Firm addresses or intends to manage or mitigate each conflict.

General Mitigations – As general mitigations of the Firm’s conflicts, with respect to all of the conflicts disclosed below, the Firm mitigates such conflicts through its adherence to its fiduciary duty to clients, which includes a duty of loyalty to clients in performing all municipal advisory activities for clients. This duty of loyalty obligates the Firm to deal honestly and with the utmost good faith with client and to act in the client’s best interests without regard to the Firm’s financial or other interests. In addition, because the Firm is a broker-dealer with significant capital due to the nature of its overall business, the success and profitability of the Firm is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitably built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty. Furthermore, the Firm’s municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of the Firm potentially departing from their regulatory duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

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I. Affiliate Conflict. The Firm, directly and through affiliated companies, provides or may provide services/advice/products to or on behalf of clients that are related to the Firm’s advisory activities. Hilltop Securities Asset Management (HSAM), a SEC-registered affiliate of the Firm, provides post issuance services including arbitrage rebate and treasury management. The Firm’s arbitrage team verifies rebate and yield restrictions on the investments of bond proceeds on behalf of clients in order to meet IRS restrictions. The treasury management division performs portfolio management/advisor services on behalf of public sector clients. The Firm, through affiliate Hilltop Securities Asset Management (HSAM), provides a multi-employer trust tailor-made for public entities which allows them to prefund Other Post-Employment Benefit liabilities. The Firm has a structured products desk that provides advice to help clients mitigate risk through investment management, debt management and commodity price risk management products. These products consist of but are not limited to swaps (interest rate, currency, commodity), options, repos, escrow structuring and other securities. Continuing Disclosure services provided by the Firm work with issuers to assist them in meeting disclosure requirements set forth in SEC rule 15c2-12. Services include but are not limited to ongoing maintenance of issuer compliance, automatic tracking of issuer’s annual filings and public notification of material events. The Firm administers government investment pools. These programs offer governmental entities investment options for their cash management programs based on the entities specific needs. The Firm and the aforementioned affiliate’s business with a client could create an incentive for the Firm to recommend to a client a course of action designed to increase the level of a client’s business activities with the affiliates or to recommend against a course of action that would reduce or eliminate a client’s business activities with the affiliates. This potential conflict is mitigated by the fact that the Firm and affiliates are subject to their own comprehensive regulatory regimes.

II. PlainsCapital Bank Affiliate Conflict. The Firm, directly and through affiliated companies, provides or may provide services/advice/products to or on behalf of clients that are related to the Firm’s advisory activities. Affiliate, PlainsCapital Bank, provides banking services to municipalities including loans and custody. The Firm and the aforementioned affiliate’s business with a client could create an incentive for the Firm to recommend to a client a course of action designed to increase the level of a client’s business activities with the affiliates or to recommend against a course of action that would reduce or eliminate a client’s business activities with the affiliates. This potential conflict is mitigated by the fact that the Firm and affiliates are subject to their own comprehensive regulatory regimes.

MUNICIPAL ADVISOR DISCLOSURE STATEMENT (CONTINUED)

III. Other Municipal Advisor or Underwriting Relationships. The Firm serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of other clients. For example, the Firm serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to all its municipal advisory clients. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, the Firm could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of the Firm to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that the Firm serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair the Firm's ability to fulfill its regulatory duties to any specific client.

IV. Secondary Market Transactions in Client's Securities. The Firm, in connection with its sales and trading activities, may take a principal position in securities, including securities of its clients, and therefore the Firm could have interests in conflict with a client with respect to the value of the client's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, the Firm or its affiliates may submit orders for and acquire a municipal advisory client's securities issued in an issue under a municipal advisory agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with the client in that it could create the incentive for the Firm to make recommendations to the client that could result in more advantageous pricing of the client's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through units of the Firm that operate independently from the Firm's municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by the Firm to any client under a municipal advisory agreement.

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V. Broker-Dealer and Investment Advisory Business. The Firm is dually registered as a broker-dealer and an investment advisor that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities and investment advice in connection with such securities, including securities of the firm's municipal advisory clients, may be undertaken on behalf of, or as counterparty to, the client, personnel of the client, and current or potential investors in the securities of the client. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of the Firm's municipal advisory clients, such as when their buying or selling of the municipal advisory client's securities may have an adverse effect on the market for municipal advisory client's securities, and the interests of such other clients could create the incentive for the Firm to make recommendations to the municipal advisory client that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from the firm effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units of the Firm that operate independently from the Firm's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by the Firm to its municipal advisory clients.

VI. Compensation-Based Conflicts. Fees that are based on the size of the issue are contingent upon the delivery of the Issue. While this form of compensation is customary in the municipal securities market, this may present a conflict because it could create an incentive for the Firm to recommend unnecessary financings or financings that are disadvantageous to its clients, or to advise clients to increase the size of the issue. This conflict of interest is mitigated by the general mitigations described above.

Fees based on a fixed amount are usually based upon an analysis by the client and the Firm of, among other things, the expected duration and complexity of the transaction and the scope of municipal services to be performed by the Firm. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the Firm may suffer a loss. Thus, the Firm may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest is mitigated by the general mitigations described above.

MUNICIPAL ADVISOR DISCLOSURE STATEMENT (CONTINUED)

Hourly fees are calculated with, the aggregate amount equaling the number of hours worked by Firm personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the client and the Firm do not agree on a reasonable maximum amount at the outset of the engagement, because the Firm does not have a financial incentive to recommend alternatives that would result in fewer hours worked. This conflict of interest is mitigated by the general mitigations described above.

PART B – Disclosures of Information Regarding Legal Events and Disciplinary History

MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel.

Accordingly, the Firm sets out below required disclosures and related information in connection with such disclosures.

I. Material Legal or Disciplinary Event. The Firm discloses the following legal or disciplinary events that may be material to Client's evaluation of the Firm or the integrity of the Firm's management or advisory personnel:

- For related disciplinary actions please refer to the Firm's BrokerCheck webpage.
- From July 2011 to October 2015, Hilltop failed to submit required MSRB Rule G-32 information to EMMA in connection with 122 primary offerings of municipal securities for which the Firm served as placement agent. During the period January 2012 to September 2015, the Firm failed to provide MSRB Rule G-17 letters to issuers in connection with 119 of the 122 offerings referenced above. From October 2014 to September 2015, the Firm failed to report on Form MSRB G-37 that it had engaged in municipal securities business as placement agent for 45 of these 122 offerings. This failure was a result of a misunderstanding by one branch office of Southwest Securities. Hilltop discovered these failures during the merger of FirstSouthwest and Southwest Securities and voluntarily reported them to FINRA. The Firm paid a fine of \$100,000 for these self-reported violations.
- In connection with a settlement on July 9, 2021, the U.S. Securities and Exchange Commission found that, between January 2016 and April 2018, the Firm bought municipal bonds for its own account from another broker-dealer and that, on occasion during that time period, the other broker-dealer mischaracterized the Firm's orders when placing them with the lead underwriter. The SEC found that, among other things, the Firm lacked policies and procedures with respect to how stock orders were submitted for new issues bonds to third parties, including the broker-dealer that mischaracterized the Firm's orders. The SEC found violations of MSRB Rules G-27, G-17, and SEC rule 15B(c)(1) and a failure to reasonably supervise within the meaning of Section 15(b)(4)(E) of the Securities Exchange Act of 1934. The Firm was censured and ordered to pay disgorgement of \$206,606, prejudgment interest of \$48,587 and a penalty of \$85,000.
- On August 14, 2024, the Securities and Exchange Commission ("SEC") entered into a settlement order with Hilltop Securities Inc. ("Hilltop") to settle an administrative action finding that Hilltop failed to (1) maintain and preserve off-channel communications related to Hilltop's broker-dealer business, as well as related to recommendations made or proposed to be made and advice given or proposed to be given with respect to Hilltop's investment advisory business; and (2) reasonably supervise its personnel with a view to preventing or detecting certain of its personnel's aiding and abetting violations of certain provisions of the federal securities laws. Hilltop admitted to the facts in the settlement order, acknowledged its conduct violated the federal securities laws, and agreed to: (a) a cease-and-desist order, (b) a censure, (c) payment of a civil monetary penalty in the amount of \$1,600,000, and (d) certain undertakings related to the retention of electronic communications.

II. How to Access Form MA and Form MA-I Filings. The Firm's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at Forms MA and MA-I. The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to such required information already filed by the Firms in its capacity as a broker-dealer on Form BD or Form U4 or as an investment adviser on Form ADV, as applicable. Information provided by the Firm on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at <http://brokercheck.finra.org> and the Firm's most recent Form ADV is publicly accessible at the Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov>. For purposes of accessing such BrokerCheck reports or Form ADV, click previous hyperlinks.

MUNICIPAL ADVISOR DISCLOSURE STATEMENT (CONTINUED)

PART C – MSRB Rule G-10 Disclosure

MSRB Rule G-10 covers Investor and Municipal Advisory Client education and protection. This rule requires that municipal advisors make certain disclosures to all municipal advisory clients. This communication is a disclosure only and does not require any action by the firm’s municipal advisory clients. The disclosures are noted below.

Hilltop Securities Inc. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a Municipal Advisor.

You can access the website for the Municipal Securities Rulemaking Board at www.msrb.org

The Municipal Securities Rulemaking Board has posted a municipal advisory client brochure. A copy of the brochure is attached to the memo. This link will take to you to the electronic version MA-Clients-Brochure.

PART D – Future Supplemental Disclosures

As required by MSRB Rule G-42, this Municipal Advisor Disclosure Statement may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of the Firm. The Firm will provide Client with any such supplement or amendment as it becomes available throughout the term of the Agreement.

