

**NEW ISSUE  
BOOK-ENTRY ONLY**

**NOT RATED**

*In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2025 Bonds (including any original issue discount properly allocable to the owner of a Series 2025 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that the Series 2025 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In Bond Counsel’s further opinion, under existing laws, regulations, rulings and judicial decisions, the Series 2025 Bonds and the interest thereon are exempt from all state, county and municipal taxes in the State of Arkansas. See the caption “TAX MATTERS” herein.*

**\$10,000,000\***

**CITY OF MOUNTAIN HOME, ARKANSAS  
WATER AND SEWER REVENUE IMPROVEMENT BONDS  
SERIES 2025**

**Dated: Date of Delivery**

**Due: June 1, as shown on inside cover**

The Series 2025 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal, premium, if any, and interest payments on the Series 2025 Bonds will be made as long as Cede & Co. is the registered owner of the Series 2025 Bonds. Individual purchases of the Series 2025 Bonds will be made only in book-entry form, in denominations of \$5,000 or integral multiples thereof. Individual purchasers (“Beneficial Owners”) of the Series 2025 Bonds will not receive physical delivery of bond certificates. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

The Series 2025 Bonds shall bear interest from their date of delivery, payable on June 1 and December 1 of each year, commencing [REDACTED] 1, 2025. All such interest payments shall be payable to the persons in whose name such Series 2025 Bonds are registered on the bond registration books maintained by First Security Bank, Searcy, Arkansas as trustee (the “Trustee”), as of the fifteenth day of the calendar month preceding the calendar month in which the applicable interest payment date falls. Principal of and premium, if any, on the Series 2025 Bonds shall be payable at the principal corporate trust office of the Trustee. So long as DTC or its nominee is the registered owner of the Series 2025 Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

The Series 2025 Bonds are being issued by the City of Mountain Home, Arkansas (the “City”) for the purpose of (i) upgrading, modernizing and improving the City’s wastewater treatment plant, (ii) funding a debt service reserve, and (iii) paying costs of issuance of the Series 2025 Bonds. See the captions “THE PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein. The Series 2025 Bonds are payable from and secured by a lien on the revenues (the “Revenues”) of the City’s combined water and sewer system (the “System”) on a parity basis with the lien securing the City’s outstanding (i) Water and Sewer Revenue Refunding Bonds, Series 2020, and (ii) Water and Sewer Revenue Improvement Bonds, Series 2022, as more fully described under the caption “SECURITY FOR THE BONDS” herein. The Series 2025 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described herein under the caption “THE SERIES 2025 BONDS - Redemption.”

**The Series 2025 Bonds are special obligations of the City secured solely by a pledge of Revenues of the System. The faith and credit of the City are not pledged to the payment of the Series 2025 Bonds, and the issuance of the Series 2025 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2025 Bonds, except as described herein with respect to Revenues of the System. The Series 2025 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.**

The Series 2025 Bonds are offered when, as and if issued and received by the Underwriter and are subject to the approval of validity by Kutak Rock LLP, Bond Counsel, and subject to certain other conditions. Certain matters will be passed upon for the City by its counsel, Roger L. Morgan, Esq. It is expected that the Series 2025 Bonds will be available for delivery in New York, New York on or about [REDACTED], 2025.



The date of this Official Statement is [REDACTED], 2025.

\*Preliminary; subject to change.

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

**MATURITY SCHEDULE\***

| <u>Maturity<br/>(June 1)</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Yield</u> | <u>CUSIP**</u> |
|------------------------------|-----------------------------|--------------------------|--------------|----------------|
|                              | \$                          | %                        | %            |                |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |
|                              |                             |                          |              | 624088 ____    |

\$\_\_\_\_\_ % Term Bond due June 1, 20\_\_ Yield: \_\_\_\_\_% CUSIP: 624088 \_\_\_\_\*\*

\$\_\_\_\_\_ % Term Bond due June 1, 20\_\_ Yield: \_\_\_\_\_% CUSIP: 624088 \_\_\_\_\*\*

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\* Preliminary, subject to change.

\*\* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the Series 2025 Bonds. The City and the Underwriter are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the City on the Series 2025 Bonds and by the Underwriter on the Series 2025 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025 Bonds.

**CITY OF MOUNTAIN HOME, ARKANSAS**

**City Council**

Hillrey Adams, Mayor  
Bob Van Haaren, Alderman  
Susan Stockton, Alderman  
Jennifer Baker, Alderman  
Wayne Almond, Alderman  
Philip Frame, Alderman  
Cary Manuel, Alderman  
Jim Bodenhamer, Alderman  
Nick Reed, Alderman

Alma Clark, Treasurer  
Scott Liles, City Clerk

**FIRST SECURITY BANK**

Searcy, Arkansas  
Trustee and Paying Agent

**CREWS & ASSOCIATES, INC.**

Little Rock, Arkansas  
Underwriter

**KUTAK ROCK LLP**

Little Rock, Arkansas  
Bond Counsel

**ROGER L. MORGAN, ESQ.**

Mountain Home, Arkansas  
City Attorney

No dealer, broker, salesman or other person has been authorized by the City or by Crews & Associates, Inc. (the “Underwriter”) to give any information or to make any representations, other than those contained in this Official Statement; and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell Series 2025 Bonds in any jurisdiction in which such offer is not authorized, or in which the person making such offer is not qualified to do so, or to any person to whom it is unlawful to make such offer. The information and expressions of opinion contained 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 any implication that there has been no change in the affairs of the City or the System since the date hereof.

**IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2025 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**CERTAIN INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM THE CITY, THE DEPOSITORY TRUST COMPANY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITY TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTY THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.**

**THE SERIES 2025 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE TRUST INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.**

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## OFFICIAL STATEMENT

**\$10,000,000\***  
**CITY OF MOUNTAIN HOME, ARKANSAS**  
**WATER AND SEWER REVENUE IMPROVEMENT BONDS**  
**SERIES 2025**

### INTRODUCTORY STATEMENT

The following Introductory Statement is subject in all respects to the more complete information set forth in this Official Statement. All descriptions and summaries of documents hereinafter set forth are qualified in their entirety by reference to each such document. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms under the caption “DEFINITIONS OF CERTAIN TERMS” herein.

This Official Statement including the cover page and Appendices hereto, is furnished in connection with the offering of \$10,000,000\* Water and Sewer Revenue Improvement Bonds, Series 2025 (the “Series 2025 Bonds”), by the City of Mountain Home, Arkansas (the “City”).

The City is a city of the first class organized and existing under the laws of the State of Arkansas (the “State”). The Series 2025 Bonds are to be issued by the City pursuant to Ordinance No. 2025-\_\_\_ adopted \_\_\_\_\_, 2025 (the “Authorizing Ordinance”) and pursuant to the Constitution and laws of the State, including Amendment 65 to the Constitution of the State of Arkansas, and Arkansas Code of 1987 Annotated Sections 14-164-401 *et seq.*, as amended (the “Act”). The City is authorized under the provisions of the Act to issue and sell its revenue bonds for financing and refinancing the cost of improvements and betterments to its combined water and sewer utility system (the “System”).

The proceeds of the Series 2025 Bonds will be used (i) to upgrade, modernize and improve the City’s wastewater treatment plant (the “Project”), (ii) to fund a debt service reserve, and (iii) to pay the costs of issuance of the Series 2025 Bonds. See the captions “ESTIMATED SOURCES AND USES OF FUNDS” and “THE PROJECT” herein.

**The Series 2025 Bonds are special obligations of the City, secured by and payable solely from a pledge of the revenues (the “Revenues”) derived from the operation of the City’s combined water and sewer system (the “System”). The faith and credit of the City are not pledged to the payment of the Series 2025 Bonds, and the issuance of the Series 2025 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2025 Bonds, except as described herein with respect to the Revenues. The Series 2025 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.**

In the Indenture (hereinafter defined), the City has covenanted to fix and maintain rates for System services which shall produce Net Revenues (along with City sales and use tax moneys deposited to the City’s Water and Sewer Enterprise Fund) at least equal to (i) 115% of the amount necessary to pay annual principal and interest requirements on all indebtedness to which System revenues are pledged, and (ii) the amount, if any, needed to make required deposits to any debt service reserve fund created in connection with any indebtedness to which System revenues are pledged. See the caption “SECURITY FOR THE BONDS” herein.

The Series 2025 Bonds are issued and secured on a parity basis with (i) the City’s Water and Sewer Revenue Refunding Bonds, Series 2020 (the “Series 2020 Bonds”), presently outstanding in the principal amount of \$5,431,000, and (ii) the City’s Water and Sewer Revenue Improvement Bonds, Series 2022 (the “Series 2022 Bonds”), presently outstanding in the principal amount of \$10,000,000.

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\* Preliminary; subject to change.

Additional bonds (“Additional Bonds”) may be issued on a parity of security with the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds under certain circumstances set forth in the Trust Indenture dated as of March 15, 2013, as supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, by a Second Supplemental Trust Indenture dated as of October 15, 2017, by a Third Supplemental Trust Indenture dated as of June 1, 2019, by a Fourth Supplemental Trust Indenture dated as of November 1, 2020, by a Fifth Supplemental Trust Indenture dated as of June 1, 2022, and by a Sixth Supplemental Trust Indenture dated as of [REDACTED] 1, 2025 (as supplemented and amended, the “Indenture”), by and between the City and First Security Bank, Searcy, Arkansas, as trustee (the “Trustee”). See the caption “THE SERIES 2025 BONDS — Additional Bonds” herein.

Pursuant to the provisions of a Continuing Disclosure Agreement dated as of the date of delivery of the Series 2025 Bonds (the “Continuing Disclosure Agreement”), by and between the City and First Security Bank, Searcy, Arkansas, as dissemination agent (the “Dissemination Agent”), the City has undertaken certain obligations pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934 (the “Rule”) with respect to providing ongoing disclosure of certain financial and operating data concerning the Series 2025 Bonds and the System and of the occurrence of certain listed events. See the caption “SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT” herein.

This Official Statement contains brief descriptions or summaries of, among other matters, the Series 2025 Bonds, the City, the System, the Indenture and the Continuing Disclosure Agreement. Such descriptions and information do not purport to be comprehensive or definitive. All capitalized words, unless otherwise defined herein, shall have the meanings set forth under the caption “DEFINITIONS OF CERTAIN TERMS” herein. All references herein to the Indenture are qualified in their entirety by reference to such document, and references herein to the Series 2025 Bonds are qualified in their entirety by reference to the form thereof included in the Sixth Supplemental Trust Indenture. Copies of the Indenture and the Continuing Disclosure Agreement may be obtained from the City by writing to the attention of Alma Clark, Treasurer, City of Mountain Home, City Hall, 720 South Hickory, Mountain Home, Arkansas 72653 and, during the initial offering period only, from the Underwriter, Crews & Associates, Inc., 521 President Clinton Avenue, Suite 800, Little Rock, Arkansas 72201, Attention: Public Finance Department.

## **THE SERIES 2025 BONDS**

### **Description**

The Series 2025 Bonds will be initially dated as of their date of delivery, and will bear interest payable semiannually on June 1 and December 1 of each year, commencing [REDACTED] 1, 2025, at the rates set forth on the inside cover page hereof. The Series 2025 Bonds will mature on June 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement.

Each Series 2025 Bond shall bear interest from the interest payment date next preceding the date of authentication thereof unless it is authenticated as of an interest payment date, in which event it shall bear interest from such date, or unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from the date of delivery, or unless at the time of authentication interest on the Series 2025 Bonds shall be in default, in which event it shall bear interest from the date to which interest has been paid in full.

The Series 2025 Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal, premium, if any, and interest payments on the Series 2025 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2025 Bonds. Individual purchases of the Series 2025 Bonds will be made only in book-entry form, in denominations of \$5,000, or any integral multiple thereof. Individual purchasers (“Beneficial Owners”) of Series 2025 Bonds will not receive physical delivery of bond certificates. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

Payment of principal of and premium, if any, and interest on each Series 2025 Bond shall be made by check or draft mailed to the registered owner of such Series 2025 Bond as of the fifteenth day of the calendar month preceding such interest payment date (the “Record Date”) at its address as it appears on the registration books maintained by the Trustee; provided, however, that payment of the final installment of principal of each Series 2025 Bond shall be made upon surrender thereof at the principal corporate trust office of the Trustee. Interest on the Series 2025 Bonds shall be deemed to accrue on the basis of a 360-day year of twelve 30-day months. So long as DTC or its nominee is the registered owner of the Series 2025 Bonds, disbursement of such payments to DTC is the

responsibility of the Trustee. Disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

Each Series 2025 Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Series 2025 Bond or Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

No charge shall be made to any owner of any Series 2025 Bond for the privilege of transfer or exchange, but any owner of any Series 2025 Bond requesting any such transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Series 2025 Bond upon each exchange or transfer and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. So long as DTC or its nominee is the sole registered owner of the Series 2025 Bonds, transfers of beneficial interests in the Series 2025 Bonds shall be in accordance with the rules and procedures of DTC and its direct and indirect participants. See the caption "BOOK-ENTRY ONLY SYSTEM" herein.

The person in whose name any Series 2025 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of or premium, if any, or interest on any Series 2025 Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2025 Bond to the extent of the sum or sums so paid. Neither the City nor the Trustee shall be affected by any notice to the contrary.

In any case where the date that interest on or principal of the Series 2025 Bonds is due or the date fixed for redemption of any Series 2025 Bonds shall be a Saturday or Sunday or shall be in the State of Arkansas a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday or Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

**Redemption**

(a) The Series 2025 Bonds shall be redeemable on any interest payment date, in whole or in part, in inverse order of maturity, at a redemption price equal to 100% of the principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest to the date of redemption, from unexpended proceeds of the Series 2025 Bonds in the Project Fund (if such unexpended proceeds equal or exceed \$100,000) not needed for paying Project Costs with respect to the Project and segregated for the purpose of redeeming the Series 2025 Bonds.

(b) The Series 2025 Bonds are subject to redemption at the option of the City on and after           1, 20          , in whole at any time or in part on any interest payment date, from funds from any source, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine) at a redemption price equal to the principal amount being redeemed, plus accrued interest to the redemption date.

(c) The Series 2025 Bonds maturing on June 1, 20    , are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

| <b>Year</b>     | <b>Principal Amount*</b> |
|-----------------|--------------------------|
| 20__            | \$                       |
| 20__            | \$                       |
| 20__            | \$                       |
| 20__ (maturity) | \$                       |

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\* Preliminary; subject to change.

(d) The Series 2025 Bonds maturing on June 1, 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

| Year            | Principal Amount* |
|-----------------|-------------------|
| 20__            | \$                |
| 20__            | \$                |
| 20__            | \$                |
| 20__            | \$                |
| 20__ (maturity) | \$                |

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\* Preliminary; subject to change.

In case any outstanding Series 2025 Bond is in a denomination greater than \$5,000, each \$5,000 of face value of such Series 2025 Bond shall be treated as a separate Series 2025 Bond in the denomination of \$5,000.

The Trustee shall give notice of the call for any optional redemption or any mandatory redemption by first class mail, postage prepaid, placed in the mails not less than thirty (30) days prior to the date fixed for redemption, to the registered owner of any Series 2025 Bond called for redemption, addressed to such registered owner's registered address. After the date specified in such call, the Series 2025 Bond or Bonds so called will cease to bear interest provided funds for their payment have been deposited with the Trustee. No notice shall be required with respect to mandatory sinking fund redemption of the Series 2025 Bonds.

Notwithstanding the foregoing with respect to notice and the selection of particular Series 2025 Bonds to be redeemed in the event of a partial redemption of the Series 2025 Bonds, the Trustee shall follow the procedures for notice and redemption as set forth in DTC's operational arrangements, as in effect at the time.

**Additional Bonds**

The City may from time to time issue additional bonds for the purpose of financing or refinancing improvements to the System or to refund outstanding indebtedness of the City payable from System revenues, which additional bonds may be secured equally and ratably with the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds upon satisfaction of the requirements set forth below.

*Senior Indebtedness.* The City may not authorize or issue any additional bonds or other indebtedness secured on a senior basis to the outstanding Series 2020 Bonds, Series 2022 Bonds and Series 2025 Bonds.

*Additional Parity Bonds.* As set forth in the Indenture, the City may issue from time to time one or more series of Additional Bonds for the purpose of (i) financing costs of construction in connection with the acquisition, construction or equipping of Facilities of the System, (ii) refunding the Series 2020 Bonds, the Series 2022 Bonds, the Series 2025 Bonds or any series of Additional Bonds or Subordinate Obligations, in whole or in part, or (iii) any combination thereof. Additional Bonds shall be secured equally and ratably with the Series 2020 Bonds, the Series 2022 Bonds, the Series 2025 Bonds and any other series of Additional Bonds theretofore issued and then Outstanding, except insofar as any terms or conditions of redemption or purchase established under the Indenture may afford additional benefit or security for the Bonds of any particular series, and except that Accounts within the Debt Service Reserve Fund shall secure only the corresponding series of Bonds. Furthermore, the security afforded by any municipal bond insurance policy obtained with respect to a particular series of Bonds shall secure only such series of Bonds. Before any Additional Bonds are authenticated, there shall be delivered to the Trustee, among other items, a statement by a Qualified Accountant reciting the opinion, based upon necessary investigation, that the sum of Net Revenues of the System for the Fiscal Year immediately preceding the Fiscal Year in which such Additional Bonds are to be issued were not less than (i) 110% of the maximum Annual Debt Service on all then outstanding Series 2020 Bonds, Series 2022 Bonds, Series 2025 Bonds and Subordinate Obligations, plus the Additional Bonds then proposed to be issued, and (ii) the amount, if any, needed to make required deposits to the Debt Service Reserve Fund and any debt service reserve funds with respect to the Subordinate Obligations. It is understood that for the purpose of calculation of Net Revenues of the System in the preceding sentence, any sales and use tax receipts transferred to the City's water and sewer enterprise fund are not to be included. The Series 2020 Bonds, the Series 2022 Bonds, the Series 2025 Bonds and any Additional Bonds issued hereafter are referred to herein collectively as the "Bonds."



In making the computations set forth above, the Qualified Accountant may, at the direction of the City, treat any increase in System rates enacted subsequent to the first day of the preceding Fiscal Year as having been in effect throughout such Fiscal Year and may include in Revenues for such Fiscal Year the amount that would have been received had the increase been in effect throughout such Fiscal Year. In addition, rates enacted and scheduled for collection during the three-year period after the delivery of the Additional Bonds may be considered for purposes of this calculation.

*Subordinate Indebtedness.* Nothing in the Indenture prevents the City from authorizing and issuing bonds, notes, bond anticipation notes, warrants, certificates or other obligations or evidences of indebtedness, the payment of the principal of and premium, if any, and interest on which will be made from Revenues on a basis junior and subordinate to the lien, pledge and charge created in the Indenture for the security and payment of the Bonds.

## **SECURITY FOR THE BONDS**

### **General**

**The Series 2025 Bonds are special obligations of the City, secured by and payable solely from a pledge of the Revenues derived from the operation of the System. The faith and credit of the City are not pledged to the payment of the Series 2025 Bonds, and the issuance of the Series 2025 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2025 Bonds, except as described herein with respect to the Revenues. The Series 2025 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.**

The Series 2025 Bonds are secured by and payable from the Revenues on a parity basis with the outstanding Series 2020 Bonds and Series 2022 Bonds and on a senior basis to the pledge of Revenues securing any Subordinate Obligations hereafter issued.

### **Debt Service Reserve**

From the proceeds of sale of each series of the Bonds, there shall be deposited into the appropriate Account within the Debt Service Reserve Fund an amount sufficient to cause the amounts on deposit therein to be equal to the Reserve Requirement, if any, established with respect to such series of Bonds in the Indenture or in a Supplemental Indenture. The Series 2020 Bonds are not secured by the Debt Service Reserve Fund, and future issues of Additional Bonds may or may not be secured by Accounts of the Debt Service Reserve Fund. The Series 2022 Account of the Debt Service Reserve Fund is funded with a municipal bond debt service reserve insurance policy issued by Build America Mutual Assurance Company. The face amount of such reserve policy is equal to 50% of the maximum Annual Debt Service on the Series 2022 Bonds.

There will be deposited into the Series 2025 Account of the Debt Service Reserve Fund an amount equal to 50% of the maximum Annual Debt Service on the Series 2025 Bonds in any Fiscal Year thereafter (the "Reserve Requirement"). For all purposes of the Indenture, the Reserve Requirement with respect to the Series 2025 Bonds may be satisfied by the deposit of cash or by the deposit of Investment Securities or any combination thereof.

Amounts on deposit in Accounts within the Debt Service Reserve Fund shall be used solely to pay the principal of and interest on the related series of Bonds as due for which there are no available funds in the Bond Fund to make such payments.

If the amount in an Account of the Debt Service Reserve Fund is ever reduced below the applicable Reserve Requirement, it shall be reimbursed to an amount equal to the applicable Reserve Requirement through monthly payments, beginning not later than the first day of the month in which the Account of the Debt Service Reserve Fund was reduced below the applicable Reserve Requirement, and continuing not later than the first day of each month thereafter until such reimbursement shall have been accomplished, from any funds in the Revenue Fund (after making the required deposits into the Operation and Maintenance Fund and the Bond Fund, as provided in the Indenture). If a surplus shall exist in an Account of the Debt Service Reserve Fund over and above the applicable Reserve Requirement, such surplus shall be transferred to the Bond Fund.

### **Rate Covenant**

The City has covenanted that rates for System services will never be reduced while any of the Series 2025 Bonds are Outstanding unless there is obtained from a Qualified Accountant a certificate to the effect that Net

Revenues (exclusive of the amount of any City sales and use tax receipts appropriated and transferred to the City's Water and Sewer Enterprise Fund), with the reduced rates, will always be at least equal to (i) 125% of the maximum Annual Debt Service on all indebtedness to which System revenues are pledged, and (ii) the amount, if any, needed to make required deposits to the Debt Service Reserve Fund and to any other debt service reserve funds created in connection with any indebtedness to which System revenues are pledged.

The City has covenanted to fix and maintain rates for System services which shall produce Net Revenues (along with City sales and use tax moneys deposited to the City's Water and Sewer Enterprise Fund) at least equal to (i) 115% of the amount necessary to pay annual principal and interest requirements on all indebtedness to which System revenues are pledged, (ii) the amount, if any, needed to make required deposits to the Debt Service Reserve Fund and to any other debt service reserve fund created in connection with any indebtedness to which System revenues are pledged.

The Indenture defines "Net Revenues" as being gross revenues of the System less the expenses of operation and maintenance of the System, including all expense items properly attributable to the operation and maintenance of the System under generally accepted accounting principles applicable to municipal utility systems, but excluding depreciation, interest and amortization expenses.

### **Risk Factors**

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the operations and effectiveness of entities such as the City and the System.

*General.* Governmental actions, and other future federal, State and local measures, may have both adverse and positive effects on the operations and financial condition of the City and the System. In addition, unemployment in the City and the region, business closures and/or restrictions, and stock market fluctuations may have adverse effects as well. The City cannot predict (i) the likelihood, duration or extent of any emergency event or (ii) whether and to what extent the emergency could disrupt the local or global economy, manufacturing or supply chain, or whether any such disruption could adversely impact the operations and financial condition of the City or the System or collection of the Revenues.

*Limited Obligations.* The Series 2025 Bonds do not constitute a lien upon the physical properties of the System or any part thereof, but constitute a lien only on the Revenues. Therefore, the security for the punctual payment of the principal of and interest on the Series 2025 Bonds is dependent on the City's ability to generate such Revenues in an amount sufficient to meet the debt service requirements of the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds. The Series 2025 Bonds and the interest thereon do not constitute a debt or indebtedness of the City within the meaning of any constitutional or statutory debt provision or limitation, and do not give rise to a charge against the City's general credit or taxing power. In the event that the System is unable to generate Revenues in amounts sufficient to pay debt service on the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds when due, for whatever reason, the City is obligated, pursuant to its covenant in the Indenture, to increase System rates and charges so as to generate amounts sufficient to meet said debt service and the additional amounts required by the Indenture. See the subsection "SECURITY FOR THE BONDS - Rate Covenant" above.

*Future Legislation.* Congress may from time to time consider legislative proposals which, if enacted, would limit for certain taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. Future legislative proposals could prevent investors from realizing the full current benefit of the tax-exemption on interest and may affect the market value of the Series 2025 Bonds. The City cannot predict whether such future legislative will be enacted and how they will impact the excludability of the interest on the Series 2025 Bonds for federal income tax purposes. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

*Fluctuations in Revenues.* The Revenues derived by the System are subject to significant fluctuation due to weather, particularly wetter- or drier-than-normal conditions. In addition, customers may use less water each year in response to drought conditions, water restrictions, indoor conservation/efficiency or increased water rates. Annual fluctuations in Revenues are exacerbated by the fixed nature of the System's costs. The System is designed to meet peak day demand, which also includes fire flows, reliability and redundancy requirements, and increasingly stringent regulatory requirements. Moreover, the rate structures used to recover the cost of service are designed to encourage water efficiency and conservation and are, therefore, variable in nature. The inconsistency between a

fixed cost structure and a variable revenue structure causes annual budgeting and financial instability and uncertainty. It is not possible to predict what impacts, if any, changing demand patterns will have on the Revenues in the future.

*Casualty Risk.* If a material part of the System is damaged or destroyed by any casualty, there is no assurance that casualty insurance proceeds and other available moneys of the City will be sufficient either to repair or replace the damaged or destroyed property. Although the City believes its casualty insurance coverages with respect to the System are adequate, there is no assurance that delays in the receipt of casualty insurance proceeds pertaining to the System or delays in the repair, restoration or replacement of property damaged or destroyed would not have a material adverse effect on the City's operation of the System or its ability to generate sufficient revenues to make timely payments of the principal of and interest on the Series 2025 Bonds. Further, no assurances can be given as to the frequency or severity of any future natural disasters, nor what impact such disasters may have on the City and the System. It is possible that climate change increases such frequency and severity.

*General Factors Affecting Development.* All development and construction activity, as well as growth of the System's customer base and the Revenues generated therefrom, could be affected significantly by general economic conditions. Development in the Systems service area also may be affected by factors such as local government policies with respect to land development, the financial condition of developers operating in the area, interest rates, the availability of mortgage funds, and other political, legal and business conditions.

*Information Technology Security.* The City relies on a complex technology environment to conduct System operations. The reliance on information technology imposes expectations on City officials and staff to be adept in using and managing electronic systems. It also introduces risks to the security of systems and information of the City and the System. Any breach or attack could compromise systems and the information stored thereon, and could cause a material disruption to System operations and services. Organizations subject to breaches may be liable for potential regulatory fines and penalties, costs of remediating breaches, damages to individuals and entities whose information has been breached, and damage to the information technology infrastructure. These risks may be mitigated with periodic review of potential vulnerabilities and the ongoing implementation of security processes and updates when deemed appropriate by the City and within the limits of resources of the City made available for such purposes. **The City has periodic penetration audits performed to identify potential issues, severities and risks and maintains cyber insurance.** Standards and practices for security of information technology continue to change and there can be no assurance that the City will be successful in protecting its information technology from security breaches.

### **BOOK-ENTRY ONLY SYSTEM**

The Series 2025 Bonds will be issued only as one fully registered Series 2025 Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all the Series 2025 Bonds. The fully registered Series 2025 Bonds will be retained and immobilized in the custody of DTC.

DTC (or any successor securities depository) or its nominee for all purposes under the Indenture will be considered by the City and the Trustee to be the owner or holder of the Series 2025 Bonds.

Owners of any book entry interests in the Series 2025 Bonds (the "book entry interest owners") described below, will not receive or have the right to receive physical delivery of the Series 2025 Bonds, and will not be considered by the City and the Trustee to be, and will not have any rights as, owners or holders of the Series 2025 Bonds under the bond proceedings and the Indenture except to the extent, if any, expressly provided thereunder.

**CERTAIN INFORMATION REGARDING DTC AND DIRECT PARTICIPANTS IS SET FORTH BELOW. THIS INFORMATION HAS BEEN PROVIDED BY DTC. THE CITY, THE UNDERWRITER AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR THE ACCURACY OF SUCH STATEMENTS.**

DTC, the world's largest 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 custody and asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 120 countries and territories) 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 among 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, the National Securities Clearing Corporation and the Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings' rating of "AA+." The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are 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 Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025 Bonds, except in the event that use of the Book-Entry System for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 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 Series 2025 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 Series 2025 Bonds, DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within a maturity are to be 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 Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy will assign Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payment of debt service and redemption proceeds with respect to the Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee 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, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and debt service to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

BENEFICIAL OWNERS SHOULD CONSULT WITH THE DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS FROM WHOM THEY PURCHASE A BOOK ENTRY INTEREST TO OBTAIN INFORMATION CONCERNING THE SYSTEM MAINTAINED BY SUCH DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO RECORD SUCH INTERESTS, TO MAKE PAYMENTS, TO FORWARD NOTICES OF REDEMPTION AND OF OTHER INFORMATION.

THE CITY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR LIABILITY FOR ANY ASPECTS OF THE RECORDS OR NOTICES RELATING TO, OR PAYMENTS MADE ON ACCOUNT OF, BOOK ENTRY INTEREST OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO THAT OWNERSHIP.

The Trustee and the City, so long as a book entry method of recording and transferring interest in the Series 2025 Bonds is used, will send any notice of redemption or of any Indenture amendment or supplement or other notices to Bondholders under the Indenture only to DTC (or any successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participants, or of any Direct Participants or Indirect Participants to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2025 Bonds called for redemption, the Indenture amendment or supplement, or any other action premised on notice given under the Indenture.

The City and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Series 2025 Bonds made to DTC or its nominee as the registered owner of the Series 2025 Bonds, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

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

## THE PROJECT

Approximately \$           \* of the proceeds of the Series 2025 Bonds will be utilized to upgrade, modernize and improve the City's existing wastewater treatment plant (the "Project") located at 537 Hicks Road in the City to enhance efficiency, reliability and environmental compliance. Project details include renovations to make changes to the plant's disinfection process (from a chlorine-based process to a more effective and enclosed ultraviolet (UV) system), as well as critical equipment and electrical upgrades. Completion of the Project is expected to occur in the second quarter of 2026.

Key Project components include:

- Replacement of aging infrastructure, including new screw pumps, headwork screens, and anoxic basin mixers to improve operational efficiency.
- Transition from chlorination to UV disinfection, reducing chemical usage and enhancing safety. The UV system will be enclosed to protect against adverse weather conditions, with a geotechnical investigation conducted to support design parameters.
- Plant-wide electrical system replacement to improve reliability and support future upgrades.
- Installation of final clarifier effluent covers to enhance water quality and reduce exposure to contaminants.
- New scum pump facilities for improved sludge and waste management.
- Upgraded Supervisory Control and Data Acquisition (SCADA) system to optimize plant operations, monitoring, and data management.

See the caption "ESTIMATED SOURCES AND USES OF FUNDS" herein.

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\* Preliminary; subject to change.

**ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds of the Series 2025 Bonds are expected to be used as follows:

**Sources of Funds\***

|                                   |              |
|-----------------------------------|--------------|
| Par Amount of Series 2025 Bonds   | \$10,000,000 |
| Original Issue Premium (Discount) | _____        |
| Total Sources:                    | \$ _____     |

**Uses of Funds\***

|  |          |
|--|----------|
| Deposit to Project Fund                      | \$       |
| Deposit to Debt Service Reserve Fund         |          |
| Underwriter's Discount and Costs of Issuance |          |
| Rounding Amount                              | _____    |
| Total Uses:                                  | \$ _____ |

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\* Preliminary; subject to change.

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## ESTIMATED DEBT SERVICE REQUIREMENTS

The following table details amounts required to pay scheduled principal and interest on the outstanding Series 2020 Bonds, Series 2022 Bonds and Series 2025 Bonds during the years indicated:

| Year    | Debt Service                           | Debt Service                           | Series 2025 Bonds <sup>(1)</sup>       |                         | Total |
|---------|--|--|--|-------------------------|-------|
|         | on<br>Outstanding<br>Series 2020 Bonds | on<br>Outstanding<br>Series 2022 Bonds | Principal<br>Maturities <sup>(2)</sup> | Interest <sup>(3)</sup> |       |
| 2025    | \$1,323,315                            | \$ 388,000                             | \$                                     | \$                      | \$    |
| 2026    | 1,328,417                              | 388,000                                |  |                         |       |
| 2027    | 1,326,225                              | 388,000                                |  |                         |       |
| 2028    | 1,326,749                              | 388,000                                |  |                         |       |
| 2029    | 664,799                                | 388,000                                |  |                         |       |
| 2030    | --                                     | 988,088                                |  |                         |       |
| 2031    | --                                     | 987,938                                |  |                         |       |
| 2032    | --                                     | 986,731                                |  |                         |       |
| 2033    | --                                     | 989,372                                |  |                         |       |
| 2034    | --                                     | 988,981                                |  |                         |       |
| 2035    | --                                     | 985,481                                |  |                         |       |
| 2036    | --                                     | 985,881                                |  |                         |       |
| 2037    | --                                     | 989,981                                |  |                         |       |
| 2038    | --                                     | 987,269                                |  |                         |       |
| 2039    | --                                     | 987,722                                |  |                         |       |
| 2040    | --                                     | 986,731                                |  |                         |       |
| 2041    | --                                     | 989,194                                |  |                         |       |
| 2042    | --                                     | 990,006                                |  |                         |       |
| 2043    | --                                     | --                                     |  |                         |       |
| 2044    | --                                     | --                                     |  |                         |       |
| 2045    | --                                     | --                                     |  |                         |       |
| Totals: | <u>\$5,969,505</u>                     | <u>\$14,783,375</u>                    | <u>\$10,000,000</u>                    | \$                      | \$    |

(1) Preliminary; subject to change.

(2) Including mandatory sinking fund redemption requirements.

(2) Assuming for the purpose of this Preliminary Official Statement an annual average coupon rate of     %.

## ESTIMATED DEBT SERVICE COVERAGE

The following table shows System funds available in the Fiscal Years ended December 31, 2024 and 2023 to pay System debt service, and the extent to which maximum annual debt service on the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds would be covered by such funds. The System revenue and expense information set forth below is based on the audited financial statements of the City’s Water and Sewer Department for the years ended December 31, 2024 and December 31, 2023 (attached as Appendices A and B, respectively, hereto), audited by Ballard & Company, Ltd., independent certified public accountants, Mountain Home, Arkansas.

### Fiscal Year Ended December 31, 2024

|  |               |
|--|---------------|
| Total Operating Revenues   | \$            |
| Total Operating Expenses <sup>(1)</sup>  |               |
| Total Operating Income   | \$            |
| Plus (Less) Other Income (Expense) <sup>(2)</sup>  |               |
| Plus Transferred Sales Tax Revenues <sup>(3)</sup>                                       |               |
| <br>Net Income before depreciation and interest (funds available for debt service)       | <br><u>\$</u> |
| <br>Maximum Total Annual Debt Service After Issuance of Series 2025 Bonds <sup>(4)</sup> | <br>\$        |
| <br>Total Debt Service Coverage  | <br><u>X</u>  |

### Fiscal Year Ended December 31, 2023

|  |                        |
|--|------------------------|
| Total Operating Revenues   | \$9,473,866            |
| Total Operating Expenses <sup>(1)</sup>  | <u>(6,682,837)</u>     |
| Total Operating Income   | \$2,791,029            |
| Plus (Less) Other Income (Expense) <sup>(2)</sup>  | 815,318                |
| Plus Transferred Sales Tax Revenues <sup>(3)</sup>                                       | <u>350,000</u>         |
| <br>Net Income before depreciation and interest (funds available for debt service)       | <br><u>\$3,956,347</u> |
| <br>Maximum Total Annual Debt Service After Issuance of Series 2025 Bonds <sup>(4)</sup> | <br>\$                 |
| <br>Total Debt Service Coverage  | <br><u>X</u>           |

(1) Not including depreciation expense.

(2) Not including interest expense.

(3) Although the City has made annual transfers of \$350,000 of its sales tax receipts to the water and sewer enterprise fund, it is not obligated to do so. **There can be no assurance that future transfers in such amounts will be made.**

(4) Debt Service on the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds. See the caption “ESTIMATED DEBT SERVICE REQUIREMENTS” herein.

NET INCOME AVAILABLE TO PAY SYSTEM DEBT SERVICE AS SET FORTH ABOVE IS BASED ON HISTORICAL RESULTS OF OPERATION OF THE SYSTEM. THERE CAN BE NO ASSURANCE THAT FUTURE NET INCOME AVAILABLE TO PAY SYSTEM DEBT SERVICE WILL APPROXIMATE SUCH HISTORICAL RESULTS.



**THE WATER AND SEWER SYSTEM**

Since 1950, the City has operated a combined water and sewer utility system (the “System”). The System is managed by a Water and Sewer Department which reports directly to the Mayor and the City Council. System operations are accounted for and audited separately from other City operations. Set forth in Appendices A and B to this Official Statement are the audited financial statements of the City’s Water and Sewer Department and certain additional information regarding the System for the fiscal years ended December 31, 2024 and 2023, respectively.

The following table classifies System customers for the years indicated:

|                | <b>2020</b>         | <b>2021</b>         | <b>2022</b>         | <b>2023</b>         | <b>2024</b>         |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Residential    | 6,439               | 6,597               | 6,712               | 6,814               | 6,806               |
| Commercial     | <u>963</u>          | <u>985</u>          | <u>1,000</u>        | <u>1,039</u>        | <u>1,036</u>        |
| <b>Totals:</b> | <u><b>7,402</b></u> | <u><b>7,582</b></u> | <u><b>7,712</b></u> | <u><b>7,853</b></u> | <u><b>7,842</b></u> |

Source: Water and Sewer Superintendent, City of Mountain Home, Arkansas

The following table shows historical water usage statistics for the System:

| <b>Year</b> | <b>Average Daily Use in Gallons</b> | <b>Maximum Day’s Use in Gallons</b> |
|-------------|-------------------------------------|-------------------------------------|
| 2003        | 3,453,000                           | 5,820,000                           |
| 2004        | 3,462,000                           | 5,183,000                           |
| 2005        | 4,090,000                           | 6,323,000                           |
| 2006        | 3,590,000                           | 5,795,000                           |
| 2007        | 3,603,000                           | 5,989,000                           |
| 2008        | 3,338,000                           | 5,440,000                           |
| 2009        | 3,269,000                           | 4,945,000                           |
| 2010        | 3,261,000                           | 5,076,000                           |
| 2011        | 3,289,000                           | 5,524,000                           |
| 2012        | 3,486,000                           | 6,057,000                           |
| 2013        | 3,183,000                           | 5,001,000                           |
| 2014        | 3,204,000                           | 4,705,000                           |
| 2015        | 3,127,000                           | 4,332,000                           |
| 2016        | 3,213,000                           | 4,020,000                           |
| 2017        | 3,100,000                           | 4,315,000                           |
| 2018        | 3,269,000                           | 4,858,000                           |
| 2019        | 3,117,000                           | 4,458,000                           |
| 2020        | 3,171,000                           | 4,430,000                           |
| 2021        | 3,427,000                           | 4,972,000                           |
| 2022        | 3,714,000                           | 5,212,000                           |
| 2023        | 3,686,000                           | 5,057,000                           |
| 2024        | 3,940,000                           | 5,260,000                           |

Source: Water and Sewer Superintendent, City of Mountain Home, Arkansas

The following table compares System rates to those of surrounding municipal water and sewer utilities:

**COMBINED WATER AND SEWER CHARGES FOR AN AVERAGE RESIDENTIAL UNIT  
WITH 6,000 GALLONS WATER CONSUMPTION PER MONTH**

|                       |          |
|-----------------------|----------|
| City of Mountain Home | \$ 90.79 |
| City of Batesville    | \$ 75.66 |
| City of Flippin       | \$113.94 |
| City of Ash Flat      | \$ 86.08 |
| City of Searcy        | \$ 61.51 |

Source: Each City's Water Department

On March 20, 2025, the City adopted Ordinance No. 2025-9 (the “Rate Ordinance”), which amended water and sewer rates. The rate increases provided in the Rate Ordinance are effective on and after April 20, 2025. Based on these rate changes, the City’s current water and sewer charges for 6,000 gallons of water consumption per month for the average residential customer are \$90.79. The Rate Ordinance adjusted water rates and wastewater rates for residential and commercial users located inside and outside the City. The water and wastewater rate increases were adopted to provide sufficient funds to pay debt service on the City’s indebtedness secured by the Revenues and to cover expected increases in the operation and maintenance expenses of the System. Additionally, the rate increases account for compliance with Arkansas Act 605 of 2021 (“Act 605”). On July 18, 2024, the City adopted Ordinance No. 2024-12 (the “Wholesale Water Rate Ordinance”) amending its rates for the sale of water to wholesale users. The rate increases provided in the Wholesale Water Rate Ordinance were effective on and after August 18, 2024.

It is anticipated that water and sewer rates (with annual consumer price index (CPI) rate adjustments as provided in the Rate Ordinance, along with additional increases anticipated over the next several years to sewer rates to ensure compliance with the rate requirement provisions of Act 605) will be adequate to pay operation and maintenance expenses of the System along with debt service on the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds for the foreseeable future.

**Water System**

The City operates an 8 million gallon per day (“MGD”) water treatment plant located near the Pigeon Creek area of Norfolk Lake. This plant, which was constructed in 1969 and was last expanded in 1991, pumps treated water approximately 3.8 miles through parallel transmission lines to the City. The City operates 7 storage tanks with an aggregate capacity of approximately 5 million gallons.

**Water Supply**

The City has purchased an allocation of up to 3 million gallons per day of raw water to be taken from Norfolk Lake. The City’s rights to purchase such raw water were obtained pursuant to the terms of a contract with the U.S. Corps of Engineers which was paid in full in 2010. The City additionally receives a credit equal to the number of gallons of untreated water returned to Norfolk Lake by the City.

**Wholesale Water Supply Contracts**

The City has entered into wholesale water purchase agreements with Mountain Home Northeast Water Association, Inc. and Lakeview-Midway Water Association. Each contract requires the buyer to pay its cost of service plus a specified profit margin and is for a twenty (20) year term, whereby the City will supply water in the following amounts:

| <b>Contracting Party</b>                        | <b>Allotment Per Year<br/>(Million Gallons)</b> | <b>Contract Expiration</b> |
|---|---|----------------------------|
| Mountain Home Northeast Water Association, Inc. | 250.0   | 2032                       |
| Lakeview-Midway Water Association               | 250.0   | 2032                       |

The City also sells water on a wholesale basis to the City of Cotter. There is no contract with respect to such sales and no guarantee of an annual allotment of water. Water is sold as needed on an intermittent basis.

The following table details the System's five largest water users during 2024:

| <b>User</b>                                     | <b>Average Gallons<br/>Per Month<sup>(1)</sup></b> | <b>Percentage of Total<br/>System Use</b> |
|---|--|---|
| Vantive US Health Care                          |  | 14.17%                                    |
| Lakeview-Midway Water Association               |  | 9.59%                                     |
| Mountain Home Northeast Water Association, Inc. |  | 8.46%                                     |
| Dan Foss Power Solutions                        |  | 4.78%                                     |
| Baxter Regional Medical Center                  |  | 3.74%                                     |

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Source: Water and Sewer Superintendent, City of Mountain Home, Arkansas

<sup>(1)</sup> 2024 Averages

**Wastewater System**

The City operates a gravity wastewater collection system with 12 lift stations. Wastewater is treated at a 5 MGD treatment facility constructed in 1988, expanded in 1998 and rehabilitated and partially upgraded in 2020-23. It is located on the south side of Hicks Road near the confluence of Hicks and Dodd Creeks. The current annual average daily flow into the treatment plant is approximately 2.7 MGD. The City is not presently subject to any Environmental Protection Agency orders. Additional upgrades and improvements to the wastewater treatment facility are being financed with a portion of the proceeds of the Series 2025 Bonds. See the caption “THE PROJECT” herein.

The following table details the System's five largest producers of wastewater during 2024:

| User  | Average Gallons Per Month <sup>(1)</sup> | Percentage of Total System Use |
|---|--|--------------------------------|
| Vantive US Health Care                          |  | 14.17%                         |
| Lakeview-Midway Water Association               |  | 9.59%                          |
| Mountain Home Northeast Water Association, Inc. |  | 8.46%                          |
| DanFoss Power Solutions                         |  | 4.78%                          |
| Baxter Regional Medical Center                  |  | 3.74%                          |

Source: Water and Sewer Superintendent, City of Mountain Home, Arkansas

<sup>(1)</sup> 2024 Averages

**Billing Procedures, Delinquency and Uncollectible Accounts**

City ordinances provide that bills for System services are rendered in the net amount due. System bills are due and payable on or before the fifteenth day following the billing date. Bills not paid on or before the due date are considered delinquent and an additional charge of 10% of the total bill is assessed against the account.

In the event that bills due for service are not paid on or before the fifteenth day following the billing date stated on the bill, notice by mail is sent to each customer concerned advising that such bill is due and payable immediately. Should any delinquent bill remain unpaid, service is discontinued on the twenty-sixth day following the billing date. **[CURRENT?]**

**Pension Liabilities**

The Water and Wastewater Department of the City (the “Department”) provides pension benefits for its eligible employees through the Arkansas Public Employees Retirement System (“APERS”). APERS is a cost-sharing, multiple-employer, defined benefit plan which covers municipal employees whose municipalities have elected coverage under the system. Benefit provisions are established by State law and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member’s highest three-year average compensation multiplied by the member’s years of service. Employers are required to contribute to the plan at a rate established by the APERS Board of Trustees based on an actuary’s determination of the rate required to fund the plan. During 2024, employers contributed 15.32% of compensation.

At December 31, 2024, the Department reported a liability of \$ [REDACTED] for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department’s proportion of the net pension liability was based on its share of the contributions to the pension plan relative to the total contributions of all participating employers. For more information concerning the APERS plan and the Department’s contributions and liabilities, see Note [REDACTED] to the audited financial statement of the Department for the year ended December 31, 2024, attached to this Official Statement as Appendix A.

**Capital Improvement Plans**

The City has commenced a process to request an additional allocation of raw water from the U.S. Corps of Engineers (the “Corps”) that would accommodate anticipated growth in the System’s customer base for the foreseeable future. Engineering studies have been completed to support this request. The City has been informed that no further action will be taken on its allocation request until a White River Comprehensive Master Plan update has been completed by the Corps. **[ANY ESTIMATE OF COMPLETION DATE OF UPDATE?]**

If an additional allocation is approved, the City intends to construct a new water intake structure at Norfolk Lake and to install a new raw water supply line to the City’s existing water treatment plant. The City’s existing intake structure would then be dismantled. At this time, the estimate of the cost of all of the improvements associated with an increased raw water allocation ranges from \$125-\$140 million.

**Financial Information**

Set forth in Appendix A and Appendix B to this Official Statement are the financial statements of the City’s Water and Sewer Department and certain additional information regarding the System for the years ended **December 31, 2024 and December 31, 2023**, respectively, which financial statements have been audited by Ballard & Company, Ltd., certified public accountants, Mountain Home, Arkansas. The reports of Ballard & Company, Ltd., with respect to such financial statements and additional information also appear in Appendix A and Appendix B. This financial data should be reviewed in its entirety. Additional financial information concerning the System and the City may be obtained from the City Treasurer or the Director of Water & Sewer, City of Mountain Home, City Hall, 720 South Hickory, Mountain Home, Arkansas 72653. The revenues and expenses of the System for the last five years for which audited financial statements are available are summarized as follows:

|   | 2020                | 2021               | 2022               | 2023               | 2024      |
|---|---------------------|--------------------|--------------------|--------------------|-----------|
| Total Operating Revenues                                  | \$7,267,898         | \$8,250,618        | \$8,733,012        | \$9,473,866        | \$        |
| Total Operating Expenses                                  | <u>(5,542,378)</u>  | <u>(5,258,821)</u> | <u>(6,329,387)</u> | <u>(6,682,837)</u> |           |
| Operating Income  | \$2,025,520         | \$2,991,797        | \$2,403,625        | \$2,791,029        | \$        |
| Net Non-Operating Revenue (Expense) <sup>(1)</sup>        | <u>145,835</u>      | <u>44,955</u>      | <u>(237,550)</u>   | <u>287,847</u>     |           |
| Net Income before Depreciation, Amortization and Interest | \$2,171,355         | \$3,036,752        | \$2,166,075        | \$3,078,876        | \$        |
| Depreciation, Amortization and Interest                   | <u>(2,457,919)</u>  | <u>(2,386,386)</u> | <u>(2,248,997)</u> | <u>(2,402,499)</u> |           |
| Net Income  | <u>\$ (286,564)</u> | <u>\$ 650,366</u>  | <u>\$ (82,922)</u> | <u>\$ 676,377</u>  | <u>\$</u> |

<sup>(1)</sup> Does not include annual \$350,000 transfers to the Water and Sewer Enterprise Fund from City sales tax receipts. The City is not obligated to continue these transfers.

**THE CITY**

Mountain Home is a city of the first class, organized and existing under the laws of the State of Arkansas. The City is the seat of government of Baxter County (the “County”). Mountain Home is located in the north central part of the State and is approximately 157 miles north of Little Rock, Arkansas.

The City is served by U.S. Highway 62 and State Highways 5, 178 and 201. The Baxter County Regional Airport has a paved 5,000-foot runway, is lighted, and provides commercial air services.

## Government

The government of the City operates under the Mayor-Council form of government, pursuant to which a Mayor is elected to serve a four-year term. Eight aldermen are elected (two from each of the four wards of the City) to serve two-year terms.

| <b>Name</b>              | <b>Term Expires</b> | <b>Principal Occupation</b>      |
|--------------------------|---------------------|----------------------------------|
| Hillrey Adams, Mayor     | 12-31-26            | Mayor                            |
| Scott Liles, City Clerk  | 12-31-26            | City Clerk                       |
| Bob Van Haaren, Alderman | 12-31-26            | Operations Manager/On-Air Talent |
| Susan Stockton           | 12-31-26            | Retired                          |
| Jennifer Baker, Alderman | 12-31-26            | Counselor                        |
| Wayne Almond, Alderman   | 12-31-26            | Retired                          |
| Philip Frame, Alderman   | 12-31-26            | Counselor                        |
| Carry Manuel, Alderman   | 12-31-26            | Retired Police Chief             |
| Jim Bodenhamer, Alderman | 12-31-26            | Retired Journalist               |
| Nick Reed, Alderman      | 12-31-26            | Logistics and Marketing          |

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Source: City of Mountain Home, Arkansas.

## Population

The City and County have experienced steady increases in population over the last several decades. Population figures, according to the United States Census Bureau are as follows:

| <b>Year</b> | <b>Mountain Home</b> | <b>Baxter County</b> |
|-------------|----------------------|----------------------|
| 1960        | 2,105                | 9,943                |
| 1970        | 3,936                | 15,319               |
| 1980        | 8,066                | 27,409               |
| 1990        | 9,027                | 31,186               |
| 2000        | 11,012               | 38,386               |
| 2010        | 12,454               | 41,510               |
| 2015        | 12,277               | 41,138               |
| 2020        | 12,825               | 42,240               |

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Source: Census.Gov

## Economic Data

Per capita personal income figures for the County and State are as follows:

| <b>Year</b> | <b>Baxter County</b> | <b>State of Arkansas</b> |
|-------------|----------------------|--------------------------|
| 2014        | \$34,264             | \$38,200                 |
| 2015        | 34,424               | 39,267                   |
| 2016        | 34,905               | 40,181                   |
| 2017        | 36,131               | 41,403                   |
| 2018        | 36,884               | 43,031                   |
| 2019        | 38,452               | 43,737                   |
| 2020        | 41,200               | 47,103                   |
| 2021        | 44,248               | 52,845                   |
| 2022        | 44,928               | 55,323                   |
| 2023        | 46,819               | 57,635                   |

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Source: BEA.Gov

The City has levied and collected 1% local sales and use tax since March of 1982. An additional .375% local sales and use tax was levied and effective as of January 1, 2018, and an additional .750% local sales and use tax was levied and effective as of July 1, 2021. Historical receipts from these taxes are summarized below:

| <b>Year</b> | <b>Sales and Use Tax Receipts</b> |
|-------------|-----------------------------------|
| 2005        | \$3,807,499                       |
| 2006        | 4,162,867                         |
| 2007        | 4,331,685                         |
| 2008        | 4,541,222                         |
| 2009        | 4,404,174                         |
| 2010        | 4,270,892                         |
| 2011        | 4,219,266                         |
| 2012        | 4,071,032                         |
| 2013        | 4,378,136                         |
| 2014        | 4,641,642                         |
| 2015        | 4,832,456                         |
| 2016        | 4,768,059                         |
| 2017        | 4,725,195                         |
| 2018        | 6,448,204                         |
| 2019        | 7,145,450                         |
| 2020        | 7,832,646                         |
| 2021        | 12,017,495                        |
| 2022        | 14,556,484                        |
| 2023        | 15,184,133                        |
| 2024        | 15,508,822                        |

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Source: Sales and Use Tax Division, State of Arkansas

Historical unemployment figures for the State and the County are as follows:

| <b>Year</b> | <b>Baxter County</b> | <b>State of Arkansas</b> |
|-------------|----------------------|--------------------------|
| 2010        | 9.4%                 | 8.2%                     |
| 2011        | 9.3%                 | 8.3%                     |
| 2012        | 8.4%                 | 7.6%                     |
| 2013        | 8.2%                 | 7.3%                     |
| 2014        | 6.7%                 | 6.1%                     |
| 2015        | 5.5%                 | 5.1%                     |
| 2016        | 4.3%                 | 4.0%                     |
| 2017        | 4.2%                 | 3.7%                     |
| 2018        | 4.6%                 | 4.1%                     |
| 2019        | 5.1%                 | 3.8%                     |
| 2020        | 4.3%                 | 5.6%                     |
| 2021        | 3.8%                 | 4.0%                     |
| 2022        | 3.5%                 | 3.2%                     |
| 2023        | 3.6%                 | 3.1%                     |
| 2024        | 4.7%                 | 3.5%                     |

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Source: DiscoverArkansas.gov

**Employment and Industry**

The economy of the City is based primarily on manufacturing and tourism. Major area employers, their products and approximate number of employees are as follows:

| <b>Name</b>                                     | <b>Product</b>                     | <b>Employees</b> |
|---|------------------------------------|------------------|
| Baxter Regional Medical Center                  | Health care                        | 1,000-1,499      |
| Vantive US Health Care                          | Surgical/medical instruments       | 1,000-1,499      |
| Mountain Home School District                   | Public schools                     | 500-999          |
| Wal-Mart Stores, Inc.                           | Retail department stores           | 300-499          |
| DanFoss Company                                 | Plastics and plastic products      | 300-499          |
| Baxter Healthcare Corporation                   | Surgical/medical instruments       | 200-299          |
| American Stitchco                               | Automotive trimming                | 100-199          |
| Arkansas State University – Mountain Home       | College/university                 | 100-199          |
| Lowe’s Home Centers, Inc.                       | Home centers                       | 100-199          |
| Magness Oil Company (multiple locations)        | Gas and oil (wholesale and retail) | 100-199          |
| McDonald’s Corporation (3 locations)            | Restaurants                        | 100-199          |
| Auto Services Company, Inc.                     | Auto insurance agencies            | 100-199          |
| Epoxy Products LLC                              | Plastics                           | 100-199          |
| Home Depot                                      | Hardware and outdoor products      | 100-199          |
| Harp’s Food Stores, Inc.                        | Grocers - retail                   | 50-99            |
| The Evangelical Lutheran Good Samaritan Society | Nursing and convalescent homes     | 50-99            |
| Home Bound Medical Services                     | Home health services               | 50-99            |
| Big Oil Company                                 | Petroleum products                 | 50-99            |

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Source: Mountain Home Chamber of Commerce.

**DEFINITIONS OF CERTAIN TERMS**

The following are definitions of certain terms used in this Official Statement:

“Act” means the Local Government Capital Improvement Revenue Bond Act of 1985, Arkansas Code Annotated §§ 14-164-401 *et seq.*, as from time to time amended.

“Additional Bonds” means Bonds in addition to the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds which are issued under the provisions of the Indenture.

“Annual Debt Service” means, with respect to all or any particular amount of Bonds or Subordinate Obligations, as the case may be, the Debt Service for any particular Fiscal Year required pursuant to the provisions of the Indenture to be paid or set aside during such Fiscal Year, less the amount of such payment which is provided from the proceeds of the sale of Bonds or Subordinate Obligations or from sources other than Revenues.

“Authorizing Ordinance” means Ordinance No. 2025-\_\_ of the City, adopted and approved on \_\_\_\_\_, 2025, authorizing the issuance of the Series 2025 Bonds pursuant to the Indenture.

“Bond Counsel” means Kutak Rock LLP, Little Rock, Arkansas, or such other firm of attorneys of nationally recognized expertise with respect to tax-exempt obligations of political subdivisions, selected by the City and acceptable to the Trustee.

“Bond Fund” means the fund by that name created and established in the Indenture.

“Bonds” means the Series 2020 Bonds, the Series 2022 Bonds, the Series 2025 Bonds and all Additional Bonds issued by the City pursuant to the Indenture.

“City” means the City of Mountain Home, Arkansas, a municipality and political subdivision under the laws of the State of Arkansas.

“Code” means the Internal Revenue Code of 1986, as from time to time amended, and applicable regulations issued or proposed thereunder.

“Completion Date” means the date upon which Facilities are first ready for normal continuous operation or the date upon which damaged Facilities are replaced in normal continuous operation as determined by the Mayor or a Qualified Engineer.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the City and the Dissemination Agent, dated the date of issuance and delivery of the Series 2025 Bonds.

“Cost of Issuance Fund” means the fund by that name created and established in the Indenture.

“Debt Service” means, with respect to all or any particular amount of Bonds or Subordinate Obligations, as the case may be, the total as of any particular date of computation and for any particular period of the scheduled amount of interest and amortization of principal payable on such Bonds or Subordinate Obligations, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Debt Service Reserve Fund” means the fund by that name created and established in the Indenture.

“Depository” means a national or state banking corporation or association (which may also include the Trustee and any Paying Agent) which holds membership in the Federal Deposit Insurance Corporation.

“Dissemination Agent” means First Security Bank, Searcy, Arkansas, as dissemination agent under the Continuing Disclosure Agreement.

“Event of Default” means any event of default specified in the Indenture. See the caption “SUMMARY OF THE INDENTURE – *Events of Default*” herein.

“Facilities” means land, buildings, structures, machinery, equipment and all related or necessary property, tangible or intangible, constituting the System, including, but not limited to, consumables, rights, easements, franchises, and common facilities (being facilities used in common by the City in the furnishing of water or sewer services) which are used or useful in the collection, storage, distribution, treatment, sale or other use of water or wastewater, and to which the City has right, title or ownership, in whole or undivided part, and, if in undivided part, then to the extent of the City’s right, title or ownership therein.

“Fiscal Year” means the 12-month period used, at any time, by the City for accounting purposes with respect to the System, which may be the calendar year. Currently, the fiscal year of the City ends on December 31 of each year.

“Government Securities” means (i) direct obligations of the United States of America, (ii) obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by the United States of America (including any such securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America), and (iii) evidences of direct ownership or proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

“Holder” or “bondholder” or “owner of the Bonds” means the registered owner of any Bond.

“Indenture” or “Trust Indenture” means the Trust Indenture dated as of March 15, 2013, as supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, by a Second Supplemental Trust Indenture dated as of October 15, 2017, by a Third Supplemental Trust Indenture dated as of June 1, 2019, and by a Fourth Supplemental Trust Indenture dated as of November 1, 2020, by a Fifth Supplemental Trust Indenture dated as of June 1, 2022, and by a Sixth Supplemental Trust Indenture dated as of [REDACTED] 1, 2025, each by and



between the City and the Trustee, pursuant to which the Bonds are issued, and any amendments and supplements thereto.

“Investment Securities” means, if and to the extent the same are at the time legal for investment of funds held under the Indenture:

- (a) Cash deposits, certificates of deposits or money market deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations);
- (b) Government Securities;
- (c) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: U.S. Export-Import Bank (Eximbank); Rural Economic Community Development Administration; Federal Financing Bank; General Services Administration; U.S. Maritime Administration; U.S. Department of Housing and Urban Development (PHAs); Small Business Administration; Government National Mortgage Association (GNMA); Federal Housing Administration; and Farm Credit System Financial Assistance Corporation.
- (d) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America;
  - (i) Senior debt obligations rated in the highest long-term rating category by at least two nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC); and
  - (ii) Senior debt obligations of the Federal Home Loan Bank System;
- (e) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks which either (i) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two nationally recognized rating agencies, (ii) are insured at all times by the Federal Deposit Insurance Corporation, or (iii) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (f) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures no more than 270 days after the date of purchase;
- (g) Investments in (i) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least one of S&P and Moody’s and (ii) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the City’s deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least one of S&P and Moody’s;
- (h) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
  - (i) Which are rated, based on an irrevocable escrow account or fund (the “Escrow”), in the highest long-term rating category of at least two nationally recognized rating agencies; or
  - (ii) (I) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and
  - (II) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if

any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(i) General obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually; and

(j) Any Cash Sweep Account maintained by the Trustee and consisting of investments described in clauses (a) through (i).

“Mayor” means the person holding the office and performing the duties of the Mayor of the City.

“Moody’s” means Moody’s Investors Service, Inc., and any successor thereto.

“Net Revenues” means, for any period, Revenues less Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means, for any period, all ordinary and necessary expenses of operation, repair, maintenance and insuring of the System under generally accepted accounting principles, except that there shall not be included (i) any allowance for depreciation, (ii) any deposits or transfers to the credit of (a) the Bond Fund or to any fund or account created for the payment of debt service on any Subordinate Obligations, (b) any debt service reserve fund or account created in connection with the Bonds or any Subordinate Obligations, or (c) any depreciation or other type of renewal and replacement fund, or (iii) any payments with respect to obligations not payable in whole or in part under any circumstances from Revenues. Operating Expenses shall specifically include obligations of the City to the U.S. Corps of Engineers.

“Operation and Maintenance Fund” means the fund by that name confirmed and described in the Indenture.

“Outstanding” means, when used with reference to the Bonds, as of any particular date, the aggregate of all Bonds authenticated and delivered under the Indenture except:

(a) Bonds cancelled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;

(b) Bonds deemed to be paid in accordance with Article VIII of the Indenture; and

(c) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture.

“Paying Agent” means any bank or trust company named by the City as the place at which the principal of and premium, if any, and interest on the Bonds are payable.

“Project Costs” means all costs paid or incurred by the City in connection with acquiring, constructing and equipping of Facilities and placing of the same in operation or the reconstruction and re-equipping of damaged Facilities and replacing them in operation, including, without limitation, paying all or a portion of the interest on any series of Bonds issued for such purpose; paying or reimbursing the City or any fund for expenses of the City incident and properly allocable to such acquisition, construction, and equipping or reconstruction and re-equipping and the placing or replacing of the Facilities in operation; and all other expenses incident and properly allocable to the acquisition, construction, and equipping or the reconstruction and re-equipping of Facilities, the financing of the same, and the placing of the same in operation.

“Project Fund” means the fund by that name created and established in the Indenture.

“Qualified Accountant” means an independent certified public accountant or firm of independent certified public accountants not in the regular employ of the City.

“Qualified Engineer” means an independent consulting engineer or firm of independent consulting engineers not in the regular employ of the City.

“Rebate Fund” means the fund by that name created and established in the Indenture.

“Record Date” means, with respect to any interest payment date of the Series 2025 Bonds, the fifteenth day of the calendar month preceding the month in which such interest payment date falls.

“Reserve Requirement” means, with respect to the Series 2025 Bonds, an amount equal to 50% of the maximum Annual Debt Service on the Series 2025 Bonds in any Fiscal Year thereafter.

“Revenues” means (i) all fees, tolls, rates, rentals and charges levied and collected in connection with, and all other income and receipts of whatever kind or character derived by the City from, the ownership or operation of the System, (ii) all amounts payable to the Trustee with respect to the principal of and interest on the Bonds (a) by the City as required under the Indenture and (b) upon deposit in the Bond Fund from the proceeds of the Bonds, and (iii) investment income with respect to any moneys held by the Trustee or a Depository in the funds created or confirmed in the Indenture.

“Revenue Fund” means the fund by that name confirmed and described in the Indenture.

“S&P” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., and any successor thereto.

“Series 2020 Bonds” means the City’s Water and Sewer Revenue Refunding Bonds, Series 2020, issued pursuant to the Indenture in the original principal amount of \$8,809,000.

“Series 2022 Bonds” means the City’s Water and Sewer Revenue Improvement Bonds, Series 2022, issued pursuant to the Indenture in the original principal amount of \$10,000,000.

“Series 2025 Bonds” means the City’s Water and Sewer Revenue Improvement Bonds, Series 2025, issued pursuant to the Indenture in the original principal amount of \$10,000,000\*.

“Subordinate Obligations” means debt obligations of the City secured by a pledge of Revenues that is subordinate to the lien thereon securing the payment of the Bonds, as permitted by the provisions of the Indenture.

“System” means the City’s combined water and sewer utility system.

“Trustee” means the banking corporation or association designated as Trustee in the Indenture, and its successor or successors as such Trustee. The original Trustee is First Security Bank, Searcy, Arkansas.

“Trust Estate” means the property described in the granting clauses of the Indenture.

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\* Preliminary; subject to change.

## SUMMARY OF THE INDENTURE

The following statements are brief summaries of certain provisions of the Indenture. The statements do not purport to be complete, and reference is made to the Indenture, copies of which are available for examination at the offices of the Water & Sewer Director of the City, for a full statement thereof.

*Funds and Disposition of Revenues.* Revenues are pledged by the Indenture to the payment of the principal of and premium, if any, and interest on the Bonds, subject to various provisions permitting application for other purposes. The following funds are referenced with respect to the Bonds:

| <b>Fund</b>   | <b>Held By</b> |
|---|----------------|
| Revenue Fund  | City           |
| Operation and Maintenance Fund                                | City           |
| Bond Fund   | Trustee        |
| Debt Service Reserve Fund (and a Series 2025 Account therein) | Trustee        |
| Cost of Issuance Fund   | Trustee        |
| Project Fund  | Trustee        |
| Rebate Fund   | Trustee        |

*Application of Revenues.* The application of Revenues is as follows:

(a) Revenue Fund. The Treasurer of the City shall deposit all Revenues into the Revenue Fund at least monthly. All moneys at any time in the Revenue Fund shall be applied to the payment of Operation and Maintenance Expenses of the System, the payment of Annual Debt Service on the Bonds and any Subordinate Obligations, the maintenance of any debt service reserves for the Bonds and any Subordinate Obligations, and the providing of any depreciation fund or renewal and replacement fund, in the order, at the times and in the amounts set forth as follows:

(b) Operation and Maintenance Fund. Prior to making the required payments into the bond funds and debt service reserve funds with respect to the Bonds and the Subordinate Obligations, there shall be paid from the Revenue Fund into the Operation and Maintenance Fund, not later than the first business day of each month while any of the Bonds shall be Outstanding, an amount sufficient to pay the reasonable and necessary expenses of operation, maintenance and repair of the System for such month, and from which disbursements shall be made only for those purposes. Fixed annual charges such as insurance premiums and the cost of major repair and maintenance expenses may be computed and set up on an annual basis, and 1/12 of the amount thereof may be paid into the Operation and Maintenance Fund each month.

If in any month for any reason there shall be a failure to transfer and pay the required amount into the Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid into the Operation and Maintenance Fund in the next succeeding month.

(c) Bond Fund. Immediately following the making of the required deposits into the Operation and Maintenance Fund, there shall be paid from the Revenue Fund into the Bond Fund, on the first business day of each month, until all Outstanding Bonds with interest thereon have been paid in full, or provision made for such payment, a sum equal to (i) the installment of interest next coming due on the Series 2020 Bonds (whether at maturity, upon mandatory redemption, or otherwise) on the fifteenth day of such month, (ii) the installment of principal next coming due on the Series 2020 Bonds (whether at maturity, upon mandatory redemption, or otherwise) on the fifteenth day of such month, (iii) 1/6 of the installment of interest on the Series 2022 Bonds and Series 2025 Bonds due (whether at maturity, upon mandatory redemption, or otherwise) on the next June 1 or December 1, and (iv) 1/12 of the installment of principal on the Series 2022 Bonds and Series 2025 Bonds due (whether at maturity, upon mandatory redemption, or otherwise) on the next June 1 (provided, however, that the first payment required under the Indenture into the Bond Fund relating to interest on a series of Bonds will be reduced to the extent of accrued interest deposited into the Bond Fund on the date of issuance of such series of Bonds and subsequent payment obligations shall be reduced to the extent of investment earnings and other moneys credited to the Bond Fund from sources other than monthly payments). All moneys in the Bond Fund shall be used solely for the purpose of paying Annual Debt Service on the Bonds or for any redemption of the Bonds, except as specifically provided in the Indenture. The Trustee shall withdraw from the Bond Fund, on the date of any principal or interest payment, an amount equal to the amount of such payment for the sole purpose of paying the same.

If Revenues are insufficient to make the required payment into the Bond Fund, the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund not later than the fifth business day preceding the first business day of the next succeeding month.

When the moneys held in the Bond Fund and the Debt Service Reserve Fund shall be and remain sufficient to pay in full the principal of and premium, if any, and interest on all Bonds then Outstanding, there shall be no obligation to make further payments into the Bond Fund.

(d) Debt Service Reserve Fund. See the caption "SECURITY FOR THE BONDS – Debt Service Reserve" herein.

(e) Surplus. Any surplus in the Revenue Fund after making all disbursements and providing for all funds described above may be used, at the option of the City, for any lawful purpose.

Project Fund. The proceeds from the issuance and sale of each series of Bonds issued to finance the acquisition, construction or equipping of Facilities shall be deposited in the Project Fund. Moneys in the Project Fund shall be disbursed by the Trustee to pay Project Costs on the basis of requisitions signed by the Mayor or any other person designated to the Trustee in writing by the Mayor. On the applicable Completion Date of a Project, to the extent the balance remaining in the Project Fund (excepting amounts retained by the Trustee at the City's

direction for Project Costs not then due and payable) equals or exceeds \$100,000, such amount shall be segregated by the Trustee for the redemption of Bonds of the applicable series funding the Project.

*Investment of Funds.* At the direction of the City or absent such direction, the Trustee shall invest moneys in funds or accounts held by the Trustee in Investment Securities with maturity or redemption dates consistent with the times at which said moneys will be required for the purposes provided in the Indenture. Moneys in separate funds or accounts may be commingled for the purpose of investment. The City may invest moneys held in the Revenue Fund and the Operation and Maintenance Fund in any investment obligations permitted by Arkansas law.

Obligations purchased as an investment of moneys in any fund or account created by the Indenture shall be deemed at all times to be a part of such fund or account, and any income or loss due to an investment thereof shall be charged to the respective fund or account for which the investment was made except as otherwise provided in the Indenture.

Investments in any fund or account shall be evaluated at least annually by the City or the Trustee, as may be appropriate. For the purpose of determining the amount in any fund or account, the City and the Trustee shall value all Investment Securities credited to such fund or account at the price at which such Investment Securities are redeemable by the holders or owners thereof at their option if so redeemable, or, if not so redeemable, at the lesser of (i) the cost of such Investment Securities minus the amortization of any premium or plus the amortization of any discount thereon and (ii) the market value of such Investment Securities.

*Valuation of Funds and Accounts.* In determining the value of any fund or account held by the Trustee under the Indenture, the Trustee shall credit Investment Securities at the fair market value thereof, as determined by the Trustee based on accepted industry standards and from accepted industry providers. No less frequently than annually, and in any event within thirty (30) days prior to the end of each Fiscal Year, the Trustee shall determine the value of each fund and account held under the Indenture and shall report such determination to the City.

The Trustee shall sell or present for redemption any Investment Securities as necessary in order to provide money for the purpose of making any payment required under the Indenture, and the Trustee shall not be liable for any loss resulting from any such sale.

*Responsibility of Trustee.* The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it at the direction of the City.

*Operation and Maintenance of System; Disposition of System Assets.* The City covenants that it will continuously operate the System in a diligent fashion in accordance with prudent utility practice and as a revenue-producing undertaking in compliance with all applicable laws and regulations and all the covenants and obligations under the Indenture.

The City further covenants that it will maintain the System in sound condition and repair, that it will not sell or otherwise dispose of any property necessary to the proper operation of the System or to the maintenance of Revenues, and that it will not enter into any lease or agreement which will impair or impede the operation of the System or adversely affect the rights of the bondholders.

*Insurance.* The City covenants and agrees to insure and at all times keep insured, in the amount of the actual value thereof, by a responsible insurance company or companies authorized and qualified under the laws of the State of Arkansas to assume the risk thereof, all properties of the System, other than water storage tanks, mains and lines for the transmission, distribution or collection of water or wastewater, against loss or damage from fire, lightning, tornado, winds, strike, malicious damage or explosion and against loss or damage from any other causes customarily insured against by private companies engaged in a similar type of business.

*Damage or Destruction; Condemnation.* The City covenants and agrees that in the event of damage to or destruction of the System, or if all or any part of the System shall be taken under the exercise of eminent domain, it will immediately notify the Trustee.

All insurance money paid or net amounts awarded shall be paid to the City, and the City shall proceed to restore, repair, replace or rebuild Facilities of the System nearly as possible to the condition they were in immediately prior to such damage or condemnation, to the extent that the same may be feasible, subject to such alterations as the City may elect to make. If the insurance money or net amounts awarded shall be insufficient to pay all costs of the restoration, the City shall pay the deficiency and shall nevertheless proceed to complete the

restoration and pay the cost thereof. Any balance of the insurance or condemnation proceeds remaining over and above the cost of the restoration shall be deposited into the Revenue Fund.

The City's obligations to make all payments set forth in the Indenture and to perform all other covenants and agreements on its part to be performed shall not be affected by any such damage or destruction or condemnation.

Notwithstanding the foregoing provisions, the City shall not be required to repair, restore, replace or rebuild Facilities of the System, or any part thereof, if the City shall elect to redeem prior to maturity on the next possible redemption date all of the Bonds then Outstanding, together with accrued interest to the redemption date, and to pay all charges, fees and expenses necessarily incurred and required to be incurred in connection with such redemption, and all other amounts then owing by the City. In that event, the proceeds of all insurance or condemnation awards shall be placed in and become part of the Bond Fund. If there be any deficiency in the moneys on deposit in the Bond Fund after the deposit of all such proceeds, the City shall immediately deposit therein the amount of the deficiency.

*Accounting; Reports.* The City covenants that it will keep the funds and accounts of the System separate from all other funds and accounts of the City, and that it will keep accurate records of all items of cost and of all expenditures relating to the System, and of the collection and application of Revenues, in accordance with generally accepted accounting principles. Such records and accounts shall be open to inspection by the Trustee under reasonable circumstances.

The City further covenants that at the end of each Fiscal Year it will cause an audit to be made of the books and accounts for that Fiscal Year pertaining to the System by a Qualified Accountant.

*Defeasance.* Any Bond shall be deemed to be paid within the meaning of the Indenture when payment of the principal of and premium, if any, and interest on such Bond (whether at maturity or upon redemption as provided in the Indenture, 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 by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Securities (provided that such deposit will not affect the tax-exempt status of the interest on any of the Bonds or cause any of the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code, as reflected in an opinion of Bond Counsel delivered to the Trustee), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and any said Paying Agent.

*Events of Default.* Each of the following events shall constitute and is referred to in the Indenture as an "Event of Default":

- (a) Default in the due and punctual payment of any interest on any Bond;
- (b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;
- (c) Default in the payment of any other amount required to be paid under the Indenture or the performance or observance of any other of the covenants, agreements or conditions contained in the Indenture, or in the Bonds issued under the Indenture, and continuance thereof for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, unless the Trustee, or the Trustee and holders of an aggregate principal amount of Bonds not less than the aggregate principal amount of Bonds the holders of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within such period and is being diligently pursued; and

(d) The filing of a petition in bankruptcy by or against the City under the United States Bankruptcy Code or the commencement of a proceeding by or against the City under any other law concerning insolvency, reorganization or bankruptcy.

The term “default” as used in clauses (a), (b) and (c) above shall mean default by the City in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture, or in the Bonds Outstanding thereunder, exclusive of any period of grace required to constitute a default an “Event of Default” as described above.

*Acceleration.* Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the holders of not less than 51% in aggregate principal amount of Bonds Outstanding shall, by notice in writing delivered to the City, declare the principal of all Bonds then Outstanding, together with any premium and the interest accrued thereon, immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

*Other Remedies; Rights of Bondholders.* Upon the occurrence of an Event of Default, the Trustee may, as an alternative, pursue any available remedy by suit at law or in equity, including, without limitation, mandamus to enforce the payment of the principal of and premium, if any, and interest on the Bonds then Outstanding.

If an Event of Default shall have occurred, and if it shall have been requested so to do by the holders of 51% in aggregate principal amount of Bonds Outstanding and if it shall have been indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred upon it by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the bondholders.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

*Rights and Remedies of Bondholders.* No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by the Indenture it is deemed to have notice, nor unless such default shall have become an Event of Default and the holders of not less than 51% in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit, or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit, or proceeding in its own name; and such notification, request and offer of indemnity are declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by action of the holder or holders or to enforce any right under the Indenture except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, held and maintained in the manner therein provided for the equal benefit of the holders of all Bonds Outstanding thereunder. Nothing in the Indenture contained shall, however, affect or impair the right of any bondholders to enforce the payment of the principal of and premium, if any, and interest on any Bonds at and after the maturity thereof, or the obligation of the City to pay the principal of and premium, if any, and interest on each of the Bonds issued under the Indenture to the respective holders thereof at the time and place in said Bonds expressed.

*Supplemental Indentures Not Requiring Consent of Bondholders.* The City and the Trustee may, from time to time and at any time, without the consent of or notice to the bondholders, enter into supplemental indentures as follows:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture;
- (b) to grant to or confer or impose upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect, provided that no such additional liabilities or duties shall be imposed upon the Trustee without its consent;
- (c) to add to the covenants and agreements of, and limitations and restrictions upon, the City in the Indenture other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (d) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, the Indenture, of the Trust Estate or of any other moneys, securities or funds;
- (e) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;
- (f) to authorize the issuance and sale of one or more series of Additional Bonds;
- (g) to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate to the United States or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds; or
- (h) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the bondholders and which does not involve a change described in clause (a), (b), (c), (d), (e) or (f) below and which, in the judgment of the Trustee, is not to the prejudice of the Trustee.

*Supplemental Indentures Requiring Consent of Bondholders.* Subject to the terms and provisions contained in this paragraph, and not otherwise, the holders of not less than 2/3 in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the City and the Trustee of such indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the City for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing contained in the Indenture shall permit or be construed as permitting (a) an extension of the maturity (or mandatory redemption date) of the principal of or the interest on any Bond issued thereunder, or (b) a reduction in the principal amount of or redemption premium or rate of interest on any Bond issued thereunder, or (c) the creation of any lien on the Trust Estate or any part thereof, except as expressly permitted in the Indenture, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture, or (f) deprive the holder of any Bond then Outstanding of the lien created on the Trust Estate.

If, at any time the City shall request the Trustee to enter into any supplemental indenture for any of the purposes described above, the Trustee shall, at the expense of the City, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail to each registered owner of the Bonds. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by bondholders. The Trustee shall not, however, be subject to any liability to any bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided above. If the holders of not less than 2/3 in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.



## SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The City has entered into an undertaking in the form of the Continuing Disclosure Agreement as required by the Indenture for the benefit of the Beneficial Owners of the Series 2025 Bonds to cause certain financial information to be sent to certain information repositories annually and to cause notice to be sent to such information repositories of certain specified events, pursuant to the requirements of Section (b)(5)(i) of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule").

The City is a party to prior continuing disclosure agreements with respect to its water and sewer revenue bonds issued in 2017, 2019, 2020 and 2022. [EVERYTHING APPEARS TO HAVE BEEN TIMELY FILED FOR FISCAL YEARS 2019-2022. THE AUDIT FOR FY 2023 WAS TIMELY POSTED, BUT MISSED THE SERIES 2019 CUSIPS. THERE WAS NO OPERATING DATA REPORT POSTED FOR FY 2023. NOTHING HAS BEEN POSTED YET FOR FY 2024 AND THOSE POSTINGS ARE NOT YET DUE.] [All other required filings related to the Series 2017 Bonds, Series 2019 Bonds, Series 2020 Bonds and Series 2022 Bonds have been timely posted to date in accordance with the Rule. The City has adopted procedures to ensure compliance with its continuing disclosure undertakings.]

The City is also a party to a prior continuing disclosure agreement with respect to its sales and use tax bonds issued in 2021. [ANNUAL OPERATING REPORTS APPEAR TO HAVE BEEN TIMELY FILED, AS WELL AS FY 2021 AND 2022 AUDITS. NOT SURE ABOUT FY 2023 AUDIT. NOTHING POSTED YET FOR FY 2024] [All [other] required filings related to the Series 2021 sales tax bonds have been timely posted to date in accordance with the Rule. The City has adopted procedures to ensure compliance with its continuing disclosure undertakings.]

The Continuing Disclosure Agreement for the Series 2025 Bonds contains the following covenants and provisions:

(a) The City covenants that it will disseminate, or will cause the Dissemination Agent to disseminate, the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth in Exhibit I to the Continuing Disclosure Agreement) by delivering such Annual Financial Information and the Audited Financial Statements to the MSRB within 180 days of the completion of the City's Fiscal Year. The City is required to deliver or cause delivery of such information in Prescribed Form and by such time so that such entity receives the information by the dates specified.

(b) Not later than five (5) Business Days prior to the date specified in the preceding paragraph for providing the Annual Financial Information Disclosure to the MSRB, the City shall provide such Annual Financial Information Disclosure to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the applicable Annual Financial Information Disclosure, the Dissemination Agent shall contact the applicable Disclosure Representative to determine if the City is in compliance with its obligations described in the preceding paragraph. If the Dissemination Agent is unable to verify that the Annual Financial Information Disclosure has been provided to the MSRB by the date required in the preceding paragraph, the Dissemination Agent shall file a notice to such effect with the MSRB in substantially the form attached to the Continuing Disclosure Agreement.

(c) If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate or cause dissemination of a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

(d) If any amendment is made to the Continuing Disclosure Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

(e) The City covenants that it will disseminate or cause dissemination in a timely manner, not in excess of ten (10) Business Days after the occurrence of the event, of Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2025 Bonds need not be given under the Continuing Disclosure Agreement any earlier than the notice (if any) of such redemption is given to the owners of the Series 2025 Bonds pursuant to the Indenture. The City is required to deliver or cause delivery of such Listed Events Disclosure in the same manner as provided for Annual Financial Information and Audited Financial Statements.

(e) The Continuing Disclosure Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, the Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, the Trustee and the Beneficial Owners of the Series 2025 Bonds, and shall create no rights in any other person or entity. In the event of a failure of the City to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and at the request of a Participating Underwriter or the Beneficial Owners of at least 25% in aggregate outstanding principal amount of the Series 2025 Bonds, and upon being indemnified to its satisfaction, shall) or the Beneficial Owner of any Series 2025 Bond may seek specific performance by court order to cause the City to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with its terms shall be an action to compel performance.

(f) The Undertaking of the City pursuant to the Continuing Disclosure Agreement shall be terminated when the City shall no longer have any legal liability for any obligation on or relating to the repayment of the Series 2025 Bonds. The City shall give notice to the MSRB, or shall cause the Dissemination Agent to give such notice, in a timely manner and in Prescribed Form in such event.

(g) The City and the Dissemination Agent may amend the Continuing Disclosure Agreement, and any provision of the Continuing Disclosure Agreement may be waived, if (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or the type of business it conducts; (ii) the Continuing Disclosure Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) the amendment or waiver does not materially impair the interests of the Beneficial Owners of the Series 2025 Bonds, as determined either by parties unaffiliated with the City (such as the Trustee) or by an approving vote of the Beneficial Owners of the Series 2025 Bonds holding a majority of the aggregate principal amount of the Series 2025 Bonds (excluding Series 2025 Bonds held by or on behalf of the City or its affiliates) pursuant to the terms of the Indenture at the time of the amendment; or (iv) the amendment or waiver is otherwise permitted by the Rule.

(h) The following terms used under this caption shall have the meanings set forth below:

*“Annual Financial Information”* means financial information and operating data (exclusive of Audited Financial Statements) for the most recently completed Fiscal Year of the following types appearing under the caption “THE SYSTEM” in the Official Statement: (a) total and classification of System customers; (b) list of the five largest System customers along with their respective average gallons of water used per month; and (c) the System’s average daily water use and maximum day’s water use.

*“Annual Financial Information Disclosure”* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in subsection (a) above.

*“Audited Financial Statements”* means the audited consolidated financial statements of the City’s Water and Sewer Enterprise Fund prepared pursuant to generally accepted accounting principles, as such principles may be modified by mandatory statutory principles of the State, if any, as in effect from time to time, and as described in Exhibit I to the Continuing Disclosure Agreement.

*“Beneficial Owner”* shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2025 Bonds for federal income tax purposes.

*“Business Day”* means any day other than a Saturday or Sunday or a day on which banks in the State of Arkansas or in the state in which the Dissemination Agent is located are not open for business.

*“Commission”* means the U.S. Securities and Exchange Commission.

*“Disclosure Representative”* means the City’s Director of Water and Sewer, or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time.

*“Dissemination Agent”* shall mean First Security Bank, Searcy, Arkansas, acting in its capacity as a dissemination agent under the Continuing Disclosure Agreement, or any successor dissemination agent designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

*“EMMA”* means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

*“Exchange Act”* means the Securities Exchange Act of 1934, as amended.

*“Financial Information”* means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

*“Fiscal Year”* means any period of twelve (12) consecutive months adopted by the City as its fiscal year for financial reporting purpose. The Fiscal Year of the City presently ends on December 31 of each year.

*“Listed Event”* means the occurrence of any of the following events with respect to the Series 2025 Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment-related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City;
- (xiii) The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

*“Listed Events Disclosure”* means dissemination of a notice of a Listed Event as set forth in subsection (d) above.

*“MSRB”* shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series 2025 Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Arkansas.

“*Undertaking*” means the obligations of the City pursuant to subsections (a) and (d) above.

## **TAX MATTERS**

### **General Matters**

*Federal Income Taxes.* In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2025 Bonds (including any original issue discount properly allocable to the owner of a Series 2025 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2025 Bonds. Failure to comply with such requirements could cause interest on the Series 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds. The City has covenanted to comply with such requirements. Interest on the Series 2025 Bonds may affect the federal alternative minimum tax imposed on certain corporations.

*Bank Qualification.* The City has represented that it does not reasonably anticipate issuing greater than \$10,000,000 of tax-exempt obligations in calendar year 2025 (excluding certain private activity and refunding bonds) and that it has designated the Series 2025 Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, in the case of certain banks, thrift institutions or other financial institutions owning the Series 2025 Bonds, a deduction is allowed for 80% of that portion of such institutions’ interest expense allocable to interest on the Series 2025 Bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal income tax purposes of interest incurred or continued by a holder of the Series 2025 Bonds or a related person to purchase or carry the Series 2025 Bonds.

Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2025 Bonds.

A copy of the form of the opinion of Bond Counsel is attached hereto as Appendix C.

The accrual or receipt of interest on the Series 2025 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2025 Bonds. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2025 Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States and certain corporations subject to the federal alternative minimum tax), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2025 Bonds.

*Backup Withholding.* An owner of a Series 2025 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2025 Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances,

fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

### **State Taxes**

Bond Counsel is of the opinion that, under existing law, the interest on the Series 2025 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2025 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2025 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2025 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2025 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2025 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE SERIES 2025 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2025 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2025 BONDS.**

### **UNDERWRITING**

Under a Bond Purchase Agreement (the "Agreement") entered into by and between the City and Crews & Associates, Inc. (the "Underwriter"), the Series 2025 Bonds are being purchased at a price of \$\_\_\_\_\_ (representing the stated principal amount of the Series 2025 Bonds [plus][less] a net reoffering [premium][discount] of \$\_\_\_\_\_ and less an underwriting discount of \$\_\_\_\_\_). The Agreement provides that the Underwriter will purchase all of the Series 2025 Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2025 Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Series 2025 Bonds or any proceedings in connection with the issuance thereof and the absence of material adverse changes in the financial or business condition of the System or City.

The Underwriter intends to offer the Series 2025 Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which offering prices (or bond yields establishing such offering prices) may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2025 Bonds to the public, and may offer the Series 2025 Bonds to such dealers and other underwriters at a price below the public offering price.

The Underwriter and its 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. The Underwriter and its affiliates have, from time to time, performed and may in the future perform, various financial advisory, commercial banking, investment banking and swap counterparty services for the City, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its 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 accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

## LEGAL MATTERS

### Legal Opinions

Legal matters incident to the authorization and issuance of the Series 2025 Bonds are subject to the unqualified approving opinion of Kutak Rock LLP, Little Rock, Arkansas, Bond Counsel, a copy of whose proposed approving opinion will be delivered with the Series 2025 Bonds and a form of which is attached hereto as Appendix C. Certain legal matters will be passed upon for the City by its City Attorney, Roger L. Morgan, Esq.

### Litigation

Roger L. Morgan, Esq., City Attorney, will deliver as to the sale of the Series 2025 Bonds, his opinion that there is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2025 Bonds or questioning or affecting the legality of the Series 2025 Bonds or the proceedings and authority under which the Series 2025 Bonds are to be issued, or questioning the right of the City to adopt the Authorizing Ordinance or to issue the Series 2025 Bonds. Furthermore, there is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the City in any way which would have a material adverse effect on the City's or the System's financial affairs.

## FINANCIAL STATEMENTS

Set forth in Appendices A and B to this Official Statement are the financial statements with respect to the City's Water and Sewer Department as of and for the fiscal years ended **December 31, 2024 and December 31, 2023**, respectively, which financial statements have been audited by Ballard & Company, Ltd., Mountain Home, Arkansas, independent certified public accountants, as indicated in their reports included in Appendices A and B. The notes set forth in Appendices A and B are an integral part of the financial statements, and the statements and notes should be read in their entirety. The City did not request Ballard & Company, Ltd. to perform any updating procedures subsequent to the date of its audit request on the December 31, 2023 financial statements.

## ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2025 Bonds.

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned, this Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

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The execution and delivery of this Official Statement have been duly authorized by the City as of the date shown on the cover hereof.

**CITY OF MOUNTAIN HOME, ARKANSAS**

By: \_\_\_\_\_  
Hilrey Adams, Mayor

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF  
CITY OF MOUNTAIN HOME, ARKANSAS  
WATER AND WASTEWATER DEPARTMENT  
FOR THE YEAR ENDED  
DECEMBER 31, 2024**



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**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF  
CITY OF MOUNTAIN HOME, ARKANSAS  
WATER AND WASTEWATER DEPARTMENT  
FOR THE YEAR ENDED  
DECEMBER 31, 2023**

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**APPENDIX C**

**PROPOSED OPINION OF BOND COUNSEL**

Kutak Rock LLP, Bond Counsel, will render an opinion with respect to the Series 2025 Bonds, dated the date of issuance and delivery thereof, in substantially the following form:

\_\_\_\_\_, 2025

City of Mountain Home  
Mountain Home, Arkansas

Crews & Associates, Inc.  
Little Rock, Arkansas

First Security Bank, as trustee  
Searcy, Arkansas

\$10,000,000\*  
City of Mountain Home, Arkansas  
Water and Sewer Revenue Improvement Bonds  
Series 2025

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Mountain Home, Arkansas (the “City”), a political subdivision of the State of Arkansas, of its \$10,000,000\* Water and Sewer Revenue Improvement Bonds, Series 2025 (the “Series 2025 Bonds”).

The Series 2025 Bonds are being issued pursuant to and in full compliance with the provisions of the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 and Arkansas Code Annotated §§14-164-401 *et seq.* (as from time to time amended, the “Authorizing Legislation”), and pursuant to Ordinance No. 2025-\_\_ of the City, duly adopted and approved on \_\_\_\_\_, 2025 (the “Authorizing Ordinance”).

The Series 2025 Bonds are issued under and secured and entitled to the protection given by a Trust Indenture dated as of March 15, 2013, as supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, a Second Supplemental Trust Indenture dated as of October 15, 2019, a Third Supplemental Trust Indenture dated as of June 1, 2019, a Fourth Supplemental Trust Indenture dated as of November 1, 2020, a Fifth Supplemental Trust Indenture dated as of June 1, 2022, and as further supplemented and amended by a Sixth Supplemental Trust Indenture dated as of \_\_\_\_\_ 1, 2025 (as supplemented and amended, the “Indenture”), by and between the City and First Security Bank, Searcy, Arkansas, as trustee (the “Trustee”). Reference is hereby made to the Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the conditions for the issuance of parity debt by the City, the nature and extent of the security for the Series 2025 Bonds, the rights, duties and obligations of the City, the Trustee and the holders of the Series 2025 Bonds, and the terms upon which the Series 2025 Bonds are issued and secured.

Reference is made to an opinion of even date herewith of Roger L. Morgan, Esq., City Attorney, a copy of which is on file with the Trustee, with respect, among other matters, to the status and valid existence of the City, the power of the City to adopt the Authorizing Ordinance and enter into and perform its obligations under the Indenture, the valid adoption of the Authorizing Ordinance and the due authorization, execution and delivery of the Indenture by the City, and with respect to the Indenture being enforceable upon the City.

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\* Preliminary; subject to change.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied (i) upon the representations of the City contained in the Authorizing Ordinance and the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing laws, regulations, rulings and judicial decisions, as follows:

1. The City is duly created and validly existing as a municipal corporation of the State of Arkansas. Pursuant to the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 and the Authorizing Legislation, the City is empowered to adopt the Authorizing Ordinance, to execute and deliver the Indenture, to perform the agreements on its part contained therein, and to issue the Series 2025 Bonds.

2. The Authorizing Ordinance has been duly adopted by the City and constitutes a legal, valid and binding obligation of the City enforceable upon the City in accordance with its terms.

3. The Indenture has been duly authorized, executed and delivered by the City and is a legal, valid and binding obligation of the City enforceable upon the City in accordance with its terms.

4. The Series 2025 Bonds have been validly authorized, executed, issued and delivered by the City and represent legal, valid and binding special obligations of the City. The principal, premium, if any, and interest on the Series 2025 Bonds shall be payable from, and shall be secured by an assignment and pledge by the City to the Trustee of, the Revenues (as defined in the Indenture) of the City's water and sewer system in the manner and subject to the extent described in the Authorizing Ordinance and the Indenture. Such pledge is subject to a parity pledge of the Revenues securing (i) the City's outstanding Water and Sewer Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), (ii) the City's outstanding Water and Sewer Revenue Improvement Bonds, Series 2022 (the "Series 2022 Bonds"), and (iii) any Additional Bonds (as defined in the Indenture) issued hereafter. The City is duly authorized to pledge such Revenues, and no further action on the part of the City is required to perfect the same or the interest of the owners of the Series 2025 Bonds therein.

5. All legal actions required by the Indenture precedent to the issuance of the Series 2025 Bonds on a parity basis with the Series 2020 Bonds and the Series 2022 Bonds have been taken.

6. Interest on the Series 2025 Bonds (including any original issue discount properly allocable to the owner of a Series 2025 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Series 2025 Bonds. Failure to comply with such requirements could cause interest on the Series 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds. The City has covenanted to comply with such requirements. Because the Series 2025 Bonds have been designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for eighty percent (80%) of that portion of such financial institution's interest expense allocable to interest on the Series 2025 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2025 Bonds.

7. The interest on the Series 2025 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

8. The Series 2025 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended, in connection with the offer and sale of the Series 2025 Bonds.

It is to be understood that the rights of the registered owners of the Series 2025 Bonds and the enforceability of the Series 2025 Bonds, the Authorizing Ordinance and the Indenture may be subject to bankruptcy,

insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

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**CITY OF MOUNTAIN HOME, ARKANSAS**

to

**FIRST SECURITY BANK**  
as Trustee

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**SIXTH SUPPLEMENTAL TRUST INDENTURE**

Dated as of        1, 2025

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This Sixth Supplemental Trust Indenture supplements and amends a Trust Indenture dated as of March 15, 2013, as previously supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, a Second Supplemental Trust Indenture dated as of October 15, 2017, a Third Supplemental Trust Indenture dated as of June 1, 2019, a Fourth Supplemental Trust Indenture dated as of November 1, 2020, and a Fifth Supplemental Trust Indenture dated as of June 1, 2022, each by and between the City of Mountain Home, Arkansas and First Security Bank, as Trustee. The Trust Indenture, as supplemented and amended hereby, secures the City's (i) \$8,809,000 original principal amount of Water and Sewer Revenue Refunding Bonds, Series 2020, (ii) \$10,000,000 original principal amount of Water and Sewer Revenue Improvement Bonds, Series 2022, and (iii) \$10,000,000 original principal amount of Water and Sewer Revenue Improvement Bonds, Series 2025.

Prepared by:

Kutak Rock LLP  
124 West Capitol Avenue, Suite 2000  
Little Rock, Arkansas 72201



## SIXTH SUPPLEMENTAL TRUST INDENTURE

**THIS SIXTH SUPPLEMENTAL TRUST INDENTURE** dated as of        1, 2025, by and between the **CITY OF MOUNTAIN HOME, ARKANSAS** (the “City”), a city of the first class organized under and existing by virtue of the laws of the State of Arkansas, and **FIRST SECURITY BANK**, as trustee (the “Trustee”), a banking corporation organized under and existing by virtue of the laws of the State of Arkansas, with its principal corporate trust office located in Searcy, Arkansas;

### W I T N E S S E T H:

**WHEREAS**, the City presently owns a public water and sewer utility system (which system, together with all capital improvements thereto, is herein collectively called the “System”) serving the residents of the City and its environs; and

**WHEREAS**, the City is authorized and empowered under the provisions of the Constitution and laws of the State of Arkansas, including particularly Amendment 65 to the Constitution and Arkansas Code Annotated Sections 14-164-401 *et seq.* (as from time to time amended, the “Act”), to issue and sell its water and sewer revenue bonds and to expend the proceeds thereof to finance and refinance the costs of acquisition, construction, equipping, improving, maintaining, operating and repairing the System; and

**WHEREAS**, pursuant to the provisions of Ordinance No. 2020-41 of the City, adopted and approved on October 1, 2020, the City has previously issued its Water and Sewer Revenue Refunding Bonds, Series 2020 (the “Series 2020 Bonds”), in the original principal amount of \$8,809,000, for the purpose of refunding the City’s Water and Sewer Revenue Improvement Bonds, Series 2019; and

**WHEREAS**, pursuant to the provisions of Ordinance No. 2022-24 of the City, adopted and approved on May 19, 2022, the City has previously issued its Water and Sewer Revenue Improvement Bonds, Series 2022 (the “Series 2022 Bonds”), in the original principal amount of \$10,000,000, for the purpose of financing betterments and improvements to the System; and

**WHEREAS**, the City and the Trustee have previously entered into a Trust Indenture dated as of March 15, 2013, as previously supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, by a Second Supplemental Trust Indenture dated as of October 15, 2017, by a Third Supplemental Trust Indenture dated as of June 1, 2019, by a Fourth Supplemental Trust Indenture dated as of November 1, 2020, and by a Fifth Supplemental Trust Indenture dated as of June 1, 2022 (collectively, the “Original Indenture”), pursuant to which the Series 2020 Bonds and the Series 2022 Bonds are issued and secured; and

**WHEREAS**, in order to secure sufficient funds to finance the costs of upgrading, modernizing and improving the City’s wastewater treatment plant, to fund a debt service reserve, and to pay legal and other expenses incidental to the issuance of water and sewer revenue improvement bonds for such purpose, it has been determined appropriate and necessary that the City authorize the issuance of its \$10,000,000 Water and Sewer Revenue Improvement Bonds, Series 2025 (the “Series 2025 Bonds”), pursuant to the provisions of the Constitution of the State

of Arkansas and the Act, such Series 2025 Bonds to be payable solely from and secured by a pledge of the Revenues (as defined in the Original Indenture) of the System on a parity basis with the pledge of the Revenues securing the Series 2020 Bonds and the Series 2022 Bonds; and

**WHEREAS**, the conditions for the issuance of Additional Bonds, as set forth in the Original Indenture, have been satisfied; and

**WHEREAS**, the Series 2025 Bonds are to be dated, bear interest, mature and be subject to redemption as hereinafter in this Sixth Supplemental Trust Indenture set forth in detail; and

**WHEREAS**, the execution and delivery of this Sixth Supplemental Trust Indenture and the issuance of the Series 2025 Bonds have been in all respects duly and validly confirmed, authorized and approved by Ordinance No. 2025- [REDACTED] adopted and approved by the City Council of the City on [REDACTED], 2025; and

**WHEREAS**, all things necessary to make the Series 2025 Bonds, when authenticated by the Trustee and issued as in this Sixth Supplemental Trust Indenture provided, the valid, binding and legal obligations of the City according to the import thereof, and to constitute the Indenture (as defined below) a valid pledge of the Revenues (as defined in the Indenture) to the payment of the principal of, premium, if any, and interest on the Series 2020 Bonds, the Series 2022 Bonds, the Series 2025 Bonds and all Additional Bonds (as defined below), if any, to be issued on a parity therewith (the Series 2020 Bonds, the Series 2022 Bonds, the Series 2025 Bonds and such Additional Bonds are hereinafter referred to as the “Bonds”), have been done and performed, and the creation, execution and delivery of this Sixth Supplemental Trust Indenture and the creation, execution, issuance and delivery of the Series 2025 Bonds, subject to the terms hereof, have in all respects been duly authorized; and

**WHEREAS**, in order to make proper provision for the security of the Series 2025 Bonds, it is necessary that the Original Indenture be amended and supplemented as effected hereby;

**NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS SIXTH SUPPLEMENTAL TRUST INDENTURE WITNESSETH:**

Section 1.01. It is understood and agreed that the provisions of the Original Indenture shall extend to and apply to the security and benefit of the Series 2025 Bonds and that the term “Bonds” as used in the Original Indenture is hereby recognized to include and shall be deemed to refer to (where applicable) the Series 2025 Bonds.

Section 1.02. Article I of the Original Indenture is hereby amended by adding thereto the following definitions (and by striking any definitions which are supplanted by the definitions set forth below):

“Additional Bonds” mean Bonds in addition to the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds authorized to be issued under the provisions of Section 213 of this Indenture.

“Authorizing Ordinance” means (i) Ordinance No. 2020-41, adopted by the City on October 1, 2020, which authorized the issuance of the Series 2020 Bonds pursuant to this

Indenture, (ii) Ordinance No. 2022-24, adopted by the City on May 19, 2022, which authorized the issuance of the Series 2022 Bonds pursuant to this Indenture, and (iii) Ordinance No. 2025-    , adopted by the City on           , 2025, which authorized the issuance of the Series 2025 Bonds pursuant to this Indenture .

“Bonds” mean the Series 2020 Bonds, the Series 2022 Bonds, the Series 2025 Bonds and all Additional Bonds issued by the City pursuant to this Indenture.

“Indenture” means the Trust Indenture dated as of March 15, 2013, as amended and supplemented by the First Supplemental Trust Indenture dated as of September 15, 2014, by the Second Supplemental Trust Indenture dated as of October 15, 2017, by the Third Supplemental Trust Indenture dated as of June 1, 2019, by the Fourth Supplemental Trust Indenture dated as of November 1, 2020, by the Fifth Supplemental Trust Indenture dated as of June 1, 2022, and as amended and supplemented by the Sixth Supplemental Trust Indenture dated as of            1, 2025, each by and between the City and the Trustee, pursuant to which the Bonds are issued, and any further amendments and supplements thereto.

“2025 Project” means the betterments and improvements to the System to be financed with the proceeds of the Series 2025 Bonds.

“Record Date” means, (i) with respect to any interest payment date of the Series 2020 Bonds, the first day of the calendar month in which such interest payment date falls, and (ii) with respect to any interest payment date of the Series 2022 Bonds and the Series 2025 Bonds, the fifteenth day of the calendar month preceding the month in which such interest payment date falls.

“Reserve Requirement” means, (i) with respect to the Series 2022 Bonds, an amount equal to 50% of the maximum Annual Debt Service on the Series 2022 Bonds in any Fiscal Year thereafter, and (ii) with respect to the Series 2025 Bonds, an amount equal to 50% of the maximum Annual Debt Service on the Series 2025 Bonds in any Fiscal Year thereafter. For all purposes of this Indenture, the Reserve Requirement with respect to the Series 2022 Bonds or the Series 2025 Bonds may be satisfied by the deposit of cash or by the deposit of Investment Securities or any combination thereof.

“Series 2025 Bonds” means the City’s Water and Sewer Revenue Improvement Bonds, Series 2025, authorized to be issued by Section 2.01 of this Sixth Supplemental Trust Indenture in the aggregate principal amount of \$10,000,000 for the purpose of financing the 2025 Project.

Section 2.01. The first paragraph of Section 213 of the Original Indenture is hereby amended to read as follows:

“The City may issue from time to time one or more series of Additional Bonds for the purpose of (i) financing Project Costs in connection with the acquisition, construction and/or equipping of Facilities, (ii) refunding the Series 2020 Bonds, the Series 2022 Bonds, the Series 2025 Bonds or any series of Additional Bonds or Subordinate Obligations, in whole or in part, or (iii) any combination thereof. Additional Bonds shall be secured equally and ratably with the Series 2020 Bonds, the Series 2022 Bonds, the Series 2025 Bonds and any other series of Additional Bonds theretofore issued and then

Outstanding, except insofar as any terms or conditions of redemption or purchase established under this Indenture may afford additional benefit or security for the Bonds of any particular series, and except that Accounts within the Debt Service Reserve Fund shall secure only the corresponding series of Bonds. Furthermore, the security afforded by any municipal bond insurance obtained with respect to a particular series of Bonds shall secure only that series of Bonds. Before any Additional Bonds are authenticated, there shall be delivered to the Trustee the items required for the issuance of Bonds by Section 209 hereof, plus a statement by a Qualified Accountant reciting the opinion, based upon necessary investigation, that the sum of Net Revenues of the System for the Fiscal Year immediately preceding the Fiscal Year in which such Additional Bonds are to be issued were not less than (i) 110% of the maximum Annual Debt Service on all then outstanding Bonds and Subordinate Obligations, plus the Additional Bonds then proposed to be issued, and (ii) the amount, if any, needed to make required deposits to the Debt Service Reserve Fund or any debt service reserve funds with respect to the Subordinate Obligations. It is understood that for the purposes of calculation of Net Revenues of the System in the preceding sentence, any sales and use tax receipts transferred to the City’s water and sewer enterprise fund are not to be included.”

Section 2.02. Article II of the Original Indenture is hereby amended by adding at the end thereof the following sections:

“**Section 233.** Details of Series 2025 Bonds. The Series 2025 Bonds (i) shall be designated “City of Mountain Home, Arkansas Water and Sewer Revenue Improvement Bonds, Series 2025,” (ii) shall be in the aggregate principal amount of **\$10,000,000**, (iii) shall be dated as of the date of their delivery, (iv) shall bear interest from such date at the rates hereinafter provided until paid, payable on each June 1 and December 1, commencing **1, 20**, (v) shall be issued in denominations of \$5,000 each, or any integral multiple of \$5,000 in excess thereof, (vi) shall be numbered R25-1 according to the records of the Trustee, and (vii) shall mature, unless sooner redeemed in the manner in this Indenture set forth, on the dates and in the principal amounts set forth below:

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|----------------------|-------------------------|----------------------|
|                      | \$                      | %                    |
|                      |                         | %                    |
|                      |                         | %                    |
|                      |                         | %                    |
|                      |                         | %                    |
|                      |                         | %                    |

“**Section 234.** Form of Series 2025 Bonds. The Series 2025 Bonds shall be issued as fully registered bonds without coupons in the form of **( )** typewritten bond certificates (one for each maturity) to be delivered to the Securities Depository. The Series 2025 Bonds and the Trustee’s certificate of authentication to be endorsed thereon shall be in substantially the form set forth in Exhibit A to this Sixth Supplemental

Trust Indenture, with appropriate variations, insertions and omissions as permitted or required by this Indenture.”

“**Section 235. Delivery of Series 2025 Bonds.** Upon the execution and delivery of this Sixth Supplemental Trust Indenture, the City shall execute and deliver the Series 2025 Bonds to the Trustee and the Trustee shall authenticate the Series 2025 Bonds and deliver them to the Original Purchaser or Purchasers thereof in accordance with a certificate of the City. Simultaneously with the delivery of the Series 2025 Bonds, the Trustee shall apply the proceeds thereof as follows:

(a) an amount equal to \$ [REDACTED] shall be deposited in the Series 2025 Account of the Project Fund for payment of Project Costs of the 2025 Project pursuant to written direction of the City as provided in Section 603 of the Indenture;

(b) an amount equal to \$ [REDACTED] shall be deposited in the Series 2025 Account of the Debt Service Reserve Fund); and

(c) the remaining \$ [REDACTED] shall be deposited in the Cost of Issuance Fund for payment of Costs of Issuance of the Series 2025 Bonds pursuant to the written direction of the City. Any moneys remaining in the Costs of Issuance Fund on [REDACTED] 1, 2025 shall be transferred to the Bond Fund.”

Section 3.01. Article III of the Original Indenture is hereby amended by adding at the end thereof the following section:

“**Section 312. Redemption of the Series 2025 Bonds.** The Series 2025 Bonds shall be subject to redemption prior to maturity as follows:

(a) The Series 2025 Bonds are subject to redemption, at the option of the City, on and after [REDACTED] 1, 20 [REDACTED], in whole at any time or in part on any interest payment date, from funds from any source, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine), at a redemption price equal to the principal amount being redeemed, plus accrued interest to the redemption date.

(b) The Series 2025 Bonds shall be redeemable on any interest payment date, in whole or in part, in inverse order of maturity, at a redemption price equal to the principal amount being redeemed, plus accrued interest to the redemption date, from unexpended proceeds of the Series 2025 Bonds in the Project Fund (if such unexpended proceeds equal or exceed \$100,000) not needed for paying Project Costs with respect to the 2025 Project and segregated for the purpose of redeeming the Series 2025 Bonds.

(c) The Series 2025 Bonds maturing on June 1, 20 [REDACTED] are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and in the principal amounts set forth below, at a redemption price equal to the principal amount being redeemed, plus accrued interest to the date of redemption.

| <b>Date</b>     | <b>Principal Amount</b> |
|-----------------|-------------------------|
| 20__            | \$                      |
| 20__            |                         |
| 20__            |                         |
| 20__ (maturity) |                         |

(d) The Series 2025 Bonds maturing on June 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and in the principal amounts set forth below, at a redemption price equal to the principal amount being redeemed, plus accrued interest to the date of redemption.

| <b>Date</b>     | <b>Principal Amount</b> |
|-----------------|-------------------------|
| 20__            | \$                      |
| 20__            |                         |
| 20__            |                         |
| 20__            |                         |
| 20__ (maturity) |                         |

Section 3.02. The last sentence of Section 304 of the Original Indenture is hereby amended to read as follows:

“Notwithstanding the foregoing, it shall not be necessary to surrender (i) Series 2020 Bonds called for mandatory sinking fund redemption pursuant to Section 310(b), (c), (d), (e), (f), (g), (h), (i) or (j), (ii) Series 2022 Bonds called for mandatory sinking fund redemption pursuant to Section 311(c) or (d), or (iii) Series 2025 Bonds called for mandatory sinking fund redemption pursuant to **Section 312(c) or (d).**”

Section 3.03. The last sentence of Section 305 of the Original Indenture is hereby amended to read as follows:

“Notwithstanding the foregoing, it shall not be necessary to surrender (i) Series 2020 Bonds called for mandatory sinking fund redemption pursuant to Section 310(b), (c), (d), (e), (f), (g), (h), (i) or (j), (ii) Series 2022 Bonds called for mandatory sinking fund redemption pursuant to Section 311(c) or (d), or (iii) Series 2025 Bonds called for mandatory sinking fund redemption pursuant to **Section 312(c) or (d).**”

Section 4.01. Section 503 of the Original Indenture is hereby amended to read as follows:

**“Section 503. Bond Fund.** i) There is hereby created and ordered established with the Trustee a special fund, in the name of the City, to be designated “Water and Sewer System Revenue Bond Fund” (the “Bond Fund”).

(b) Immediately following the making of the required deposits into the Operation and Maintenance Fund, there shall be paid from the Revenue Fund into the Bond Fund, on the first business day of each month, until all outstanding Bonds with

interest thereon have been paid in full, or provision made for such payment, a sum equal to (i) the installment of principal next coming due on the Series 2020 Bonds (whether at maturity, upon mandatory redemption, or otherwise) on the fifteenth day of such month, (ii) 1/6 of the installment of interest on the Series 2022 Bonds and the Series 2025 Bonds due (whether at maturity, upon mandatory redemption, or otherwise) on the next June 1 or December 1, and (iii) 1/12 of the installment of principal of the Series 2022 Bonds and the Series 2025 Bonds due (whether at maturity, upon mandatory redemption, or otherwise) on the next June 1 (provided, however, that the first payment hereunder into the Bond Fund relating to interest on a series of Bonds shall be reduced to the extent of accrued interest deposited into the Bond Fund on the date of issuance of such series of Bonds, and subsequent payment obligations shall be reduced to the extent of investment earnings and other moneys credited to the Bond Fund from sources other than monthly payments). All moneys in the Bond Fund shall be used solely for the purpose of paying Annual Debt Service on the Bonds or for any redemption of the Bonds, except as herein specifically provided. The Trustee shall withdraw from the Bond Fund, on the date of any principal or interest payment, an amount equal to the amount of such payment for the sole purpose of paying the same, which direction the Trustee hereby accepts.

(c) If Revenues are insufficient to make the required payment into the Bond Fund, the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund not later than the first business day of the next succeeding month.

(d) When the moneys held in the Bond Fund and the Debt Service Reserve Fund shall be and remain sufficient to pay in full the principal of and premium, if any, and interest on all Bonds then Outstanding, there shall be no obligation to make further payments into the Bond Fund.”

Section 5.01. Severability. (a) If any provisions of this Sixth Supplemental Trust Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

(b) The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Sixth Supplemental Trust Indenture contained shall not affect the remaining portions of this Sixth Supplemental Trust Indenture or any part thereof.

Section 5.02. Applicable Provisions of Law. This Sixth Supplemental Trust Indenture shall be considered to have been executed in the State of Arkansas and it is the intention of the parties that the substantive law of the State of Arkansas govern as to all questions of interpretation, validity and effect.

Section 5.03. Counterparts. This Sixth Supplemental Trust Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.04. Ratification of Original Indenture. As supplemented and amended hereby, the Original Indenture is hereby ratified and confirmed.



IN WITNESS WHEREOF, the City has caused these presents to be signed in its name and behalf by its Mayor and to be attested by its City Clerk, and, to evidence its acceptance of the trust hereby created, the Trustee has caused these presents to be signed in its behalf by its duly authorized officers.

**CITY OF MOUNTAIN HOME, ARKANSAS**

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

**FIRST SECURITY BANK,  
as Trustee**

By: \_\_\_\_\_  
Title:

ATTEST:

By: \_\_\_\_\_  
Title:

[SIGNATURE PAGE TO SIXTH SUPPLEMENTAL TRUST INDENTURE]

**EXHIBIT A TO SIXTH SUPPLEMENTAL TRUST INDENTURE**

**Form of Series 2025 Bond**

*Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the City or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by the authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.*

No. R25-\_\_

\$\_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF ARKANSAS  
CITY OF MOUNTAIN HOME, ARKANSAS  
WATER AND SEWER REVENUE  
IMPROVEMENT BOND, SERIES 2025**

Interest Rate: \_\_\_\_\_%

Maturity Date: June 1, 20\_\_

Date of Bond: \_\_\_\_\_, 2025

CUSIP: 624088 \_\_\_\_

Registered Owner: CEDE & CO.

Principal Amount: \_\_\_\_\_ DOLLARS

**KNOW ALL MEN BY THESE PRESENTS:**

That the City of Mountain Home, Arkansas, a municipality and political subdivision organized and existing by virtue of the laws of the State of Arkansas (the “City”), for value received, promises to pay to the Registered Owner shown above, or registered assigns, on the Maturity Date shown above, but solely from the source and in the manner hereinafter set forth, the Principal Amount shown above, and in like manner to pay interest on said amount from the date hereof until payment of such Principal Amount has been made or duly provided for, at the Interest Rate per annum shown above, such interest to be payable monthly on each June 1 and December 1, commencing \_\_\_\_\_ 1, 20\_\_, except as the provisions hereinafter set forth with respect to redemption of this bond prior to maturity may become applicable hereto. The principal of and premium, if any, on this bond are payable in lawful money of the United States of America upon the presentation and surrender hereof at the principal corporate trust office of First Security Bank, Searcy, Arkansas, or its successor or successors, as trustee (the “Trustee”). So long as Cede & Co. or another nominee of DTC is the registered owner of this bond, payment of interest hereon shall be made by wire transfer of immediately available funds by the Trustee to the Registered Owner as of the fifteenth day of the calendar month preceding the month in which such interest payment date shall fall (the “Record Date”). At any time thereafter, payment of interest hereon shall be made by check or draft of the Trustee to the Registered Owner as of the

applicable Record Date, at the owner's address as it appears on the bond registration books of the City kept by the Trustee.

This bond, designated "City of Mountain Home, Arkansas Water and Sewer Revenue Improvement Bond, Series 2025," is one of a series of bonds in the aggregate original principal amount of \$10,000,000 (the "Series 2025 Bonds"), issued for the purpose of (i) financing the acquisition, construction and equipping of certain betterments and improvements (the "Project") to the City's combined water and sewer system (the "System"), (ii) funding a debt service reserve, and (iii) paying expenses of issuing the Series 2025 Bonds. The Series 2025 Bonds are issued under and are secured and entitled to the protection given by a Trust Indenture dated as of March 15, 2013, as supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, by a Second Supplemental Trust Indenture dated as of October 15, 2017, by a Third Supplemental Trust Indenture dated as of June 1, 2019, by a Fourth Supplemental Trust Indenture dated as of November 1, 2020, by a Fifth Supplemental Trust Indenture dated as of June 1, 2022, and by a Sixth Supplemental Trust Indenture dated as of [REDACTED] 1, 2025 (as supplemented and amended, the "Indenture"), duly executed and delivered by the City to the Trustee.

The Series 2025 Bonds are not general obligations of the City, but are limited and special obligations payable solely from and secured by a pledge of the revenues (the "Revenues") of the City's public water and sewer utility system (the "System"), as specified in, and in accordance with the provisions of, the Indenture. The pledge of Revenues securing the Series 2025 Bonds is made on a parity basis with the pledge of Revenues securing (i) the City's outstanding Water and Sewer Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), and (ii) the City's outstanding Water and Sewer Revenue Improvement Bonds, Series 2022 (the "Series 2022 Bonds").

The Indenture provides that the City may hereafter issue Additional Bonds from time to time under certain terms and conditions contained in the Indenture and, if issued, such Additional Bonds will rank on a parity of security with the Series 2020 Bonds, the Series 2022 Bonds and the Series 2025 Bonds and will be equally and ratably secured by and entitled to the protection of the Indenture. Reference is hereby made to the Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the City, the Trustee and the registered owners of the Series 2025 Bonds, and the terms upon which the Series 2025 Bonds are issued and secured.

The Series 2025 Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, including particularly Amendment 65 to the Constitution and Arkansas Code Annotated §§14-164-401 *et seq.*, (as from time to time amended, the "Act"), and pursuant to Ordinance No. 2025-[REDACTED] of the City adopted on [REDACTED], 2025. The Series 2025 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

Provision has been made in the Indenture for the creation or maintenance of a Revenue Fund, an Operation and Maintenance Fund, a Debt Service Reserve Fund and a Bond Fund (and for the payment into the Bond Fund of sufficient amounts of Revenues to pay the principal of and premium, if any, and interest on the Series 2025 Bonds when due). The City covenants in

the Indenture to always maintain rates for System services which will produce as will produce Net Revenues (gross revenues of the System less all reasonable and necessary costs and expenses incurred in the operation, maintenance, repair and insuring of the System) at least equal to (i) 115% of the current annual debt service on all indebtedness to which Revenues are pledged, and (ii) the amount, if any, needed to make required deposits to any debt service reserve funds created in connection with any indebtedness to which Revenues are pledged. For purposes of this covenant, gross revenues include any City sales and use tax receipts to be appropriated and transferred to the City’s Water and Sewer Enterprise Fund. Reference is hereby made to the Indenture for further details of the rate covenant. The Series 2025 Bonds shall never constitute an obligation or charge against the general credit or taxing powers of the City.

The holder of this Series 2025 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2020 Bonds, Series 2022 Bonds, Series 2025 Bonds and Additional Bonds, if any, issued under the Indenture and then outstanding may be declared and may become due and payable before the stated maturity thereof, together with accrued interest thereon.

Modifications or alterations of the Indenture, or of any indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Series 2025 Bonds are subject to redemption, at the option of the City, on and after 1, 20\_\_, in whole at any time or in part on any interest payment date, from funds from any source, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine), at a redemption price equal to the principal amount being redeemed, plus accrued interest to the redemption date.

The Series 2025 Bonds shall be redeemable on any interest payment date, in whole or in part, in inverse order of maturity, at a redemption price equal to the principal amount being redeemed, plus accrued interest to the redemption date, from unexpended proceeds of the Series 2025 Bonds in the Project Fund (if such unexpended proceeds equal or exceed \$100,000) not needed for paying Project Costs with respect to the Project and segregated for the purpose of redeeming the Series 2025 Bonds.

The Series 2025 Bonds maturing on June 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and in the principal amounts set forth below, at a redemption price equal to the principal amount being redeemed, plus accrued interest to the date of redemption.

| <b>Date</b>     | <b>Principal Amount</b> |
|-----------------|-------------------------|
| 20__            | \$                      |
| 20__            | \$                      |
| 20__            | \$                      |
| 20__ (maturity) | \$                      |

The Series 2025 Bonds maturing on June 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and in the principal amounts set forth below, at a redemption price equal to the principal amount being redeemed, plus accrued interest to the date of redemption.

| <b>Date</b>     | <b>Principal Amount</b> |
|-----------------|-------------------------|
| 20__            | \$                      |
| 20__            | \$                      |
| 20__            | \$                      |
| 20__            | \$                      |
| 20__ (maturity) | \$                      |

This Series 2025 Bond may be transferred on the books of registration kept by the Trustee by the registered owner or by his duly authorized attorney upon surrender hereof, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney.

The Series 2025 Bonds are issuable as registered bonds without coupons in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof. Subject to the limitations and upon payment of the charges provided in the Indenture, Series 2025 Bonds may be exchanged for a like aggregate principal amount of Series 2025 Bonds of other authorized denominations.

The City has designated the Series 2025 Bonds as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, dealing generally with the deductibility of a financial institution’s interest expense which is allocable to tax-exempt interest.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on any of the Series 2025 Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Series 2025 Bonds or the Indenture against any past, present or future alderman, officer or employee of the City, or any successor, as such, either directly or through the City or any successor of the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such alderman, officer or employee as such is hereby expressly waived and released as a condition of and consideration for the issuance of any of the Series 2025 Bonds.

This Series 2025 Bond is issued with the intent that the laws of the State of Arkansas will govern its construction.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Series 2025 Bonds do exist, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by the Series 2025 Bonds, together with all obligations of the City, does not exceed any constitutional or statutory limitation; and that the revenues pledged to the payment of the principal of and premium, if any, and interest on the

Series 2025 Bonds as the same become due and payable will be sufficient in amount for that purpose.

This Series 2025 Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the City of Mountain Home, Arkansas has caused this Series 2025 Bond to be executed by its Mayor and City Clerk, thereunto duly authorized (by their manual or facsimile signatures), and its corporate seal to be affixed or imprinted hereon, all as of the date hereof shown above.

**CITY OF MOUNTAIN HOME, ARKANSAS**

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

(S E A L)

(Form of Trustee's Certificate)

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This bond is one of the Series 2025 Bonds of the issue described in and issued under the provisions of the within mentioned Indenture.

Attached hereto is the complete text of the opinion of Kutak Rock LLP, a signed original of which is on file with the undersigned, delivered and dated the date of the original delivery of and payment for the Series 2025 Bonds.

**FIRST SECURITY BANK,**  
as Trustee

By: \_\_\_\_\_  
Authorized Signature

(Form of Assignment)

**ASSIGNMENT**

FOR VALUE RECEIVED, \_\_\_\_\_, hereby sells, assigns, and transfers unto \_\_\_\_\_, the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ as attorney to transfer the within Bond on the books kept for registration thereof with full power of substitution in the premises.

DATE: \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Transferor

GUARANTEED BY:

\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by an institution satisfactory to the Trustee or other transfer agent.



## BOND PURCHASE AGREEMENT

                    , 2025

City of Mountain Home  
City Hall, 720 South Hickory  
Mountain Home, Arkansas 72653

**\$10,000,000**  
City of Mountain Home, Arkansas  
Water and Sewer Revenue Improvement Bonds  
Series 2025

Ladies and Gentlemen:

On the basis of the representations, warranties and agreements and upon the terms and conditions contained herein, the undersigned, Crews & Associates, Inc. (the “Underwriter”), hereby offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with you, the City of Mountain Home, Arkansas (the “City”), which, upon your acceptance of this offer, will be binding upon you and upon the Underwriter. Terms not otherwise defined herein shall have the same meanings as set forth in the Trust Indenture defined and described below.

This offer is made subject to your acceptance of this Bond Purchase Agreement on or before midnight on                     , 2025.

1. **General.** Upon the terms and conditions and in reliance upon the respective representations, warranties and covenants herein, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of **\$10,000,000** City of Mountain Home, Arkansas Water and Sewer Revenue Improvement Bonds, Series 2025 (the “Series 2025 Bonds”), at a purchase price (the “Purchase Price”) of \$                      (equal to the par amount of the Series 2025 Bonds [less][plus] a [net] reoffering [discount][premium] of \$                      and less underwriter’s discount of \$                     ).

The Series 2025 Bonds shall be issued by the City pursuant to the provisions of the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 to the Constitution and Arkansas Code Annotated §§14-164-401 *et seq.* (the “Authorizing Legislation”).

The Series 2025 Bonds will constitute special and limited obligations of the City, secured solely by and payable from (a) a pledge of the revenues (the “Revenues”) of the City’s water and sewer system (the “System”) and from (b) moneys and instruments on deposit in the Bond Fund and in the Series 2025 Account of the Debt Service Reserve Fund established by a Trust Indenture dated as of March 15, 2013, as previously supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, by a Second Supplemental Trust Indenture dated as of October 15, 2017, by a Third Supplemental Trust Indenture dated as of June 1, 2019, by a Fourth Supplemental Trust Indenture dated as of November 1, 2020, by a Fifth Supplemental Trust Indenture dated as of June 1, 2022, and as further supplemented and amended by a Sixth Supplemental Trust Indenture to be dated as of                      1, 2025 (as supplemented and amended,

the “Trust Indenture”), by and between the City and First Security Bank, Searcy, Arkansas, as trustee (the “Trustee”). The Series 2025 Bonds are issued and secured on a parity basis (except with respect to the Series 2025 Account of the Debt Service Reserve Fund, as defined in the Trust Indenture) with (i) the City’s outstanding Water and Sewer Revenue Refunding Bonds, Series 2020 (the “Series 2020 Bonds”), and (ii) the City’s outstanding Water and Sewer Revenue Improvement Bonds, Series 2022 (the “Series 2022 Bonds”).

The Series 2025 Bonds shall be issued and secured pursuant to the Trust Indenture and the Authorizing Ordinance (defined below). The Series 2025 Bonds shall have the maturities and interest rates as set forth in Exhibit A hereto. The Series 2025 Bonds shall be subject to redemption as set forth in the Trust Indenture and in the Official Statement (hereinafter defined).

The proceeds of the Series 2025 Bonds will be utilized (a) to finance the upgrading, modernizing and improving of the City’s wastewater treatment plant (the “Project”) for use in the operations of the System, (b) to fund a debt service reserve, and (c) to pay the costs of issuance of the Series 2025 Bonds.

The City will undertake, pursuant to a Continuing Disclosure Agreement to be dated as of the date of delivery of the Series 2025 Bonds (the “Continuing Disclosure Agreement”), to provide certain annual financial and operating information with respect to the System and notices of the occurrence of certain events, as required by Section (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “Rule”). A description of this undertaking is set forth in the Official Statement (as hereinafter defined). The City is a party to multiple prior undertakings pursuant to the Rule. Except as otherwise set forth in the Official Statement under the caption “SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT,” the City has, to the best of its knowledge, for the past five years, been in compliance in all material respects with the provisions in such undertakings requiring that it file certain financial information and financial statements and certain listed events with the Municipal Securities Rulemaking Board (“MSRB”). The City represents that procedures are in place to ensure verifiable compliance with its continuing disclosure undertakings.

In order to ensure compliance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), the City will enter into a Tax Compliance Agreement to be dated as of the date of delivery of the Series 2025 Bonds (the “Tax Compliance Agreement”).

2. **Bona Fide Public Offering.** The Underwriter agrees to make a bona fide public offering of all of the Series 2025 Bonds at the offering prices set forth on the inside cover of the final Official Statement described below.

3. **Delivery of Official Statement.** (a) The City has previously provided the Underwriter with copies of its Preliminary Official Statement, including the cover page and the appendices thereto, dated [REDACTED], 2025, relating to the Series 2025 Bonds (the “Preliminary Official Statement”). As of its date, the Preliminary Official Statement is “deemed final” by the City for purposes of SEC Rule 15c2-12(b)(1). The Preliminary Official Statement, as amended to conform to the terms of this Bond Purchase Agreement, including Exhibit A hereto, and with such other changes and amendments as are mutually agreed to by the City and the Underwriter, is herein referred to as the “Official Statement.”

(b) The City agrees to deliver to the Underwriter, at such address as the Underwriter shall specify, as many copies of the final Official Statement dated                     , 2025, relating to the Series 2025 Bonds as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of the Rule (as defined above) and with Rule G-32 and Rule G-36 and all other applicable rules of the Municipal Securities Rulemaking Board. The City agrees to deliver such final Official Statement within seven (7) business days after the execution hereof.

(c) Pursuant to the Authorizing Ordinance, the City has authorized and approved the Preliminary Official Statement and the final Official Statement, consented to their distribution and use by the Underwriter and authorized the execution of the final Official Statement by a duly authorized officer of the City. The City hereby ratifies and confirms the use of the Preliminary Official Statement by the Underwriter prior to the date hereof in connection with the public offering of the Series 2025 Bonds.

(d) The Underwriter shall give notice to the City on the date after which no participating underwriter, as such term is defined in the Rule, remains obligated to deliver copies of the final Official Statement pursuant to paragraph (b)(4) of the Rule.

4. **City's Representation and Warranties.** The City represents and warrants to the Underwriter that:

(a) The City is a duly organized and existing political subdivision under the Constitution and laws of the State of Arkansas (the "State");

(b) The City is authorized by the provisions of the Authorizing Legislation to issue the Series 2025 Bonds for the purposes of financing the Project;

(c) The City has the full legal right, power and authority (i) to adopt Ordinance No. 2025-       (the "Authorizing Ordinance") authorizing the issuance and sale of the Series 2025 Bonds, and (ii) to adopt Ordinance No. 2024-12 and Ordinance No. 2025-9 (collectively, the "Rate Ordinances"), for the purpose of establishing rates for System services;

(d) Pursuant to the Authorizing Ordinance, the City has full legal right, power and authority (i) to enter into this Bond Purchase Agreement, the Trust Indenture, the Continuing Disclosure Agreement and the Tax Compliance Agreement, (ii) to issue, sell and deliver the Series 2025 Bonds to the Underwriter as provided herein, (iii) to pledge irrevocably the Revenues to the payment of the principal of, premium, if any, and interest on the Series 2025 Bonds, and (iv) to carry out and consummate all other transactions contemplated by each of the aforesaid documents, and the City will comply with all provisions of applicable law, including the Authorizing Legislation, in all matters relating to such transactions;

(e) Pursuant to the Authorizing Ordinance, the City has duly authorized (i) the execution and delivery of the Series 2025 Bonds and the execution, delivery and due performance of this Bond Purchase Agreement, the Sixth Supplemental Trust Indenture, the Continuing Disclosure Agreement and the Tax Compliance Agreement, (ii) the

execution, delivery and distribution of the Official Statement, and (iii) the taking of any and all such actions as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated by such instruments. All consents or approvals necessary to be obtained by the City in connection with the foregoing have been received, and the consents or approvals so received will remain in full force and effect;

(f) The Rate Ordinances and the Authorizing Ordinance have been duly adopted by the City Council of the City, are each in full force and effect and each constitutes the legal, valid and binding act of the City; and this Bond Purchase Agreement, the Sixth Supplemental Trust Indenture, the Continuing Disclosure Agreement and the Tax Compliance Agreement, when executed and delivered, will constitute legal, valid and binding obligations of the City, and this Bond Purchase Agreement, the Sixth Supplemental Trust Indenture, the Continuing Disclosure Agreement and the Tax Compliance Agreement will be enforceable against the City in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally;

(g) When delivered to or at the direction of the Underwriter, the Series 2025 Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute legal, valid and binding obligations of the City in conformity with the laws of the State of Arkansas, including the Authorizing Legislation, and will be entitled to the benefit and security of the Authorizing Ordinance and the Trust Indenture;

(h) The information contained in the Official Statement is, and as of the Closing Date such information will be, true and correct in all material respects, and the Official Statement does not and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If, at any time prior to the earlier of (i) receipt of notice from the Underwriter pursuant to Section 3(d) hereof that copies of the Official Statement are no longer required to be delivered under the Rule or (ii) 25 days after the Closing Date, any event occurs as a result of which the Official Statement, as then amended or supplemented, might include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall promptly notify the Underwriter in writing of such event. Any information supplied by the City for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Upon the request of the Underwriter therefor, the City shall prepare and deliver to the Underwriter, at the City's expense, as many copies of an amendment or supplement to the Official Statement which will correct any untrue statement or omission therein as the Underwriter may reasonably request;

(j) Neither the adoption of the Authorizing Ordinance, the adoption of the Rate Ordinances, the execution and delivery of this Bond Purchase Agreement, the Series 2025

Bonds, the Sixth Supplemental Trust Indenture, the Continuing Disclosure Agreement or the Tax Compliance Agreement, nor the consummation of the transactions contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with, or constitute on the part of the City a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, commitment, note or other agreement or instrument to which the City is a party or by which it is bound, (ii) any provision of the Constitution of the State of Arkansas, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the City (or the members of its City Council or any of its officers in their respective capacities as such) is subject. All consents, approvals, authorizations and orders of governmental or regulatory authorities, if any, which are required for the City's execution and delivery of, consummation of the transactions contemplated by, and compliance with the provisions of this Bond Purchase Agreement, the Authorizing Ordinance, the Rate Ordinances, the Series 2025 Bonds, the Sixth Supplemental Trust Indenture, the Continuing Disclosure Agreement and the Tax Compliance Agreement have been obtained;

(k) The City has never been in default at any time as to the payment of principal of or interest on any obligation which it has issued, including those which it has issued as a conduit for another entity, except as specifically disclosed in the Official Statement;

(l) Except as is specifically disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best knowledge of the City, threatened, which in any way questions the powers of the City referred to in subparagraphs 4(c) and (d) above, or the validity of any proceeding taken by the City in connection with the issuance of the Series 2025 Bonds or the imposition of the Rate Ordinances, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Bond Purchase Agreement, or of any other document or instrument required or contemplated by the Series 2025 Bond financing, or which, in any way, could adversely affect the validity or enforceability of the Authorizing Ordinance, the Rate Ordinances, the Series 2025 Bonds, the Trust Indenture, the Continuing Disclosure Agreement, the Tax Compliance Agreement or this Bond Purchase Agreement or, to the knowledge of the City, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Series 2025 Bonds for federal income tax purposes or in any other way questions the status of the Series 2025 Bonds under federal or State of Arkansas tax laws or regulations;

(m) Any certificate signed by any official of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the truth of the statements therein contained;

(n) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon;

(o) The audited financial statements and supplemental financial statements for the years ended **December 31, 2024 and December 31, 2023**, included as Appendices A

and B, respectively, to the Official Statement, each present fairly the financial position of the City's Water and Sewer Department as of the dates indicated and the results of the System's operations for the periods specified, and such financial reports and statements have been prepared in conformity with generally accepted governmental accounting principles consistently applied in all material respects to the periods involved, except as otherwise stated in the notes thereto. There has been no material change in the general affairs, management, properties, financial position, capitalization or results of operations of the City's Water and Sewer Enterprise Fund or the System since the date of such financial statements except as set forth in the Official Statement; and

(p) The City will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Series 2025 Bonds to be applied in a manner other than as provided in the Trust Indenture, or which would cause the interest on the Series 2025 Bonds to be includable in gross income for federal income tax purposes.

5. **City's Covenants.** The City covenants with the Underwriter as follows:

(a) The City will cooperate with the Underwriter in qualifying the Series 2025 Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City shall not be required to consent to suit or to service of process in any jurisdiction. The City consents to the use by the Underwriter in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions of the documents relating to the Series 2025 Bonds, subject to the right of the City to withdraw such consent for cause by written notice to the Underwriter.

(b) Prior to the earlier of (i) receipt of notice from the Underwriter pursuant to Section 3(d) hereof that the Official Statement is no longer required under the Rule or (ii) 25 days after the Closing Date, the City shall provide the Underwriter with such information regarding the City, the System, the Revenues and the current financial condition and ongoing operations of the City and the System, all as the Underwriter may reasonably request.

6. **Closing.** At 10:00 a.m., Little Rock, Arkansas time on                     , 2025, or at such other time and/or date as shall have been mutually agreed upon by the City and the Underwriter (the "Closing Date"), the City will deliver the Series 2025 Bonds, or cause the Series 2025 Bonds to be delivered, to or at the direction of the Underwriter, said Series 2025 Bonds to be in definitive form duly executed by the City and authenticated by the Trustee, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the Purchase Price of the Series 2025 Bonds by making a wire transfer of federal funds payable to the order of the Trustee for the account of the City.

The Series 2025 Bonds shall be delivered to The Depository Trust Company in New York, New York, and the activities relating to the final execution and delivery of the Authorizing Ordinance, the Sixth Supplemental Trust Indenture, the Continuing Disclosure Agreement, the Tax Compliance Agreement and the other documents related to the Series 2025 Bonds and the

payment for the Series 2025 Bonds and the delivery of the certificates, opinions and other instruments as described in Section 8 of this Bond Purchase Agreement shall occur in the offices of Kutak Rock LLP, 124 West Capitol Avenue, Suite 2000, Little Rock, Arkansas (“Bond Counsel”) or at such other place as shall have been mutually agreed upon by the City and the Underwriter. The payment for the Series 2025 Bonds and simultaneous delivery of the Series 2025 Bonds to or at the direction of the Underwriter is herein referred to as the “Closing.”

7. **Underwriter’s Right to Cancel.** The Underwriter shall have the right to cancel its obligation to purchase the Series 2025 Bonds hereunder by notifying the City in writing or by telegram of its election to do so between the date hereof and the Closing, if at any time hereafter and prior to the Closing:

(a) the House of Representatives or the Senate of the Congress of the United States, or a committee of either, shall have pending before it, or shall have passed or recommended favorably, legislation introduced previous to the date hereof, which legislation, if enacted in its form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon revenues or other income of the general character to be derived by the City or by any similar body under the Trust Indenture or the Authorizing Ordinance or similar documents or upon interest received on obligations of the general character of the Series 2025 Bonds or the Series 2025 Bonds, or of causing interest on obligations of the general character of the Series 2025 Bonds, or the Series 2025 Bonds, to be includable in gross income for purposes of federal income taxation, and such legislation, in the Underwriter’s opinion, materially adversely affects the market price of the Series 2025 Bonds; or

(b) a tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported or rereported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation or official statement by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Series 2025 Bonds or of any of the transactions contemplated in connection herewith, including causing interest on the Series 2025 Bonds to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues or other income of the general character to be derived by the City or by any similar body under the Trust Indenture, Authorizing Ordinance or similar documents or upon interest received on obligations of the general character of the Series 2025 Bonds, or the Series 2025 Bonds which, in the opinion of the Underwriter, materially adversely affects the market price of or market for the Series 2025 Bonds; or

(c) legislation shall have been enacted, or actively considered for enactment with an effective date prior to the Closing, or a decision by a court of the United States shall have



been rendered, the effect of which is that the Series 2025 Bonds, including any underlying obligations, or the Trust Indenture, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Exchange Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) a stop order, ruling, regulation or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Series 2025 Bonds, including any underlying obligations, or the execution and delivery of the Trust Indenture as contemplated hereby or by the Official Statement, is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(f) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Series 2025 Bonds; or

(g) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Series 2025 Bonds; or

(h) a general banking moratorium shall have been declared by federal, New York or State authorities; or

(i) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the City; or

(j) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(k) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Series 2025 Bonds or obligations of the general character of the Series 2025 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter.



8. **Conditions to Underwriter's Obligations.** The obligation of the Underwriter to purchase the Series 2025 Bonds shall be subject (a) to the performance by the City of its obligations to be performed hereunder at and prior to the Closing, (b) to the accuracy of the representations and warranties of the City herein as of the date hereof and as of the time of the Closing, and (c) to the following conditions, including the delivery by the City of such documents as are enumerated herein in form and substance satisfactory to the Underwriter:

(i) The Series 2025 Bonds shall have been duly authorized, executed and delivered in the form approved by the City in the Sixth Supplemental Trust Indenture with only such changes therein as the Underwriter and the City shall mutually agree upon, which shall in all instances be as described in the final Official Statement;

(ii) At the time of Closing, (1) the Official Statement, this Bond Purchase Agreement, the Authorizing Ordinance, the Rate Ordinances, the Trust Indenture, the Continuing Disclosure Agreement and the Tax Compliance Agreement shall be in full force and effect and shall not have been amended, modified or supplemented from the date hereof, except as may have been agreed to in writing by the Underwriter, (2) the proceeds of the sale of the Series 2025 Bonds and other funds shall be deposited and applied as described in the Sixth Supplemental Trust Indenture, (3) no default or event of default under the Trust Indenture shall have occurred and be continuing, and (4) no material adverse change affecting the City, the System or the Revenues shall have occurred, nor shall any development involving a prospective and material adverse change in, or affecting the business, financial condition, results of operations, prospects or properties of the City or the System have occurred;

(iii) Receipt of fully executed originals of the Sixth Supplemental Trust Indenture, the Continuing Disclosure Agreement and the Tax Compliance Agreement at or prior to the Closing;

(iv) At or prior to the Closing, the Underwriter shall receive the following documents in such number of counterparts as shall be mutually agreeable to the Underwriter and Bond Counsel:

(1) A final approving opinion of Bond Counsel, dated the Closing Date, in substantially the form set forth in Exhibit C hereto;

(2) A supplemental opinion of Bond Counsel, addressed to the City, the Trustee and the Underwriter and dated the Closing Date, in substantially the form set forth in Exhibit D hereto;

(3) An opinion of Roger Morgan, Esq., City Attorney, in substantially the form set forth in Exhibit E hereto;

(4) The Official Statement executed by a duly authorized officer of the City;

(5) Certified copies of the Authorizing Ordinance and Rate Ordinances and all other ordinances and resolutions of the City relating to the Series 2025 Bonds and the Revenues;

(6) Photocopies of the Series 2025 Bonds as executed and delivered;

(7) A letter from Ballard & Company, Ltd., independent certified public accountants, in which consent is given to the use of its reports on the audited financial statements of the City's Water and Sewer Department in the Official Statement and to the references made to the firm in the Official Statement;

(8) A letter from Ballard & Company, Ltd., independent certified public accountants, stating that the debt service coverage tests required for the issuance and security of the Series 2025 Bonds on a parity basis with the Series 2020 Bonds and the Series 2022 Bonds have been satisfied;

(9) A certificate, in form and substance satisfactory to the Underwriter and Bond Counsel, of the Mayor of the City or any duly authorized officer or official of the City satisfactory to the Underwriter and to Bond Counsel, dated as of the Closing Date, to the effect that: (i) each of the City's representations contained herein are true and correct in all material respects on and as of the Closing Date, as if made on the Closing Date; (ii) the City has duly adopted the Rate Ordinances and the Authorizing Ordinance by all action necessary under the Authorizing Legislation and the laws and Constitution of the State of Arkansas, and has duly authorized the execution, delivery and due performance of the Series 2025 Bonds, the Sixth Supplemental Trust Indenture, the Continuing Disclosure Agreement, the Tax Compliance Agreement, the Official Statement and this Bond Purchase Agreement, and the pledging of the Revenues, and the City has complied with all agreements and covenants and satisfied all conditions on its part to be complied with or satisfied prior to the Closing; (iii) there is no action, suit, proceeding or investigation involving the City before or by any court or public board or body pending, or to his knowledge threatened, wherein an unfavorable decision, ruling or finding would (A) affect the existence or powers of the City or the titles of its officers to their respective offices, (B) restrain or enjoin the issuance, sale or delivery of the Series 2025 Bonds or the collection of any moneys or property pledged or to be pledged under the Trust Indenture or the pledge thereof, (C) in any way question or affect any of the rights, powers, duties or obligations of the City with respect to the moneys and assets pledged or to be pledged to pay the principal of and premium, if any, and interest on the Series 2025 Bonds, (D) in any way question the authority for the issuance of the Series 2025 Bonds or the validity or enforceability of the Series 2025 Bonds, the Authorizing Ordinance, the Rate Ordinances, the Trust Indenture, the Continuing Disclosure Agreement or the Tax Compliance Agreement, or (E) in any way question or affect this Bond Purchase Agreement or the transactions contemplated hereby, or by the Official Statement, the documents referred to in the Official Statement, or any other agreement to which the City is a party and relating to the System; (iv) the Series 2025 Bonds, as executed by the City, are in the form or in substantially the form approved for such

execution by appropriate proceedings of the City; (v) since **December 31, 2024**, there has not been any material adverse change in the properties, financial position or results of operations of the System or the City's Water and Sewer Department, whether or not arising from transactions in the ordinary course of business, other than such changes which are disclosed in the Official Statement, and since such date the City has not entered into any transaction or incurred any liability material as to the System or the City's Water and Sewer Enterprise Fund except as disclosed in the Official Statement; (vi) there are not pending or, to their knowledge, threatened legal proceedings which are not disclosed in the Official Statement, and which are material as to the City or the System, or to which the City or the System is a party, or of which property of the City or the System is the subject, which will adversely affect the transactions contemplated hereby or by the Official Statement; (vii) the information contained in the Official Statement relating to the City, the System, their organization, properties, operations and financial condition, and the descriptions of the Series 2025 Bonds, the Authorizing Ordinance, the Trust Indenture, the Continuing Disclosure Agreement and the Revenues is true and correct in all material respects and does not contain any untrue or incorrect statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; (viii) to the best of their knowledge, no event affecting the City or the System has occurred since the date of the Official Statement which should be disclosed therein in order to make the statements and information therein not misleading in any respect; and (ix) the City has duly authorized by all necessary action the signing of the Official Statement by its Mayor;

(10) Evidence that Federal Form 8038-G has been executed by the City and is ready for filing with the Internal Revenue Service; and

(11) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter and Bond Counsel may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the City herein contained and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if the obligation of the Underwriter to purchase and accept delivery of the Series 2025 Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 12 hereof, shall continue in full force and effect.

9. **Conditions to Obligations of the City.** The obligations of the City hereunder are subject to the performance by the Underwriter of its obligations hereunder.

10. **Survival.** All representations, warranties and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter, and shall survive the Closing. The obligations of the City under Sections 11 or 12 hereof shall survive any termination of this Bond Purchase Agreement by the Underwriter pursuant to the terms hereof.

11. **Damages.** Should the City fail to deliver the Series 2025 Bonds at the Closing, or should the City be unable to satisfy the conditions of the obligations of the Underwriter to accept delivery of and to pay for the Series 2025 Bonds, as set forth in this Bond Purchase Agreement (unless waived by the Underwriter), or should any obligation of the Underwriter hereunder be terminated for any reason permitted by this Bond Purchase Agreement, neither party hereto shall have any further rights against the other hereunder, except as set forth in Paragraph 12 hereof. The Underwriter and the City understand that in any of such events the City's and the Underwriter's actual expenses, costs or damages may be unequal, and any such amounts incurred by either party may be greater or may be less than those amounts incurred by the other. Accordingly, and subject to Paragraph 12 hereof, the Underwriter hereby waives any right to claim that the Underwriter's actual expenses, costs or damages are or will be greater than the actual expenses, costs or damages incurred or suffered by the City, and the City hereby waives any right to claim that the City's actual expenses, costs or damages are or will be greater than any actual expenses, costs or damages incurred or suffered by the Underwriter, and neither party shall be entitled to claim any damages from the other.

12. **Payment of Expenses.** The City will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, expenses of mailing or delivery of the Series 2025 Bonds, legal publication costs, charges for obtaining CUSIP numbers on the Series 2025 Bonds, fees payable to The Depository Trust Company relating to the Series 2025 Bonds, Federal Funds charges, the Underwriter's day loan charges and Ipreo fees, if any, and any other costs incurred by the Underwriter in delivering the Series 2025 Bonds, the costs of printing the Series 2025 Bonds, the Preliminary Official Statement, the Official Statement, any amendment or supplement to the Official Statement and this Bond Purchase Agreement, fees and disbursements of Bond Counsel and counsel to the City, if any, accountants' fees and expenses, any fees charged by investment rating agencies for the rating of the Series 2025 Bonds, bond insurance premiums, if any, fees of the Trustee and any paying agent fees, and any fees and disbursements in connection with the qualification of the Series 2025 Bonds for sale under the securities or "Blue Sky" laws of the various jurisdictions and the preparation of "Blue Sky" memoranda. In the event this Bond Purchase Agreement shall terminate because of the default of the Underwriter, the City will, nevertheless, pay, or cause to be paid, all of the expenses specified above. The Underwriter shall pay all advertising expenses in connection with the public offering of the Series 2025 Bonds, and all other expenses incurred by them in connection with the offering and distribution of the Series 2025 Bonds, including the fees and expenses of any counsel retained by the Underwriter. If the City defaults under this Bond Purchase Agreement, the Underwriter may bring whatever legal action it may have against the City to recover damages, if any, incurred by the Underwriter.

13. **Establishment of Issue Price.** (a) The Underwriter agrees to assist the City in establishing the issue price of the Series 2025 Bonds and shall execute and deliver to the City (or shall cause the initial purchasers of the Series 2025 Bonds from the Underwriter to execute and deliver to the City) at Closing an "issue price" or similar certificate, together with supporting

pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2025 Bonds.

(b) Except as otherwise set forth in Exhibit A attached hereto, the City will treat the first price at which 10% of each maturity of the Series 2025 Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the City the price or prices at which it has sold to the public each maturity of the Series 2025 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2025 Bonds, the Underwriter agrees to promptly report to the City the prices at which Series 2025 Bonds of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all of the Series 2025 Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Series 2025 Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon the request of the Underwriter, the City or Bond Counsel.

[Subsection (c) below shall apply only if the Underwriter agrees to apply the hold-the-offering-price rule, as described below.]

(c) The Underwriter confirms it has offered the Series 2025 Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Series 2025 Bonds for which the 10% test has not been satisfied and for which the City and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2025 Bonds, the Underwriter will neither offer nor sell unsold Series 2025 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the date of the earlier of the following:

- (1) the close of business on the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2025 Bonds to the public at a price that is no higher than the initial offering price to the public.

Upon the written request of the City, the Underwriter shall advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale date whether the Underwriter has sold 10% of that maturity of the Series 2025 Bonds to the public at a price that is no higher than the initial offering price to the public.]

(d) The Underwriter confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which Underwriter is a party) relating to the initial sale of the Series 2025 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Series 2025 Bonds of each maturity allotted to it, whether or not the Closing Date has occurred, until either all Series 2025 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2025 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires; and

(B) to promptly notify the Underwriter of any sales of the Series 2025 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2025 Bonds to the public (each such term being used as defined below); and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Underwriter shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2025 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2025 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2025 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all the Series 2025 Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or such underwriter or dealer that the 10% test has been satisfied as to the Series 2025 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or such underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the underwriter or the dealer and as set forth in the related pricing wires.

(e) The City acknowledges that, in making the representation set forth in this Section, the Underwriter will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2025 Bonds to the public, the

agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of a selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2025 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds.

(f) The Underwriter acknowledges that sales of any Series 2025 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2025 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section 13. Further, for purposes of this Section 13:

(i) “maturity” means Series 2025 Bonds with the same credit and payment terms. Series 2025 Bonds with different maturity dates, or Series 2025 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities;

(ii) “public” means any person other than an underwriter or a related party;

(iii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2025 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2025 Bonds to the public);

(iv) a purchaser of any of the Series 2025 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of the other), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profits interests of the partnership, as applicable, if one entity is

a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one party of the other); and

(v) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

14. **Arm’s Length Transaction.** The City acknowledges and agrees that (i) the purchase and sale of the Series 2025 Bonds pursuant to this Bond Purchase Agreement is an arm’s length commercial transaction between the City and the Underwriter; in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal hereunder and not as an agent of or a fiduciary to the City; (iii) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering of the Series 2025 Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the City on other matters), nor has it assumed any other obligation to the City except the obligations expressly set forth in this Bond Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the City; and (v) the City has consulted its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Series 2025 Bonds.

15. **Notices.** Any notice or other communication to be given to the City under this Bond Purchase Agreement may be given by delivering the same in writing at the address set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to the Underwriter, Crews & Associates, Inc., 521 President Clinton Boulevard, Suite 800, Little Rock, AR 72201, Attention: Mr. Paul Phillips.

16. **Nonassignability.** This Bond Purchase Agreement is made solely for the benefit of the City and the Underwriter (including any successors or assigns of the Underwriter), and no other person, including any purchaser of the Series 2025 Bonds, shall acquire or have any right hereunder or by virtue hereof.

17. **Applicable Law.** This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]



18. **Counterparts.** This Bond Purchase Agreement shall become effective upon your acceptance hereof and may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

Very truly yours,

**CREWS & ASSOCIATES, INC.**

By: \_\_\_\_\_  
Title:

Accepted and agreed to as of  
the date first above written:

**CITY OF MOUNTAIN HOME, ARKANSAS**

By: \_\_\_\_\_  
Title: Hillrey Adams, Mayor

**EXHIBIT A**

**\$10,000,000**

**CITY OF MOUNTAIN HOME, ARKANSAS  
WATER AND SEWER REVENUE IMPROVEMENT BONDS  
SERIES 2025**

**MATURITY SCHEDULE**

| <b>Maturity<sup>(1)</sup></b> | <b>Principal<br/>Amount</b> | <b>Interest<br/>Rate</b> | <b>Yield</b> | <b>Price</b> |
|-------------------------------|-----------------------------|--------------------------|--------------|--------------|
|                               | \$                          | %                        | %            | %            |
|                               |                             | %                        | %            | %            |
|                               |                             | %                        | %            | %            |
|                               |                             | %                        | %            | %            |
|                               |                             | %                        | %            | %            |
|                               |                             | %                        | %            | %            |

<sup>(1)</sup> All maturities are "General Rule Maturities."

\* Term bonds

\*\* Priced to the first optional redemption date of June 1, 20\_\_.

**MANDATORY SINKING FUND REDEMPTION SCHEDULE**

(a) The Series 2025 Bonds maturing June 1, 20\_\_, are subject to mandatory sinking fund redemption prior to maturity in part, on the dates and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption.

| <b>Date</b>           | <b>Principal<br/>Amount</b> |
|-----------------------|-----------------------------|
| 06/01/20__            | \$                          |
| 06/01/20__            | \$                          |
| 06/01/20__            | \$                          |
| 06/01/20__ (maturity) | \$                          |

(b) The Series 2025 Bonds maturing June 1, 20\_\_, are subject to mandatory sinking fund redemption prior to maturity in part, on the dates and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption.

| <b>Date</b>           | <b>Principal<br/>Amount</b> |
|-----------------------|-----------------------------|
| 06/01/20__            | \$                          |
| 06/01/20__            | \$                          |
| 06/01/20__            | \$                          |
| 06/01/20__            | \$                          |
| 06/01/20__ (maturity) | \$                          |

## EXHIBIT B

### FORM OF ISSUE PRICE CERTIFICATE

**\$10,000,000**

**City of Mountain Home, Arkansas  
Water and Sewer Revenue Improvement Bonds  
Series 2025**

The undersigned, on behalf of Crews & Associates, Inc., as underwriter (the “Purchaser”) of the above-captioned bonds (the “Series 2025 Bonds”), hereby certifies as set forth below with respect to the sale and issuance of the Series 2025 Bonds.

1. ***Sale of the Series 2025 Bonds.*** As of the date of this Certificate, for each Maturity of the Series 2025 Bonds, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule 1.

2. ***Defined Terms.***

(a) *Issuer* means the City of Mountain Home, Arkansas.

(b) *Maturity* means Series 2025 Bonds with the same credit and payment terms. Series 2025 Bonds with different maturity dates, or Series 2025 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party (as such terms are defined below) to an Underwriter.

(d) A purchaser of any of the Series 2025 Bonds is a *Related Party* to any Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2025 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2025 Bonds to the Public).

The representations set forth in this Certificate are limited to factual matters only. Nothing in this Certificate represents the interpretation of Crews & Associates, Inc. of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Series 2025 Bonds, and by Kutak Rock LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2025 Bonds.

CREWS & ASSOCIATES, INC.

By: \_\_\_\_\_  
Authorized Representative

Dated: \_\_\_\_\_, 2025

**SCHEDULE 1  
SALE PRICES OF THE MATURITIES**

**MATURITY SCHEDULE**

| Maturity <sup>(1)</sup> | Principal<br>Amount | Interest<br>Rate | Yield | Price |
|-------------------------|---------------------|------------------|-------|-------|
|                         | \$                  | %                | %     | %     |
|                         |                     | %                | %     | %     |
|                         |                     | %                | %     | %     |
|                         |                     | %                | %     | %     |
|                         |                     | %                | %     | %     |
|                         |                     | %                | %     | %     |

(1) All maturities are “General Rule Maturities.”

\* Term bonds

\*\* Priced to the first optional redemption date of June 1, 20\_\_.

**MANDATORY SINKING FUND REDEMPTION SCHEDULE**

(a) The Series 2025 Bonds maturing June 1, 20\_\_, are subject to mandatory sinking fund redemption prior to maturity in part, on the dates and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption.

| Date                  | Principal<br>Amount |
|-----------------------|---------------------|
| 06/01/20__            | \$                  |
| 06/01/20__            | \$                  |
| 06/01/20__            | \$                  |
| 06/01/20__ (maturity) | \$                  |

(b) The Series 2025 Bonds maturing June 1, 20\_\_, are subject to mandatory sinking fund redemption prior to maturity in part, on the dates and in the principal amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption.

| Date                  | Principal<br>Amount |
|-----------------------|---------------------|
| 06/01/20__            | \$                  |
| 06/01/20__            | \$                  |
| 06/01/20__            | \$                  |
| 06/01/20__            | \$                  |
| 06/01/20__ (maturity) | \$                  |

**SCHEDULE 2**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
*(To be attached)*

**EXHIBIT C**

**PROPOSED FORM OF BOND COUNSEL APPROVING OPINION**

                    , 2025

City of Mountain Home  
Mountain Home, Arkansas

Crews & Associates, Inc.  
Little Rock, Arkansas

First Security Bank, as trustee  
Searcy, Arkansas

**\$10,000,000**

City of Mountain Home, Arkansas  
Water and Sewer Revenue Improvement Bonds  
Series 2025

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Mountain Home, Arkansas (the “City”), a political subdivision of the State of Arkansas, of its **\$10,000,000** Water and Sewer Revenue Improvement Bonds, Series 2025 (the “Series 2025 Bonds”).

The Series 2025 Bonds are being issued pursuant to and in full compliance with the provisions of the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 and Arkansas Code Annotated §§14-164-401 *et seq.* (as from time to time amended, the “Authorizing Legislation”), and pursuant to Ordinance No. 2025-       of the City, duly adopted and approved on                     , 2025 (the “Authorizing Ordinance”).

The Series 2025 Bonds are issued under and secured and entitled to the protection given by a Trust Indenture dated as of March 15, 2013, as supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, a Second Supplemental Trust Indenture dated as of October 15, 2017, a Third Supplemental Trust Indenture dated as of June 1, 2019, a Fourth Supplemental Trust Indenture dated as of November 1, 2020, by a Fifth Supplemental Trust Indenture dated as of June 1, 2022, and as further supplemented and amended by a Sixth Supplemental Trust Indenture dated as of                      1, 2025 (as supplemented and amended, the “Indenture”), by and between the City and First Security Bank, Searcy, Arkansas, as trustee (the “Trustee”). Reference is hereby made to the Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the conditions for the issuance of parity debt by the City, the nature and extent of the security for the Series 2025 Bonds, the rights, duties and obligations of the City, the Trustee and the holders of the Series 2025 Bonds, and the terms upon which the Series 2025 Bonds are issued and secured.

Reference is made to an opinion of even date herewith of Roger L. Morgan, Esq., City Attorney, a copy of which is on file with the Trustee, with respect, among other matters, to the status and valid existence of the City, the power of the City to adopt the Authorizing Ordinance and enter into and perform its obligations under the Indenture, the valid adoption of the Authorizing Ordinance and the due authorization, execution and delivery of the Indenture by the City, and with respect to the Indenture being enforceable upon the City.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied (i) upon the representations of the City contained in the Authorizing Ordinance and the Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing laws, regulations, rulings and judicial decisions, as follows:

1. The City is duly created and validly existing as a municipal corporation of the State of Arkansas. Pursuant to the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 and the Authorizing Legislation, the City is empowered to adopt the Authorizing Ordinance, to execute and deliver the Indenture, to perform the agreements on its part contained therein, and to issue the Series 2025 Bonds.

2. The Authorizing Ordinance has been duly adopted by the City and constitutes a legal, valid and binding obligation of the City enforceable upon the City in accordance with its terms.

3. The Indenture has been duly authorized, executed and delivered by the City and is a legal, valid and binding obligation of the City enforceable upon the City in accordance with its terms.

4. The Series 2025 Bonds have been validly authorized, executed, issued and delivered by the City and represent legal, valid and binding special obligations of the City. The principal, premium, if any, and interest on the Series 2025 Bonds shall be payable from, and shall be secured by an assignment and pledge by the City to the Trustee of, the Revenues (as defined in the Indenture) of the City's water and sewer system in the manner and subject to the extent described in the Authorizing Ordinance and the Indenture. Such pledge is subject to a parity pledge of the Revenues securing (i) the City's outstanding Water and Sewer Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), (ii) the City's outstanding Water and Sewer Revenue Improvement Bonds, Series 2022 (the "Series 2022 Bonds"), and (iii) any Additional Bonds (as defined in the Indenture) issued hereafter. The City is duly authorized to pledge such Revenues, and no further action on the part of the City is required to perfect the same or the interest of the owners of the Series 2025 Bonds therein.

5. All legal actions required by the Indenture precedent to the issuance of the Series 2025 Bonds on a parity basis with the Series 2020 Bonds and the Series 2022 Bonds have been taken.



6. Interest on the Series 2025 Bonds (including any original issue discount properly allocable to the owner of a Series 2025 Bond) is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be met subsequent to the issuance of the Series 2025 Bonds. Failure to comply with such requirements could cause interest on the Series 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds. The City has covenanted to comply with such requirements. The Series 2025 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for eighty percent (80%) of that portion of such financial institution’s interest expense allocable to interest on the Series 2025 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2025 Bonds.

7. The interest on the Series 2025 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

8. The Series 2025 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended, in connection with the offer and sale of the Series 2025 Bonds.

It is to be understood that the rights of the registered owners of the Series 2025 Bonds and the enforceability of the Series 2025 Bonds, the Authorizing Ordinance and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

**EXHIBIT D**

**PROPOSED FORM OF BOND COUNSEL SUPPLEMENTAL OPINION**

                    , 2025

City of Mountain Home  
Mountain Home, Arkansas

Crews & Associates, Inc.  
Little Rock, Arkansas

First Security Bank, as trustee  
Searcy, Arkansas

**\$10,000,000**

City of Mountain Home, Arkansas  
Water and Sewer Revenue Improvement Bonds  
Series 2025

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Mountain Home, Arkansas (the “City”) of \$**10,000,000** aggregate principal amount of its Water and Sewer Revenue Improvement Bonds, Series 2025 (the “Series 2025 Bonds”), and have delivered on this date our approving opinion with respect thereto. Reference is hereby made to such approving opinion. All terms not defined herein shall have the meanings assigned thereto in such approving opinion.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the City contained in Ordinance No. 2025-     adopted                     , 2025 (the “Authorizing Ordinance”), and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Bond Purchase Agreement dated                     , 2025 (the “Bond Purchase Agreement”), by and between the City and Crews & Associates, Inc. (the “Underwriter”), has been duly authorized, executed and delivered by the City and, assuming due execution by the Underwriter, and subject to the extent that the rights and remedies set forth therein may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally, constitutes a legal, valid and binding agreement of the City enforceable in accordance with its terms.

2. The Trust Indenture dated as of March 15, 2013, as supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, a Second Supplemental Trust Indenture dated as of October 15, 2017, a Third Supplemental Trust Indenture dated as of June 1, 2019, a Fourth Supplemental Trust Indenture dated as of November 1, 2020, a Fifth Supplemental

Trust Indenture dated as of June 1, 2022, and as further supplemented and amended by a Sixth Supplemental Trust Indenture dated as of [REDACTED] 1, 2025 (as supplemented and amended, the “Indenture”), by and between the City and First Security Bank, Searcy, Arkansas, as trustee (the “Trustee”), has been duly authorized, executed and delivered by the City and, assuming due execution by the Trustee, and subject to the extent that the rights and remedies set forth therein may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally, constitutes a legal, valid and binding agreement of the City enforceable in accordance with its terms.

3. The Continuing Disclosure Agreement dated [REDACTED], 2025 (the “Continuing Disclosure Agreement”), by and between the City and First Security Bank, Searcy, Arkansas, as dissemination agent (the “Dissemination Agent”), has been duly authorized, executed and delivered by the City and, assuming due execution by the Dissemination Agent, and subject to the extent that the rights and remedies set forth therein may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally, constitutes a legal, valid and binding agreement of the City enforceable in accordance with its terms.

4. The Trust Indenture conforms as to form and tenor with the terms and provisions thereof as summarized and set out in the Official Statement dated [REDACTED], 2025, relating to the Series 2025 Bonds (the “Official Statement”).

5. The City has approved the distribution of the Official Statement.

6. Other than as described in the Official Statement, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, agency, public board or other administrative body (either State or Federal), pending or threatened against or affecting the City, challenging the validity of the transactions contemplated by the Official Statement or the validity of the Series 2025 Bonds, the Authorizing Ordinance, the Trust Indenture, the Continuing Disclosure Agreement or the Bond Purchase Agreement, or which could have a material adverse effect on (i) the financial condition of the City, (ii) the ability of the City to perform its obligations under the Trust Indenture, (iii) the security for the Series 2025 Bonds, (iv) the transactions contemplated by the Authorizing Ordinance and the Trust Indenture, or (v) the ability of the City to maintain and operate the System.

7. Based upon our work as Bond Counsel, including discussions with officers of and counsel to the City, nothing has come to our attention that would lead us to believe that the Official Statement (except for the financial statements and the other financial and statistical data included in the Official Statement and in the appendices thereto, as to which no view is expressed), contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect.

This opinion is being rendered to you solely for your use and benefit and may not be relied upon in any manner, nor used, by any other person.

Very truly yours,

**EXHIBIT E**

**PROPOSED FORM OF OPINION OF CITY ATTORNEY**

                    , 2025

First Security Bank, as trustee  
Searcy, Arkansas

Crews & Associates, Inc.  
Little Rock, Arkansas

Kutak Rock LLP  
Little Rock, Arkansas

**\$10,000,000**

City of Mountain Home, Arkansas  
Water and Sewer Revenue Improvement Bonds  
Series 2025

Ladies and Gentlemen:

I am counsel to the City of Mountain Home, Arkansas (the “City”) and have acted in that capacity in connection with the issuance and sale by the City of its \$**10,000,000** Water and Sewer Revenue Improvement Bonds, Series 2025 (the “Series 2025 Bonds”), which Series 2025 Bonds are being sold pursuant to a Bond Purchase Agreement dated                     , 2025 (the “Bond Purchase Agreement”), between Crews & Associates, Inc. (the “Underwriter”) and the City. The terms defined in the Bond Purchase Agreement are used in this letter with the meanings assigned to them in the Bond Purchase Agreement.

In this connection, I have reviewed certain documents with respect to the Series 2025 Bonds, and such records, certificates and other instruments as I have considered necessary or appropriate for the purposes of this opinion, including; Ordinance No. 2025-     adopted by the City Council on                     , 2025 (the “Authorizing Ordinance”); Ordinance No. 2024-12 and Ordinance No. 2025-9 (collectively, the “Rate Ordinances”); the Trust Indenture dated as March 15, 2013, as supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, by a Second Supplemental Trust Indenture dated as of October 15, 2017, by a Third Supplemental Trust Indenture dated as of June 1, 2019, by a Fourth Supplemental Trust Indenture dated as of November 1, 2020, by a Fifth Supplemental Trust Indenture dated as of June 1, 2022, and as further supplemented and amended by a Sixth Supplemental Trust Indenture dated as of                      1, 2025 (as supplemented and amended, the “Trust Indenture”), between the City and First Security Bank, Searcy, Arkansas, as trustee (the “Trustee”); the Official Statement dated                     , 2025 (the “Official Statement”); the Tax Compliance Agreement dated                     , 2025 (the “Tax Compliance Agreement”), between the City and the Trustee; the Continuing Disclosure Agreement dated                     , 2025 (the “Continuing Disclosure Agreement”), between

the City and the Trustee; and a closing certificate of the City. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The City has been properly formed and is validly existing as a political subdivision of the State of Arkansas with full power and authority to adopt the Rate Ordinances and the Authorizing Ordinance, and to execute and deliver the Series 2025 Bonds, the Trust Indenture, the Official Statement, the Bond Purchase Agreement, the Tax Compliance Agreement and the Continuing Disclosure Agreement.

2. The Rate Ordinances and the Authorizing Ordinance have been validly adopted by the City.

3. The adoption by the City of the Rate Ordinances and the Authorizing Ordinance, the issuance of the Series 2025 Bonds, the execution and delivery of the Trust Indenture, the Bond Purchase Agreement, the Tax Compliance Agreement and the Continuing Disclosure Agreement, and the performance of the City's obligations thereunder do not and will not result in a violation of any provision of, or a default under, any resolution, agreement or any other instrument to which the City is a party or by which it or its properties are bound.

4. Except as may be described in the Official Statement, the City is not in violation of any provision of any agreement or other instrument the violation of or default under which would materially and adversely affect the business, properties, assets, liabilities or conditions (financial or other) of the City or its water and sewer system (the "System").

5. Except as may be described in the Official Statement, there are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the City is a party or of which any property of the City is subject, except as described in the Official Statement, which, if determined adversely, would individually or in the aggregate (i) have a material adverse effect on the financial position or results of operations of the City or the System, (ii) materially and adversely affect the validity or the enforceability of the Series 2025 Bonds or the Trust Indenture, the Bond Purchase Agreement, the Tax Compliance Agreement or the Continuing Disclosure Agreement, (iii) otherwise materially or adversely affect the ability of the City to comply with its obligations on the Series 2025 Bonds or under the Authorizing Ordinance, the Trust Indenture, the Bond Purchase Agreement, the Tax Compliance Agreement or the Continuing Disclosure Agreement, or (iv) materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the City or the System.

6. The aggregate amount which may reasonably be expected to be recovered in litigation pending or threatened against the City, taking into account insurance coverage, is not material.

7. I have reviewed and considered the information contained in the Official Statement and nothing has come to my attention which leads me to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made,

not misleading. I express no opinion as to the information contained in the Appendices to the Official Statement, nor do I express an opinion as to any information included therein under the captions "TAX MATTERS" or "UNDERWRITING."

I hereby consent to the references made to me in the Official Statement.

Respectfully yours,

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the City of Mountain Home, Arkansas (the “City”) and First Security Bank, Searcy, Arkansas, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of \$10,000,000 City of Mountain Home, Arkansas Water and Sewer Revenue Improvement Bonds, Series 2025 (the “Bonds”). The Bonds are being issued pursuant to a Trust Indenture dated as of March 15, 2013, as supplemented and amended by a First Supplemental Trust Indenture dated as of September 15, 2014, by a Second Supplemental Trust Indenture dated as of October 15, 2017, by a Third Supplemental Trust Indenture dated as of June 1, 2019, by a Fourth Supplemental Trust Indenture dated as of November 1, 2020, by a Fifth Supplemental Trust Indenture dated as of June 1, 2022, and by a Sixth Supplemental Trust Indenture dated as of [REDACTED] 1, 2025 (as supplemented and amended, the “Indenture”), by and between the City and First Security Bank, Searcy, Arkansas, as trustee (the “Trustee”). In connection with the issuance and delivery of the Bonds, the City and the Dissemination Agent covenant and agree as follows:

**Section 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the City for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with, and constitutes the written undertaking for the Beneficial Owners of the Bonds required by, SEC Rule 15c2-12(b)(5) (the “Rule”). The City is an “obligated person” within the meaning of the Rule. The Dissemination Agent shall have no liability with respect to the content of any disclosure provided hereunder, and shall be liable only to the City for sending notices hereunder. As required by the Rule, this Disclosure Agreement is enforceable by Beneficial Owners of the Bonds pursuant to Section 7 hereof.

**Section 2. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the City’s Water and Sewer Enterprise Fund, prepared pursuant to the standards and as described in Exhibit I.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Business Day*” means any day other than a Saturday or Sunday or a day on which banks in the State of Arkansas or in the state in which the Dissemination Agent is located are not open for business.

“*Commission*” means the U.S. Securities and Exchange Commission.

“*Disclosure Representative*” means the City’s Director of Water and Sewer, or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” means First Security Bank, Searcy, Arkansas, acting in its capacity as a dissemination agent hereunder, or any successor dissemination agent designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

“*Fiscal Year*” means any period of twelve (12) consecutive months adopted by the City as its fiscal year for financial reporting purpose. The Fiscal Year of the City presently ends on December 31 of each year.

“*Listed Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

“*Listed Events Disclosure*” means dissemination of a notice of a Listed Event as set forth in Section 5.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.



“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Exchange Act, as modified by Rule 15c2-12(d)(2), as the same may be amended from time to time.

“State” means the State of Arkansas.

“Undertaking” means the obligations of the City pursuant to Sections 4 and 5.

**Section 3. CUSIP Number/Official Statement.** The CUSIP Number of the final maturity of the Bonds is 624088 [REDACTED]. The Official Statement relating to the Bonds is dated [REDACTED], 2025 (the “Official Statement”).

**Section 4. Annual Financial Information Disclosure.** Subject to Section 9 of this Disclosure Agreement, the City hereby covenants that it will disseminate, or will cause the Dissemination Agent to disseminate, the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by delivering such Annual Financial Information and the Audited Financial Statements to the MSRB within 180 days of the completion of the City’s Fiscal Year. Such information shall be delivered or caused to be delivered in Prescribed Form and by such time so that such entity receives the information by the dates specified.

Not later than five (5) Business Days prior to the date specified in the preceding paragraph for providing the Annual Financial Information Disclosure to the MSRB, the City shall provide such Annual Financial Information Disclosure to the Dissemination Agent. If by such date the Dissemination Agent has not received a copy of the applicable Annual Financial Information Disclosure, the Dissemination Agent shall contact the applicable Disclosure Representative to determine if the City is in compliance with the preceding paragraph of this Section 4. If the Dissemination Agent is unable to verify that the Annual Financial Information Disclosure has been provided to the MSRB by the date required in the preceding paragraph, the Dissemination Agent shall file a notice with the MSRB in substantially the form attached as Exhibit III hereto.

Contemporaneously with the filing by the Dissemination Agent of any Annual Financial Information Disclosure with the MSRB, the Dissemination Agent shall give notice thereof to the City and the Trustee (if the Trustee is not the Dissemination Agent) certifying that such filing has been made and the date on which it was filed.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate or cause dissemination of a statement to such effect as part of its Annual Financial Information for the Fiscal Year in which such event first occurs.

If any amendment is made to this Disclosure Agreement, the Annual Financial Information for the Fiscal Year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

**Section 5. Listed Events Disclosure.** Subject to Section 9 of this Disclosure Agreement, the City hereby covenants to disseminate or cause dissemination in a timely manner, not in excess of ten (10) Business Days after the occurrence of the event, of Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds need not be given under this Disclosure Agreement any earlier than the notice (if any) of such redemption is given to the owners of the Bonds pursuant to the Indenture. The City is required to deliver or cause delivery of such Listed Events Disclosure in the same manner as provided by Section 4 of this Disclosure Agreement.

**Section 6. Duty to Update EMMA/MSRB.** The Dissemination Agent shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Consequences of Failure of the City to Provide Information.** In the event of a failure of the City to comply with any provision of this Disclosure Agreement, the Trustee may (and at the request of a Participating Underwriter or the Beneficial Owners of at least 25% in aggregate outstanding principal amount of the Bonds, and upon being indemnified to its satisfaction, shall) or the Beneficial Owner of any Bond may seek specific performance by court order to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

**Section 8. Amendments; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the City and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or the type of business it conducts;

(ii) This Disclosure Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) The amendment or waiver does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by parties unaffiliated with the City (such as the Trustee) or by an approving vote of the Beneficial Owners of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the City) pursuant to the terms of the Indenture at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

**Section 9. Termination of Undertaking.** The Undertaking of the City shall be terminated hereunder when the City shall no longer have any legal liability for any obligation on or relating

to the repayment of the Bonds. The City shall give notice to the MSRB, or shall cause the Dissemination Agent to give notice, in a timely manner and in Prescribed Form if this Section is applicable.

**Section 10. Dissemination Agent.** The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement and has no duty to review the contents thereof. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent for the City.

**Section 11. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall not have any obligation under this Disclosure Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

**Section 12. Beneficiaries.** This Disclosure Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, the Trustee and the Beneficial Owners of the Bonds, and shall create no rights in any other person or entity.

**Section 13. Recordkeeping.** The City and the Dissemination Agent shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 14. Past Compliance.** The City is a party to multiple prior undertakings pursuant to the Rule. Except as set forth in the Official Statement for the Bonds under the caption “SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT,” the City has, to the best of its knowledge, for the past five years, been in compliance in all material respects with the provisions in such undertakings requiring that it file certain financial information and financial statements and certain listed events with the MSRB.

**Section 15. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any losses, expenses and liabilities which it may incur arising out of or in the exercise of performance of its powers and duties under this Disclosure Agreement, including the costs and expenses (including attorneys’ fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s gross negligence or

willful misconduct. Such indemnification obligation of the City shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**Section 16. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 17. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated: , 2025

**CITY OF MOUNTAIN HOME, ARKANSAS**

By: \_\_\_\_\_  
Mayor

**FIRST SECURITY BANK,**  
as Dissemination Agent

By: \_\_\_\_\_  
Title:

## **EXHIBIT I**

### **ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS**

“*Annual Financial Information*” means financial information and operating data (exclusive of Audited Financial Statements) of the following types appearing under the caption “THE WATER AND SEWER SYSTEM” in the Official Statement: (a) total and classification of System customers; (b) list of the five largest System customers along with their respective average gallons of water used per month; and (c) the System’s average daily water use and maximum day’s water use.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 180 days after the last day of the City’s Fiscal Year, commencing with the Fiscal Year ending December 31, 2020. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within ten (10) Business Days after availability to the City.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time, as such principles may be modified by mandatory statutory principles of the State of Arkansas, if any, as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Disclosure Agreement, including for this purpose a change made to the Fiscal Year-end of the City, the City will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

## **EXHIBIT II**

### **EVENTS WITH RESPECT TO THE BONDS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED**

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

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.



**EXHIBIT III**  
**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF**  
**FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of Mountain Home, Arkansas  
Name of Bond Issue: City of Mountain Home, Arkansas Water and Sewer Revenue Improvement Bonds, Series 2025  
Name of Obligated Party: City of Mountain Home, Arkansas  
Date of Issuance: \_\_\_\_\_, 2025

NOTICE IS HEREBY GIVEN that the City of Mountain Home, Arkansas (the “Issuer”) has not provided an Annual Report with respect to the above-named Bonds has not been provided as required by Section 4 of the Continuing Disclosure Agreement between the Issuer and the undersigned dated \_\_\_\_\_, 2025. The City anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_, 20\_\_

FIRST SECURITY BANK,  
Searcy, Arkansas,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Officer

cc: City of Mountain Home