

**NEW ISSUE
BOOK-ENTRY ONLY****RATINGS: (See the caption "RATINGS" herein)**

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. 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.

\$45,365,000*

**CITY OF CONWAY, ARKANSAS
ELECTRIC REVENUE IMPROVEMENT BONDS
TAX-EXEMPT SERIES 2025**

Dated: Date of Delivery**Due: December 1, as shown on inside front cover**

The Electric Revenue Improvement Bonds, Tax-Exempt Series 2025 (the "Series 2025 Bonds"), are being issued by the City of Conway, Arkansas (the "City") for the purpose of (i) financing a portion of the costs of betterments and improvements to the City's electric utility system, (ii) paying the premium for a municipal bond insurance policy, (iii) paying the premium for a municipal bond debt service reserve insurance policy for deposit in the debt service reserve fund, and (iv) paying certain expenses in connection with the issuance of the Series 2025 Bonds. See the captions "ESTIMATED SOURCES AND USES OF FUNDS" and "THE 2025 PROJECT" herein.

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 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 integral multiples 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.

The Series 2025 Bonds shall bear interest from their dated date, payable on June 1 and December 1 of each year, commencing June 1, 2026. 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 The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as of the fifteenth day of the calendar month next preceding the month of the applicable interest payment date. Principal of and premium, if any, on the Series 2025 Bonds shall be payable upon presentation and surrender thereof at the designated 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 the case may be.

The scheduled payment of principal of and interest on the Series 2025 Bonds maturing on December 1 of the years 2045* through 2055*, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY INC.**



Payment of the principal of, premium, if any, and interest on the Series 2025 Bonds is secured by a pledge of the revenues of the City's electric system (the "System"). The pledge of System revenues securing the Series 2025 Bonds shall be on a parity with the pledge of System revenues securing (i) the City's Electric Revenue Improvement Bonds, Tax-Exempt Series 2022A (the "Series 2022A Bonds"), (ii) the City's Electric Revenue Refunding Bonds, Taxable Series 2022B (the "Series 2022B Bonds"), any (iii) additional bonds hereafter issued on a parity of security therewith (the "Additional Bonds") in accordance with the provisions of a Trust Indenture dated as of March 31, 2022, as supplemented and amended by a First Supplemental Trust Indenture dated as of the date of delivery of the Series 2025 Bonds (the "Indenture"), each by and among the City, Conway Corporation, an Arkansas nonprofit corporation (the "Corporation"), and the Trustee. The Corporation operates and maintains the System pursuant to an exclusive franchise and lease arrangement with the City. See the captions "SECURITY FOR THE BONDS," "THE CORPORATION" and "THE SYSTEM" herein.

The Series 2025 Bonds are subject to optional and mandatory redemption prior to maturity as provided herein under the caption "THE SERIES 2025 BONDS."

The Series 2025 Bonds are special obligations of the City secured by and payable solely from the 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 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 are offered when, as and if issued by the City and are subject to the final approving opinion of Kutak Rock LLP, Little Rock, Arkansas, Bond Counsel. Certain matters will be passed upon for the City by its counsel, Charles Finkenbinder, Esq., City Attorney. It is expected that the Series 2025 Bonds will be available for delivery in New York, New York, on or about December 30, 2025.



Stephens Inc.

The date of this Official Statement is November __, 2025

* Preliminary; subject to change.

MATURITY SCHEDULE*

Tax-Exempt Series 2025 Bonds

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIPS**</u>
2026	\$ 680,000	%	%	
2027	780,000			
2028	820,000			
2029	860,000			
2030	905,000			
2031	950,000			
2032	995,000			
2033	1,045,000			
2034	1,100,000			
2035	1,140,000			
2036	1,190,000			
2037	1,235,000			
2038	1,285,000			
2039	1,335,000			
2040	1,390,000			
\$7,870,000	___%	Term Bonds due December 1, 2045#	- Yield: ___%	CUSIP: _____**
\$9,720,000	___%	Term Bonds due December 1, 2050#	- Yield: ___%	CUSIP: _____**
\$12,065,000	___%	Term Bonds due December 1, 2055#	- Yield: ___%	CUSIP: _____**

* 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 Underwriters 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 Underwriters 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.

Insured Bond

No dealer, broker, salesman or other person has been authorized by the City, Conway Corporation (the “Corporation”), or by Crews & Associates, Inc. or Stephens Inc. (collectively, the “Underwriters”) 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 or the solicitation of an offer to buy, nor shall there be any sale of any Series 2025 Bonds in any jurisdiction in which such offer is not authorized, or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful to make such offer, solicitation or sale. 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, the Corporation or the System since the date hereof.

Assured Guaranty Inc. (“AG”) makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and Appendix D – Specimen Municipal Bond Insurance Policy.”

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 CERTAIN EXEMPTIONS FROM SUCH REGISTRATION AND QUALIFICATION CONTAINED IN SUCH LAWS.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS 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.

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OFFICIAL STATEMENT

\$45,365,000*

CITY OF CONWAY, ARKANSAS ELECTRIC REVENUE IMPROVEMENT BONDS TAX-EXEMPT 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 the Appendices hereto, is furnished in connection with the offering of \$45,365,000* Electric Revenue Improvement Bonds, Tax-Exempt Series 2025 (the “Series 2025 Bonds”), by the City of Conway, 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 City is authorized under Amendment 65 to the Constitution of the State (“Amendment 65”) and (i) the Local Government Capital Improvement Revenue Bond Act of 1985, codified as Arkansas Code Annotated Sections 14-164-401 *et seq.*, (ii) the Joint Municipal Electric Power Generation Act of 1979, codified as Arkansas Code Annotated Sections 14-202-101 *et seq.*, and (iii) the Municipal Electric System Financing Act of 1983, codified as Arkansas Code Annotated Sections 14-203-101 *et seq.* (collectively, the “Authorizing Legislation”), to issue and sell its electric revenue bonds for the purpose of financing and refinancing the cost of improvements and betterments to its electric utility system (the “System”).

The Series 2025 Bonds are to be issued by the City pursuant to Ordinance No. O-25-107 adopted and approved on November 25, 2025 (the “Authorizing Ordinance”), for the purpose of (i) financing a portion of the costs of certain betterments and improvements (the “2025 Project”) to the City’s electric utility system (the “System”), (ii) paying the premium for the Insurance Policy (hereinafter defined), (iii) paying the premium for the Reserve Policy (hereinafter defined) for deposit in the debt service reserve fund, and (iv) paying certain expenses in connection with the issuance of the Series 2025 Bonds. See the captions “ESTIMATED SOURCES AND USES OF FUNDS” and “THE 2025 PROJECT” herein.

The Series 2025 Bonds are special obligations of the City, payable solely from and secured by a pledge of revenues of the System (the “Revenues”) on a parity basis with the existing pledge of Revenues to the payment of the City’s (i) Electric Revenue Improvement Bonds, Tax-Exempt Series 2022A (the “Series 2022A Bonds”), in the outstanding principal amount of \$24,165,000**, and (ii) Electric Revenue Refunding Bonds, Taxable Series 2022B (the “Series 2022B Bonds”), in the outstanding principal amount of \$7,985,000**. The City has covenanted to establish and maintain rates for System services which shall provide Revenues in each Fiscal Year at least equal to the sum of (a) an amount sufficient to pay Operating Expenses, (b) an amount equal to 125% of the maximum annual Debt Service Requirement on all Outstanding Bonds, and (c) that amount, if any, required to make the amount on deposit in the Debt Service Reserve Fund equal to the then applicable Reserve Requirement(s) at such time. See the captions “SECURITY FOR THE BONDS” and “SUMMARY OF THE INDENTURE - *Rates and Charges*” herein.

The Series 2025 Bonds are special obligations of the City secured by and payable solely from Revenues. The full faith and credit of the City are not pledged to the payment of the Series 2025 Bonds, and 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 issuance of the Series 2025 Bonds shall not directly, indirectly

* Preliminary; subject to change.

** As of 12/01/2025

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.

The scheduled payment of principal of and interest on the Series 2025 Bonds maturing on December 1 of the years 2045* through 2055*, inclusive (the “Insured Bonds”), when due will be guaranteed under a municipal bond insurance policy (the “Insurance Policy”) to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Inc. (the “Insurer” or “AG”). A specimen of the Insurance Policy is attached hereto as Appendix D. It is expected that S&P Global ratings, a business unit of Standard & Poor’s Financial Services, LLC (“S&P”) will assign a rating of “AA/Stable” to the Insured Bonds based upon the issuance of the Insured Policy by the Insurer at the time of the delivery of the Insured Bonds. However, there is no assurance that such rating will be received. See the captions “BOND INSURANCE” and “RATINGS” herein.

Additional bonds (“Additional Bonds”) may be issued on a parity of security with the Series 2022A Bonds, the Series 2022B Bonds and the Series 2025 Bonds under certain circumstances set forth in the Indenture (hereinafter defined). See the caption “THE SERIES 2025 BONDS - *Additional Bonds*” herein. The Series 2022A Bonds, the Series 2022B Bonds, the Series 2025 Bonds and any Additional Bonds are herein collectively referred to as the “Bonds.”

The Series 2025 Bonds are subject to optional redemption prior to maturity, to mandatory sinking fund redemption, and to mandatory redemption from excess moneys in the Project Fund following completion of the 2025 Project. See the caption “THE SERIES 2025 BONDS – *Redemption*” herein.

The Conway Corporation, an Arkansas nonprofit corporation (the “Corporation”), operates the System under the terms of a lease agreement and a franchise arrangement with the City. Pursuant to similar franchise arrangements, the Corporation operates the City’s water and wastewater utility systems. In addition, the Corporation leases and operates a telecommunications system for the benefit of the residents of the City.

Pursuant to the provisions of a Continuing Disclosure Agreement to be dated as of the date of delivery of the Series 2025 Bonds (the “Continuing Disclosure Agreement”), by and among the City, the Corporation and The Bank of New York Mellon Trust Company, N.A., as dissemination agent (the “Dissemination Agent”), the City and the Corporation have undertaken certain obligations with respect to providing ongoing disclosure of certain financial and operating data concerning the System and of the occurrence of certain listed events. See the caption “SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT” herein.

Descriptions of the City, the System, the Corporation, the Series 2025 Bonds, the Continuing Disclosure Agreement, and a Trust Indenture dated as of March 31, 2022, as supplemented and amended by a First Supplemental Trust Indenture dated as of the date of delivery of the Series 2025 Bonds (as supplemented and amended, the “Indenture”), each by and among the City, the Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), pursuant to which the Series 2025 Bonds are issued and secured, are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Continuing Disclosure Agreement or the Indenture are qualified in their entirety by reference to such documents, copies of which are available from the City or the Corporation, and all references to the Series 2025 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Indenture. Certain financial data has been provided from the audited and unaudited records of the System, and certain demographic information has been obtained from other sources which are believed to be reliable.

* Preliminary; subject to change.

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 June 1, 2026, at the rates set forth on the inside cover page hereof. The Series 2025 Bonds will mature on December 1 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2025 Bonds are issuable only in the form of 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 DTC or its nominee 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.

All interest payments on the Series 2025 Bonds shall be payable to the persons in whose name such Series 2025 Bonds are registered on the bond registration books maintained by the Trustee, as of the fifteenth day of the calendar month next preceding the month of the applicable interest payment date. Principal of and premium, if any, on the Series 2025 Bonds shall be payable upon presentation and surrender thereof at the designated corporate trust office of the Trustee. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2025 Bonds to the extent of the sum or sums so paid. 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 under the caption “BOOK-ENTRY ONLY SYSTEM” herein.

Redemption. The Series 2025 Bonds are subject to redemption prior to maturity as follows:

(a) Optional Redemption. The Series 2025 Bonds are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on and after December 1, 2032, in such maturities as shall be selected by the City, from funds from any source, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2025 Bonds being redeemed, plus accrued interest to the date of redemption.

(b) Excess Proceeds Redemption. The Series 2025 Bonds shall be redeemed, in whole or in part, in inverse order of maturity and by lot in such manner as the Trustee shall determine within a maturity, at a redemption price of one hundred percent (100%) of the principal amount of the Series 2025 Bonds to be redeemed, plus interest accrued and unpaid to the redemption date, on any interest payment date from any unexpended proceeds of the Series 2025 Bonds not needed for accomplishing the 2025 Project.

(c) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Series 2025 Bonds maturing December 1, 2045, are subject to mandatory sinking fund redemption prior to maturity in part (selected by the Trustee by lot) on December 1, 2041, and on each December 1 thereafter to and including December 1, 2045, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2025 Bonds being redeemed, plus accrued interest to the date of redemption, in the following amounts:

<u>Redemption Date</u>	<u>Principal Amount*</u>
December 1, 2041	\$1,445,000
December 1, 2042	1,505,000
December 1, 2043	1,570,000
December 1, 2044	1,640,000
December 1, 2045 (maturity)	1,710,000

* Preliminary; subject to change.

(d) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Series 2025 Bonds maturing December 1, 2050, are subject to mandatory sinking fund redemption prior to maturity in part (selected by the Trustee by lot) on December 1, 2046, and on each December 1 thereafter to and including December 1, 2050, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2025 Bonds being redeemed, plus accrued interest to the date of redemption, in the following amounts:

<u>Redemption Date</u>	<u>Principal Amount*</u>
December 1, 2046	\$1,780,000
December 1, 2047	1,860,000
December 1, 2048	1,940,000
December 1, 2049	2,025,000
December 1, 2050 (maturity)	2,115,000

* Preliminary; subject to change.

(e) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Series 2025 Bonds maturing December 1, 2055, are subject to mandatory sinking fund redemption prior to maturity in part (selected by the Trustee by lot) on December 1, 2051, and on each December 1 thereafter to and including December 1, 2055, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2025 Bonds being redeemed, plus accrued interest to the date of redemption, in the following amounts:

<u>Redemption Date</u>	<u>Principal Amount*</u>
December 1, 2051	\$2,205,000
December 1, 2052	2,305,000
December 1, 2053	2,410,000
December 1, 2054	2,515,000
December 1, 2055 (maturity)	2,630,000

* Preliminary; subject to change.

At its option, to be exercised on or before the 45th day preceding any sinking fund redemption date, the City may deliver to the Trustee for cancellation and retirement any of the Series 2025 Bonds maturing December 1, 2045, December 1, 2050 and December 1, 2055, or portions thereof (\$5,000 or any integral multiple thereof), in any aggregate principal amount and receive a credit in respect of its sinking fund redemption obligations. Each such Series 2025 Bond or portion thereof so delivered or previously purchased or redeemed and cancelled by the Trustee shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof on applicable the sinking fund obligations of the City on the redemption dates for the Series 2025 Bond or Bonds so cancelled, and any excess over such amount shall be credited on future sinking fund redemption obligations in chronological order, and the principal amount of any future sinking fund redemption obligations with respect to the Series 2025 Bonds shall be accordingly reduced.

Selection of Series 2025 Bonds to be Redeemed. If less than all of the Series 2025 Bonds of like maturity shall be called for redemption, the particular Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed shall be selected by lot in such manner as the Trustee shall deem fair and appropriate; provided, however, 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. Notwithstanding the foregoing, so long as DTC or its nominee is the sole registered owner of the Series 2025 Bonds, the particular Series 2025 Bonds or portions thereof to be redeemed within a maturity shall be selected by lot in such manner as DTC shall determine.

Notice of Redemption. Notice of the call for any redemption, identifying the Series 2025 Bonds or portions thereof being called and the date on which they shall be presented for payment, shall be mailed by the Trustee by first class mail, postage prepaid (or, so long as DTC or its nominee is the sole Registered Owner of the Series 2025 Bonds, by any other means acceptable to DTC, including facsimile), to the Registered Owner of each such Series 2025 Bond to be redeemed addressed to such Registered Owner at his registered address and placed in the mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2025 Bond with respect to which no such failure or defect has occurred. Such notices for optional redemption may be conditioned. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Additional Bonds. The City may issue from time to time one or more series of Additional Bonds upon the following terms and conditions:

Historical Revenue Test. Additional Bonds may be issued, provided an Accountant certifies that the Net Revenues, as adjusted for electric rates then in effect, for the preceding Fiscal Year, are not less than 125% of the sum of the maximum annual Debt Service Requirements on all Bonds then Outstanding and the Additional Bonds then proposed to be issued, plus such further series of Bonds, if any, as may be required to be issued to complete any Project for which such Additional Bonds have been or are being issued.

Projected Revenue Test. Additional Bonds may be issued provided a Consulting Engineer or an Accountant certifies that Net Revenues, as estimated pursuant to the Indenture in each Fiscal Year to and including the latest of either (i) the third succeeding Fiscal Year or (ii) the second Fiscal Year following the latest estimated Completion Date of all Facilities for which Additional Bonds have been or are being issued, will be equal to not less than 135% of the maximum annual Debt Service Requirement on all Bonds then Outstanding and the Additional Bonds then proposed to be issued, plus such further series of Bonds, if any, as may be required to be issued to complete any Project for which such Additional Bonds have been or are being issued.

Completion Bonds Test. Additional Bonds, in an aggregate amount not exceeding \$10,000,000, may be issued without meeting the requirements of the Historical Revenue Test or the Projected Revenue Test (“Completion Bonds”), to pay the Costs of Facilities to complete any Project for which Additional Bonds were issued meeting the requirements of the Historical Revenue Test or Projected Revenue Test; provided, however, such Completion Bonds may be issued only if a Consulting Engineer (i) shall certify that the net proceeds of such Completion Bonds alone, or in combination with other moneys available, will be sufficient to complete the payment of the remaining Costs of Facilities with respect to the Project, and (ii) shall be of the opinion that, after consideration of other reasonable alternatives, it is in the best interest of the City to complete payment of the remaining Costs of Facilities with respect to the Project.

Refunding Bonds Test. Additional Bonds may be issued to refund Outstanding Bonds provided, however, that either (i) the Debt Service Requirement on all Bonds Outstanding after the refunding shall not be greater in any Fiscal Year than what the Debt Service Requirement would have been if the refunding were not to occur or (ii) the City shall obtain the certificate of a Consulting Engineer or an Accountant that the Historical Revenue Test or the Projected Revenue Test is met. Additional Bonds may also be issued to refund Outstanding Bonds at any time within one year prior to a principal maturity or mandatory sinking fund redemption with respect thereto if sufficient Net Revenues are not available to make such principal or mandatory sinking fund redemption payment.

The security afforded by any municipal bond insurance policy obtained with respect to a particular series of Bonds or portion thereof shall secure only such series of Bonds or portion thereof.

Subordinate Indebtedness. Nothing in the Indenture shall prevent the City from authorizing and issuing bonds, notes, warrants, certificates or other obligations or evidences of indebtedness, the payment of the principal of and premium, if any, and interest on which shall be made from Revenues or from a special fund to be established and maintained from Revenues; provided payments from Revenues or from such special fund, and the lien and charge on such Revenues, shall be made junior and subordinate to the lien, pledge and charge created in the Indenture for the security and payment of the Bonds, and other payments under the Indenture, including, without limitation, the following payments out of Revenues specified by the Indenture: (i) payments of Operating Expenses; (ii) payments into the Bond Fund; and (iii) payments into the Debt Service Reserve Fund.

There are currently outstanding \$5,467,508* principal amount of the City’s Subordinate Electric Revenue Improvement Bonds, Series 2025 (the “Subordinate Series 2025 Bonds”), secured by the Revenues on a junior and subordinate basis to the Series 2022A Bonds, the Series 2022B Bonds, the Series 2025 Bonds and any Additional Bonds issued pursuant to the Indenture.

There are also currently outstanding (i) \$9,545,000* principal amount of the City’s Wastewater Revenue Refunding Bonds, Series 2016 (the “Series 2016 Bonds”), (ii) \$7,950,000* principal amount of the City’s Wastewater Revenue Improvement Bonds, Series 2019A (the “Series 2019A Bonds”), (iii) \$15,025,000* principal amount of the City’s Wastewater Revenue Refunding Bonds, Taxable Series 2019B (the “Series 2019B Bonds”), and (iv) \$2,965,011* principal amount of the City’s Wastewater Revenue Refunding Bonds, Series 2020 (the “Series 2020 Bonds”), each secured primarily by revenues of the City’s wastewater collection and treatment system and, to the extent of any deficiency in wastewater system revenues, by surplus Revenues of the System on a junior and subordinate basis as described in the second preceding paragraph.

* As of 12/01/2025

The City additionally intends to issue up to \$37,800,000 principal amount of its Telecommunications Improvement Revenue Bonds, Series 2025 (the “Telecommunications Bonds”), for the purpose of funding betterments and improvements to the City’s telecommunications system. The Telecommunications Bonds will be secured primarily by revenues of the City’s telecommunications system and, to the extent of any deficiency in telecommunications system revenues, by surplus Revenues of the System on the same junior and subordinate basis as described in the preceding paragraph.

The Subordinate Series 2025 Bonds, the Series 2016 Bonds, the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds, and to the extent issued, the Telecommunications Bonds, are referred to collectively hereinafter as the “Subordinate Obligations.”

Transfer and Exchange. The Bonds may be transferred on the books of registration kept by the Trustee by the Registered Owner thereof in person or by the Registered Owner’s duly authorized attorney, upon surrender thereof, together with a written instrument of transfer duly executed by the Registered Owner or the Registered Owner’s duly authorized attorney. Upon surrender for transfer of any Bond at the designated corporate office of the Trustee, the City shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds in the same series, maturity and aggregate principal amount and of any authorized denomination or denominations.

Transfers of registration or exchanges of Bonds shall be without charge to the holders of such Bonds, but any taxes, fees or other governmental charges required to be paid with respect to the same shall be paid by the holder of the Bond requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

Neither the City nor the Trustee shall be required to transfer or exchange any Bond during the period from and including a Record Date to the next succeeding interest payment date with respect to such Bond, nor to transfer or exchange any Bond after the mailing of any notice calling such Bond for redemption.

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 made in accordance with the rules and procedures of DTC and its direct and indirect participants. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

SECURITY FOR THE BONDS

General. The Bonds are special and limited obligations of the City secured by and payable as to principal, premium, if any, and interest solely from the Trust Estate (including the Revenues and certain other moneys and securities as provided in the Indenture). The pledge of Revenues securing payment of the principal, premium, if any, and interest on the Series 2025 Bonds shall be on a parity basis with the pledge of Revenues securing the payment of principal, premium and interest on the Series 2022A Bonds, the Series 2022B Bonds, and any Additional Bonds subsequently issued under the Indenture, and on a prior and senior basis to any pledge of Revenues securing the Subordinate Obligations. See the caption “THE SERIES 2025 BONDS – *Additional Bonds*” herein. All Bonds issued under the Indenture are equally and ratably payable and secured without priority by reason of their series, number, date, date of issue, execution, authentication or sale, or otherwise, except that each series of Bonds is secured only by the Account of the Debt Service Reserve Fund relating thereto, if any.

The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limit. The issuance of the 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 Bonds except as described herein with respect to the Revenues of the System.

“Revenues” means and includes all income, rents, fees, charges, receipts, profits and other moneys derived by the City or the Corporation from the ownership or operation of the System, including, without limiting the generality of the foregoing, (a) all of the preceding derived from the sale, furnishing or supplying of the services, facilities, commodities and Electric Energy of the System; (b) the investment income on all Funds held by the Trustee pursuant to the Indenture; (c) the investment income on all Funds held by the City or the Corporation or by any Depository designated by the City or the Corporation pursuant to the provisions of the Indenture; and (d) all investment income from the investment of any other moneys derived from the ownership or operation of the System. “Revenues” shall not include (1) customers’ deposits or any other deposits subject to refund, until such deposits have become the property of the City or (2) developer contributions in aid of construction.

“Net Revenues” means Revenues less all ordinary and necessary expenses incurred in the operation, repair, maintenance and insuring of the System, excluding depreciation and the payment of debt service on the Bonds and any Subordinate Indebtedness, but including the cost of purchased Electric Energy and payments to all taxing authorities (“Operating Expenses”).

Electric Rates. The Board of Directors of the Corporation establishes rates and charges for the sale of the System’s electric power and energy. Such rates and charges are not subject to regulation or approval by any federal or state governmental body, but are subject to approval by the City Council of the City. The City and the Corporation have covenanted that they will, while any Bonds are Outstanding, establish, maintain and revise rates, and will collect Revenues, so as to produce Revenues in each Fiscal Year at least equal to the sum of the following amounts during such Fiscal Year: (a) an amount sufficient to pay Operating Expenses; (b) an amount equal to 125% of the maximum annual Debt Service Requirement (the maximum aggregate principal or sinking fund installment and interest not funded from bond proceeds coming due in any year) with respect to all Outstanding Bonds; and (c) that amount, if any, required to make the amount on deposit in the Debt Service Reserve Fund to be equal to the then applicable Reserve Requirement(s) at such time. Further, the City will not reduce rates while there are any Outstanding Bonds unless: (a) all deposits required by the Indenture to be made to the Funds and Accounts therein created or confirmed have been made; (b) there shall be on deposit in the Debt Service Reserve Fund moneys in an amount not less than the applicable Reserve Requirement(s) at such time; and (c) the Net Revenues for each of the preceding three Fiscal Years of the System shall have not been less than 125% of the maximum annual Debt Service Requirement for any Fiscal Year thereafter with respect to all Outstanding Bonds.

Debt Service Reserve. The Indenture establishes a Debt Service Reserve Fund to be held by the Trustee. To the extent a Reserve Requirement with respect to a series of Bonds is established under the Indenture or any Supplemental Indenture, Accounts in the Debt Service Reserve Fund shall be funded upon the issuance of such series of Bonds, and there shall thereafter be maintained in such Account with respect to each series of Bonds, an amount equal to the Reserve Requirement with respect to such series of Bonds. The Reserve Requirement with respect to the Series 2025 Bonds shall be \$1,375,425,* an amount equal to 50% of the maximum annual Debt Service Requirement for the Series 2025 Bonds in any Fiscal Year thereafter as determined at the date of issuance. The Reserve Requirement may be satisfied by cash or by Investment Obligations, including insurance policies. Amounts on deposit in Accounts in the Debt Service Reserve Fund may be used to make payments of debt service only on the corresponding series of Bonds to the extent of any deficiency in the Bond Fund.

Assured Guaranty Municipal Corp., a New York financial guaranty insurance company (the “Insurer” or “AG”), has made a commitment to issue a municipal bond debt service reserve insurance policy (the “Reserve Policy”) to be deposited into the Series 2025 Account of the Debt Service Reserve Fund. Under the terms of the Reserve Policy, the Insurer will unconditionally and irrevocably guarantee to pay that portion of the scheduled principal and interest on the Series 2025 Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the City (the “Insured Payment”).

The Insurer will pay each portion of an Insured Payment that is due for payment and unpaid by reason of nonpayment by the City to the Trustee or Payment Agent, as beneficiary of the Reserve Policy on behalf of the holders of the Series 2025 Bonds, on the later to occur of (i) the business day on which such scheduled principal or interest becomes due for payment or (ii) the business day next following the business day on which the Insurer receives notice of nonpayment in accordance with the terms of the Reserve Policy.

No payment shall be made under the Reserve Policy in excess of \$1,375,425* (the “Reserve Policy Limit”). Pursuant to the terms of the Reserve Policy, the amount available at any particular time to be paid to the Trustee or Paying Agent shall automatically be reduced to the extent of any payment made by the Insurer under the Reserve Policy, provided that, to the extent of reimbursement of such payment to the Insurer, the amount available under the Reserve Policy shall be reinstated in full or in part, in an amount not to exceed the Reserve Policy Limit.

The Reserve Policy does not insure against nonpayment caused by the insolvency or negligence of the Trustee or Paying Agent.

The Reserve Policy is not covered by the property/casualty insurance security fund specified in Article 76 of New York insurance law.

* Preliminary; subject to change.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2025 Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Insurance Policy”) for the Series 2025 Bonds maturing on December 1 of the years 2045 through 2055, inclusive (the “Insured Bonds”). The Insurance Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Insurance Policy included as Appendix D to this Official Statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On August 4, 2025, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On June 30, 2025, Moody’s, S&P announced that it had affirmed AG’s financial strength rating of “AA” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At September 30, 2025:

- The policyholders' surplus of AG was approximately \$3,268 million.
- The contingency reserve of AG was approximately \$1,481 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,431 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025 (filed by AGL with the SEC on August 8, 2025); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025 (filed by AGL with the SEC on November 7, 2025);

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2025 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE."

BOOK-ENTRY ONLY SYSTEM

The Series 2025 Bonds will be issued only as one fully registered Series 2025 Bond for each maturity of each series, 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 CORPORATION, THE UNDERWRITERS 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.

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 series and 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, THE CORPORATION 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, the Corporation 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.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds*

Series 2025 Bond Par Amount	\$45,365,000
Net Reoffering [Discount][Premium]	_____
Total Sources:	\$_____

Uses of Funds*

Deposit to Project Fund	\$
Costs of Issuance, including Underwriters' Discount**	_____
Total Uses:	\$_____

* Preliminary; subject to change.

** Including Insurance Policy and Reserve Policy premiums.

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ESTIMATED DEBT SERVICE REQUIREMENTS

As of the date of closing, the Series 2022A Bonds, the Series 2022B Bonds and the Series 2025 Bonds will constitute the only debt obligations secured by Revenues of the System on a senior basis. The following table details amounts required to pay scheduled debt service on the Series 2022A Bonds, the Series 2022B Bonds and the Series 2025 Bonds during each Fiscal Year shown:

Fiscal Year	Series 2022A Debt Service	Series 2022B Debt Service	Series 2025 Principal Maturities ⁽¹⁾	Series 2025 Interest ⁽²⁾	Total Debt Service ⁽¹⁾⁽²⁾
2026	\$ 931,162.50	\$ 1,771,099.00	\$ 680,000.00	\$ 1,840,176.11	\$ 5,222,437.61
2027	931,162.50	1,767,567.00	780,000.00	1,967,400.00	5,446,129.50
2028	931,162.50	1,766,575.50	820,000.00	1,928,400.00	5,446,138.00
2029	931,162.50	1,768,738.50	860,000.00	1,887,400.00	5,447,301.00
2030	1,141,162.50	1,557,874.50	905,000.00	1,844,400.00	5,448,437.00
2031	2,122,762.50	--	950,000.00	1,799,150.00	4,871,912.50
2032	2,119,762.50	--	995,000.00	1,751,650.00	4,866,412.50
2033	2,119,962.50	--	1,045,000.00	1,701,900.00	4,866,862.50
2034	2,118,162.50	--	1,100,000.00	1,649,650.00	4,867,812.50
2035	2,119,362.50	--	1,140,000.00	1,605,650.00	4,865,012.50
2036	2,118,362.50	--	1,190,000.00	1,560,050.00	4,868,412.50
2037	2,120,162.50	--	1,235,000.00	1,512,450.00	4,867,612.50
2038	2,119,562.50	--	1,285,000.00	1,463,050.00	4,867,612.50
2039	2,121,562.50	--	1,335,000.00	1,411,650.00	4,868,212.50
2040	2,120,962.50	--	1,390,000.00	1,358,250.00	4,869,212.50
2041	2,117,762.50	--	1,445,000.00	1,302,650.00	4,865,412.50
2042	2,121,962.50	--	1,505,000.00	1,241,237.50	4,868,200.00
2043	2,118,162.50	--	1,570,000.00	1,177,275.00	4,865,437.50
2044	2,121,562.50	--	1,640,000.00	1,110,550.00	4,872,112.50
2045	2,119,218.76	--	1,710,000.00	1,040,850.00	4,870,068.76
2046	--	--	1,780,000.00	968,175.00	2,748,175.00
2047	--	--	1,860,000.00	890,300.00	2,750,300.00
2048	--	--	1,940,000.00	808,925.00	2,748,925.00
2049	--	--	2,025,000.00	724,050.00	2,749,050.00
2050	--	--	2,115,000.00	635,456.26	2,750,456.26
2051	--	--	2,205,000.00	542,925.00	2,747,925.00
2052	--	--	2,305,000.00	443,700.00	2,748,700.00
2053	--	--	2,410,000.00	339,975.00	2,749,975.00
2054	--	--	2,515,000.00	231,525.00	2,746,525.00
2055	--	--	2,630,000.00	118,350.00	2,748,350.00
Totals:	<u>\$36,665,106.26</u>	<u>\$8,631,854.50</u>	<u>\$45,365,000.00</u>	<u>\$36,857,169.87</u>	<u>\$127,519,130.63</u>

⁽¹⁾ Preliminary; subject to change.

⁽²⁾ Assuming for the purposes of this Preliminary Official Statement an average coupon rate per annum of 4.382% on the Series 2025 Bonds.

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ESTIMATED DEBT SERVICE COVERAGE

The following table shows Net Revenues available to pay System debt service (for the Fiscal Years ended December 31, 2024 and December 31, 2023) and the extent to which the average and the maximum annual Debt Service Requirement on the Series 2022A Bonds, the Series 2022B Bonds and the Series 2025 Bonds is covered by such moneys. Net Revenues available to pay System debt service for the Fiscal Year ended December 31, 2024 and December 31, 2023 have been calculated on the basis of the audited financial statements of the System (attached hereto as Appendix A) for such Fiscal Years.

	<u>2023</u>	<u>2024</u>
Net Revenues Available for Debt Service ⁽¹⁾	\$15,667,175	\$17,552,636
Average Annual Debt Service Requirement ⁽²⁾	\$4,250,638	\$4,250,638
Maximum Annual Debt Service Requirement ⁽³⁾	\$5,448,437	\$5,448,437
Estimated Average Annual Debt Service Coverage	<u>3.69X</u>	<u>4.13X</u>
Estimated Maximum Annual Debt Service Coverage	<u>2.88X</u>	<u>3.22X</u>

(1) Net Revenues means gross revenues of the System less the amounts required to pay the costs of operation and maintenance of the System (excluding depreciation, interest and amortization expenses).

(2) See the caption "ESTIMATED DEBT SERVICE REQUIREMENTS" above.

(3) Based on total debt service in Fiscal Year 2030 as set forth under the caption "ESTIMATED DEBT SERVICE REQUIREMENTS" above.

THE NET REVENUES AVAILABLE FOR SYSTEM DEBT SERVICE SET FORTH ABOVE ARE BASED ON THE HISTORICAL RESULTS OF OPERATIONS OF THE SYSTEM. FUTURE REVENUES AVAILABLE FOR DEBT SERVICE WIL DEPEND ON NUMEROUS FACTORS, AND THERE CAN BE NO ASSURANCE THAT FUTURE NET REVENUES AVAILABLE FOR DEBT SERVICE WILL APPROXIMATE SUCH HISTORICAL RESULTS.

THE 2025 PROJECT

Approximately \$45,000,000* of the proceeds of the Series 2025 Bonds will be deposited into the Project Fund to provide for payment of a portion of the City's share of the costs of acquiring, constructing and equipping of an approximately 1500 MW combined-cycle gas turbine power plant in Independence County, Arkansas (the "2025 Project"). It is expected that the Independence Combined Cycle Gas Plant (the "CCGP") will be jointly owned by the Arkansas Electric Cooperative Corporation ("AECC"), the City, City Water and Light Plant of the City of Jonesboro, Arkansas, ("CWL"), the City of West Memphis, Arkansas ("West Memphis"), the City of Osceola, Arkansas ("Osceola"), and East Texas Electric Cooperative, Inc. ("ETEC"). While final shares have yet to be determined, it is expected that the City's ownership share of the CCGP, as well as its share of the construction and acquisition costs and its right to the power produced from the CCGP, will be 4%.

The City's investment in ownership of the CCGP is intended to replace its 2% ownership in the White Bluff Steam Electric Station, a 1,659 MW coal-fired electric generation facility located in Jefferson County, Arkansas (the "White Bluff Plant"), and its 2% ownership in the Independence Steam Electric Station, a 1,678 MW coal-fired electric generation facility located in Independence County, Arkansas (the "Independence Plant"). Due to various environmental, permitting and economic concerns, the White Bluff Plant is scheduled to terminate operations no later than December 31, 2028, and the Independence Plant is scheduled to terminate no later than December 31, 2030. For additional information concerning the White Bluff Plant and the Independence Plant, see the caption "THE SYTEM."

* Preliminary; subject to change.

The CCGP will be located on approximately 100 acres on the existing site of the Independence Plant. Total projected costs of acquiring, construction and equipping the CCGP are approximately \$2.3 billion, with the City's share of such costs being approximately \$90.34 million. It is anticipated that the City will issue electric revenue bonds, including the Series 2025 Bonds, in the total approximate principal amount of \$90 million to finance its share of the costs of the CCGP. Such Additional Bonds are expected to be issued in multiple series over the next four years.

AECC is the project manager with respect to the CCGP, and the firm of Burns & McDonnell is serving as the consulting engineer. A general contractor for the CCGP has not yet been selected. Construction is expected to commence in the first quarter of 2027, and the CCGP is currently projected to be placed in operation on or about January 1, 2031.

The CCGP facility will consist of two 1x1 combined cycle gas turbine (CCGT) blocks, each consisting of a Siemens SGT6-9000HL combustion turbine generator (CTG) paired with a heat recovery steam generator (HRSG) (each equipped with selective catalytic reduction (SCR), carbon monoxide (CO) catalyst, and free-standing stack), and steam turbine generator (STG). Common balance of plant (BOP) equipment, an administration and control building (including space for maintenance and warehouse), and a water treatment building will serve both blocks.

The CTGs will primarily use natural gas, with ultra-low sulfur diesel (ULSD) as a backup fuel. The facility will include on-site natural gas heating, regulation, and compression systems, as well as fuel oil storage capacity. The natural gas pipeline and metering or filtering will be executed as a separate project by AECC. Additional filtration and conditioning equipment downstream the fuel gas supply will be included on-site. Water for the facility is planned to be sourced from the existing plant river water intake, an existing plant surge water pond, existing plant ground water wells, an existing plant potable water system and a new ground water well, with a combined service and fire water tank and provisions for demineralized water. A new stormwater pond is included for stormwater management.

A new 500kV and 161kV collector yard will be located adjacent to each CCGT block, with on-site high voltage transmission for interconnecting with the existing high-voltage substation owned by Entergy Arkansas. Existing substation upgrades and position build outs will be executed as a separate project by AECC/Entergy.

THE CORPORATION

General. The Conway Corporation (the "Corporation") is a nonprofit corporation organized and existing under the laws of the State. The Corporation was duly created by an act of the Circuit Court of Faulkner County, Arkansas on May 6, 1929. Pursuant to a letter from the Internal Revenue Service dated April 29, 1965, the Corporation has been deemed an integral part of the City.

A board of seven (7) directors directs the affairs of the Corporation. Directors are elected by Board members and ratified by a majority vote of the City Council of the City. The present directors of the Corporation are:

Name	Occupation	Term Expires
Denise Perry, Chair	Executive Broker, Century 21 Sandstone Realty Group	May 8, 2026
Scotty Bell, Vice Chair	Chief Operating Officer, Virco Manufacturing	May 8, 2027
Kelley Erstine, Secretary	CEO, Arkansas Independent Insurance Agents	May 8, 2028
Osmar Garcia	CEO, Gratus Wealth Management – Northwest Mutual	May 8, 2029
Kateryna Pitchford	Professor of Business, Central Baptist College	May 8, 2030
John Scherrey	Chief Lending Officer, Centennial Bank	May 8, 2031
Jon Ross Henderson ⁽¹⁾	Market President, First Security Bank	May 8, 2032

(1) Mr. Henderson is the Conway Market President of First Security Bank, an affiliate entity of Crews & Associates, Inc. Crews & Associates, Inc. is one of the Underwriters. Both First Security Bank and Crews & Associates, Inc. are wholly owned subsidiaries of First Security Bancorp.

Pursuant to Arkansas Code Annotated Sections 14-199-701 *et seq.*, the Corporation operates the electric system owned by the City under a lease agreement and an exclusive franchise arrangement. By adoption of

Ordinance No. O-25-93 and Ordinance No. O-25-94 on November 11, 2025, the City has extended the term of such lease and franchise to December 31, 2060. The lease requires that the Corporation pay the City an annual cash rental of \$120,000. The franchise requires the Corporation to operate and maintain all City street lights and furnish electricity thereto, free of charge to the City. A franchise fee equal to 2.5% of retail electric sales to customers shall be paid by the Corporation to the City. Such amount is collected from System customers. If the franchise and lease are not renewed prior to their termination dates, the City would be forced to contract with another operator or operators or undertake operation of the System. See the caption “THE SYSTEM” below.

The Corporation also operates the water and wastewater system owned by the City under an exclusive franchise arrangement for the benefit of the City. In addition, the Corporation operates, under lease, a telecommunications system constructed with City funds.

Management. The day to day operations of the Corporation are conducted under the control and responsibility of its Chief Executive Officer, Mr. Bret Carroll. Mr. Carroll is only the sixth CEO of the Corporation in its 95 years of existence. He joined the Corporation in 1998 as Chief Financial Officer and served in that position until 2017, at which time he became Chief Executive Officer. Mr. Carroll currently serves on the Boards of the Conway Development Corporation, Arkansas 811 (formerly Arkansas One Call), the Arkansas Municipal Power Association (Vice President of Finance), the American Public Power Association (Treasurer), the University of Central Arkansas Foundation (Chair) and the Conway Regional Health Foundation.

Employee Relations and Benefits. None of the employees of the Corporation are members of any collective bargaining group. The Corporation offers retirement and healthcare benefits to all regular full-time employees. In addition, the Corporation offers retiree medical benefits and life insurance to employees who retire from active employment with the Corporation.

Retirement Plans. The Corporation administers a noncontributory, single-employer defined benefit pension plan (the “Defined Benefit Plan”) providing retirement benefits to eligible employees in the form of monthly pension payments over the life of the participant. Contribution requirements are calculated by an independent actuary. The Corporation’s practice has been to contribute at least 100% of the annual required contribution amount calculated by the actuary. As of December 31, 2024, the net pension liability of the Corporation was \$13,369,158. See Note 10 to the audited financial statements of the System in Appendix A hereto for additional information regarding the Defined Benefit Plan and unfunded actual accrued liability (UAAL) with respect thereto.

Effective January 1, 2000, the Corporation formed a supplemental defined contribution retirement plan for eligible employees (the “Defined Contribution Plan”). Employee participation in the Defined Contribution Plan is optional. The Corporation makes matching contributions for eligible employees who elect to participate in an amount up to 75% of the first 3% of each participant’s gross pay.

For additional information regarding the Defined Benefit Plan and the Defined Contribution Plan, see Note 10 to the audited financial statements of the System in Appendix A hereto.

Self-Insured Health Plan. The Corporation has adopted a self-insured health plan for all of its employees. Accordingly, the Corporation is exposed to various risks related to this plan. The Corporation has purchased stop-loss insurance in order to limit its exposure, which insurance will reimburse the Corporation for individual claims in excess of \$100,000 annually or aggregate claims exceeding \$1,000,000 annually.

For additional information regarding the self-insured health plan, see Note 11 to the audited financial statements of the System in Appendix A hereto.

Postemployment Healthcare and Life Insurance Plan. The Corporation offers retiree medical benefits and life insurance to employees who retire from active employment under a single-employer defined benefit postemployment plan (the “OPEB Plan”) administered by the Corporation. Contribution requirements of the OPEB Plan members and the Corporation are established and may be amended by the Corporation’s Board of Directors. The OPEB provides medical and life insurance benefits for retirees and their surviving spouses. An employee is eligible to elect medical coverage upon meeting the eligibility requirements of the OPEB Plan if the employee pays 100% of the retiree premium. The OPEB Plan also provides retirees with life insurance coverage of one times their basic annual earnings immediately prior to retirement, up to a maximum of \$200,000. This amount is reduced by 50% at age 65. As of December 31, 2024, the Corporation’s net obligation with respect to the OPEB Plan was \$3,433,391.

For additional information regarding the OPEB Plan, see Note 11 to the audited financial statements of the System in Appendix A hereto.

Allocation of Costs Between Systems. The Corporation maintains separate cost accounting for the electric, water, wastewater and telecommunication departments. Other services provided to the City, such as sanitation billing, are accounted separately and compensated for by the City. General and administrative charges are presently allocated as follows: Electric 36%, Water 16%, Wastewater 11% and Telecommunications 37%.

THE SYSTEM

Pursuant to Arkansas Code Annotated Sections 14-199-701 *et seq.*, the Corporation operates the System owned by the City under a lease agreement and an exclusive franchise arrangement. By adoption of Ordinance No. O-25-93 and Ordinance No. O-25-94 on November 11, 2025, the City has extended the term of such lease and franchise to December 31, 2060.

Service Area. The Corporation provides electric service to residential, commercial, industrial and institutional customers within the corporate limits of the City. Entergy Arkansas, Inc. serves the territory surrounding the City. As additional areas are annexed into the City, the Corporation purchases the Entergy Arkansas, Inc. (“Entergy”) system serving the customers in such annexed area at its replacement cost less depreciation. The City considers annexation of properties only by petition of property owners seeking annexation unless annexing islands within the perimeter of City boundaries.

Customers. The following tabulation shows the number of the Corporation’s electric customers, by category, as of December 31, for the years 2015 through 2024.

Year	Residential	Commercial	Industrial	Institutional	Total
2015	26,904	2,927	123	5	29,959
2016	27,046	3,000	124	6	30,176
2017	27,319	3,025	124	6	30,474
2018	27,525	2,952	118	5	30,600
2019	28,016	2,995	109	5	31,125
2020	28,375	3,032	98	5	31,510
2021	29,137	3,083	99	5	32,324
2022	30,051	3,112	95	5	33,263
2023	30,307	3,266	99	5	33,677
2024	30,979	3,156	100	5	34,240
2025*	31,344	3,173	106	5	34,628

Source: Conway Corporation

* As of October 31, 2025

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Largest Customers. Set forth below are the ten largest customers of the System during 2024, with the percentage of 2024 System Revenues attributable to each.

Customer	Total Revenues	Percentage of Total 2024 System Operating Revenues
Tokusen USA Inc. ⁽¹⁾	\$ 3,266,285	4.68%
University of Central Arkansas	2,628,540	3.77%
Acxiom Inc.	1,724,576	2.47%
Conway Public Schools	1,220,288	1.75%
Hendrix College	950,597	1.36%
WestRock RKT, LLC	931,746	1.34%
Conway Regional Health System	817,444	1.17%
Virco Mfg	763,095	1.09%
Westock Beverage Company LLC	751,397	1.08%
Baptist Health	508,306	0.73%
Totals:	<u>\$13,562,274</u>	<u>19.44%</u>

(1) The Tokusen USA Inc. facility in the City ceased operations in the second quarter of 2025.

Power Supply Sources. The City owns a 2% undivided ownership interest in White Bluff Steam Electric Station, a 1,659-megawatt coal-fired electric generation facility located in Jefferson County, Arkansas (the “White Bluff Plant”), and a 2% undivided ownership interest in Independence Steam Electric Station, a 1,678-megawatt coal-fired electric generation facility located in Independence County, Arkansas (the “Independence Plant”). Due to various environmental, permitting and economic concerns, the White Bluff Plant is scheduled to terminate operations no later than December 31, 2028, and the Independence Plant is scheduled to terminate operations no later than December 31, 2030.

Although the City owns interests in the White Bluff Plant and the Independence Plant, the City purchases all of its power supply needs through bi-lateral supply agreements or from the market operated by Midcontinent Independent System Operator (“MISO”), an independent, not-for-profit, regional transmission operator providing market services in fifteen states and the province of Manitoba, Canada. MISO has operational control of its members’ transmission systems, oversees transmission planning and operates a wholesale energy market.

In April 2020, the City entered into a 20-year fixed-rate power purchase agreement with Lightsource BP relating to a 132-megawatt dc solar energy project that was constructed in White County, Arkansas. Pursuant to the agreement, Lightsource BP developed, financed and constructed the facility and provides asset management and operations and maintenance services with respect to such facility. The Lightsource BP facility delivers the solar energy it generates to the City. In mid-2024, JERA Nex assumed ownership of the solar facility.

The City has entered into a Resource Management Agreement with The Energy Authority (“TEA”) to aid in managing the City’s power supply portfolio. The City’s share of output from the White Bluff Plant and the Independence Plant is sold into the MISO market. The benefit of those sales is used to offset the cost of energy procured through bi-lateral supply agreements or from the MISO market.

Power purchased through bi-lateral agreements and from the MISO market is delivered across the Entergy Arkansas Inc. (“Entergy”) transmission system, which is operated by MISO, pursuant to an Open Access Transmission Tariff (“OATT”) filed by MISO at the Federal Energy Regulatory Commission (“FERC”).

The City will continue seeking cost effective power supply opportunities. These opportunities include short term power purchases, long term power purchase agreements, purchase of electric generating facilities, or other supply opportunities.

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Electric Rates. Basic monthly rates for electric service provided by the System are established pursuant to City Ordinance No. O-23-45 and are set forth below (as of October 1, 2025). No other regulatory authority, federal, state or local, has jurisdiction over System rates.

Residential

Customer Charge: \$18.00

All KWH each: \$0.0708⁽¹⁾

Minimum: \$18.00

Large General Service

Customer Charge: \$140.00

Demand Charge: \$1,075.00

Each KW of Demand in Excess of 100 KW (per KW): \$10.75

Energy Charge per KWH each: \$0.0394⁽¹⁾

Minimum: The customer charge plus the demand charge for the current month, but not less than \$1.75 per KW of the highest demand established during the twelve months ending with the current month

Institutional Service

Customer Charge: \$340.00

Demand Charge: \$11.50

Energy Charge per KWH each: \$0.0435⁽¹⁾

Minimum: The customer charge plus the demand charge for the current month, but not less than \$3.50 per KW of the highest demand established during the twelve months ended with the current month

Small Commercial

Customers Charge: \$23.00

Demand Charge per KW: \$10.00

Energy Charge per KWH each: \$0.0384⁽¹⁾

Minimum: \$23.00 plus \$1.50 per KW times the highest demand established in the twelve months ending with the current month

Large Power Service

Customer Charge: \$450.00

Demand Charge: \$10,750.00*

Each KW of Demand in Excess of 1,000 KW(per KW): \$10.75*

Energy Charge per KWH each: \$0.0436^{(1)**}

Minimum: The customer charge plus the demand charge for the current month, but not less than \$1.75 per KW of the highest demand established during the twelve months ending with the current month

* This rate is subject to a 5% discount for service at primary voltage (13.8 KV).

** This rate is subject to 5% discount for service at primary voltage (13.8 KV) when KW demand is in excess of 10,000 KW

⁽¹⁾ For each of the residential, small commercial service, large general service, large power service and institutional service classes set forth above, energy charges will be increased or decreased to reflect to the nearest one-thousandth (.001) mill per KWH, the change in the cost of power purchased for the supply of services by the Corporation, above or below 46.29 mills per kwh.

Night-Time Outdoor Lighting Service

150-watt HPS (existing pole) per month: \$6.95
 150-watt HPS (new pole) per month: \$11.95
 400-watt HPS (existing pole) per month: \$18.00
 400-watt HPS (new pole) per month: \$23.00

 1,000-watt HPS (existing pole) per month: \$32.50
 1,000-watt HPS (new pole) per month: \$37.50

Municipal Service

Customer Charge: \$40.00
 Demand Charge per KW: \$10.00
 Energy Charge per KWH each: \$0.0416⁽¹⁾
 Minimum: The customer charge plus \$1.50 per KW times the highest demand established in the twelve months ending with the current month

(1) For each of the residential, small commercial service, large general service, large power service and institutional service classes set forth above, energy charges will be increased or decreased to reflect to the nearest one-thousandth (.001) mill per KWH the change in the cost of power purchased for the supply of services by the Corporation, above or below 46.29 mills per kwh.

In addition to the foregoing, Ordinance No. O-19-66 was adopted by the City Council on July 23, 2019, in order to maintain compliance with Act No. 827 of 2015 and Act No. 464 of 2019 of the Arkansas General Assembly requiring the purchase of excess electric generation, in certain circumstances, at the utility's avoided cost.

Customer Billing. The rates set forth above are subject to all applicable local, state and federal taxes. Monthly net bills are due and payable upon presentation. A gross bill in the amount of the net bill plus 2½% will be due and payable after twenty (20) days on all bills in excess of \$100.00.

Summary of Recent Electric System Operations. The following table sets forth a summary of revenues and expenses of the System for the five years ended December 31, 2024. Information for the summary for was derived from the financial statements of the System audited by Landmark PLC, Little Rock, Arkansas, independent certified public accountants.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues	\$55,291,936	\$63,650,348	\$85,068,575	\$70,417,567	\$69,731,820
Operating Expenses	<u>(52,175,076)</u>	<u>(59,187,553)</u>	<u>(82,442,465)</u>	<u>(66,622,912)</u>	<u>(63,662,692)</u>
Operating Income	\$3,116,860	\$ 4,462,795	\$2,626,110	\$3,794,655	\$6,069,128
Plus Investment Income	839,412	531,119	733,706	2,349,294	1,852,016
Plus Depreciation	<u>7,669,247</u>	<u>8,381,111</u>	<u>9,027,439</u>	<u>9,523,226</u>	<u>9,631,492</u>
Net Revenues Available for Debt Service	\$ <u>11,625,519</u>	\$ <u>13,375,025</u>	\$ <u>12,387,255</u>	\$ <u>15,667,175</u>	\$ <u>17,552,636</u>

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Ownership Agreements. The City owns interests in the White Bluff Plant and the Independence Plant, and will own an interest in the CCGP, under respective Ownership Agreements (the “Ownership Agreements”) among the various parties thereto.

White Bluff Plant Ownership Agreement. The White Bluff Plant is owned by Entergy Arkansas (“Entergy”), the Arkansas Electric Cooperative Corporation (“AECC”), City Water and Light Plant of the City of Jonesboro, Arkansas, (“CWL”), the City of West Memphis, Arkansas (“West Memphis”), and the City. AECC, CWL, West Memphis and the City are collectively referred to herein with reference to the White Bluff Plant as the “Participants.” Each Participant is required to pay its ownership share of additions, repairs or replacements to or retirements at the White Bluff Plant. Payments are to be made monthly based on notification by Entergy of the nature and amounts of the costs incurred.

Independence Plant Ownership Agreement. The Independence Plant is owned by Entergy (including interests owned by affiliated corporations), AECC, CWL, West Memphis, the City of Osceola, Arkansas (“Osceola”), East Texas Electric Cooperative, Inc. (“ETEC”) and the City. AECC, CWL, West Memphis, Osceola, ETEC and the City are collectively referred to with reference to the Independence Plant as the “Participants.” Each Participant is required to pay its ownership share of additions, repairs or replacements to or retirements at the Independence Plant. Payments are to be made monthly based on notification by Entergy of the nature and amounts of the costs incurred.

CCGP Ownership Agreement. The land on which the CCGP will be constructed (the “Property”) is presently owned by seven (7) co-owners as tenants-in-common holding respective undivided interests in the Property. Under applicable law, each cotenant has a legal right to occupy the entire property co-owned and may even make improvements without the consent of the other cotenants. Each cotenant also has a right to seek a partition of its interest in the Property, as described in more particular detail below. In any partition, a cotenant who makes improvements will be indemnified for them. All of the co-owners are parties to the Independence Steam Electric Station Ownership Agreement dated July 31, 1979, as subsequently amended (the “ISES Ownership Agreement”), which governs the ownership of the Independence Plant, which is located on land adjacent to the Property. Pursuant to the ISES Ownership Agreement, the co-owners have agreed to the use of the property for the operation of the Independence Plant and waived their respective rights to seek a partition of the Property until the Independence Plant is retired from commercial service, which is anticipated to be December 31, 2030.

Upon completion, the CCGP is expected to be owned by six (6) co-owners (AECC, CWL, West Memphis, Osceola, ETEC and the City (collectively, the “CCGP Participants”) pursuant to an ownership agreement which shall govern the ownership of the CCGP (the “CCGP Ownership Agreement”). The form of the CCGP Ownership Agreement authorizes the use of the Property for purposes of the construction and operation of the CCGP and includes a waiver by each party of its respective right to seek a partition of the Property until the CCGP is retired from commercial service. One (1) present co-owner, who holds an interest in the Property of less than one percent (1%), is not anticipated to participate in the CCGP as a party to the CCGP Ownership Agreement (the “Non-Participant”). AECC, as the operator of the CCGP, has entered into an agreement to purchase the Non-Participant’s ownership interest in the Property. This purchase is anticipated to close in the first quarter of 2026. The consummation of this transaction cannot be assured and it is possible that the Non-Participant may not have consented to the use of the Property for the CCGP or be subject to any waiver of the right to partition upon the retirement of the Independence Plant from commercial service.

Under applicable State law, the CCGP Participants, as co-tenants of the Property, have the right to construct and develop the CCGP upon the Property without the consent of the Non-Participant even if the Non-Participant retains an undivided interest. Therefore, the CCGP Participants are within their legal rights to construct and operate the CCGP on the Property without the consent of the Non-Participant. However, the Non-Participant would hold the right to seek partition upon the retirement of the Independence Plant.

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Applicable State law governing partition, codified at Title 18, Chapter 60, Subchapter 4 of the Arkansas Code of 1987 Annotated, affords any person having an interest in land held in tenancy-in-common the right to seek a partition of such property through division or sale. Upon a co-owner's filing of a petition for partition in the Circuit Court of the county in which the land is located, the court may appoint commissioners to make partition of the land according to the respective rights and interests of the co-owners of the land. The commissioners shall make a report to the court as to how the land shall be divided, or alternatively, that the land cannot be divided without great prejudice to the owners. The court may confirm the report of the commissioners, or, for good cause, set aside the report and appoint new commissioners to proceed in the same manner. Upon the court's confirmation of a commissioners' report, the land shall be either divided among the owners or sold in accordance with such report. Applicable law also provides that if any cotenant has made improvements on the land, he will be indemnified for them either by having the part of the land on which the improvements are located allotted to him or by having compensation for them.

It is possible that, despite the development of the CCGP, the Non-Participant would hold a right to seek partition of the Property. The action would result in the CCGP Participants receiving the portion of the Property on which the CCGP is located or a sale, with the CCGP Participants receiving compensation for the CCGP.

Pursuant to the CCGP Ownership Agreement, each CCGP Participant is required to pay its ownership share of the costs of constructing and equipping the CCGP. Upon completion of the CCGP, each CCGP Participant will be required to pay its ownership share of additions, repairs or replacements to or retirements at the CCGP, with such payments to be made monthly based on notifications by AECC of the nature and extent and amounts of the costs incurred.

The CCGP Ownership Agreement provides that, unless waived in writing by each party, obtaining all requisite governmental and regulatory approvals of its execution, delivery and performance is a condition precedent to the respective obligations of the parties to the CCGP Ownership Agreement.

AECC anticipates applying to the Arkansas Public Service Commission (the "APSC") for a Certificate of Environmental Compatibility and Public Need ("CECPN") pursuant to Title 23, Chapter 18, Subchapter 5 of the Arkansas Code of 1987 Annotated before the end of 2025. The APSC must issue a decision on the application within six (6) months of the application. AECC is a public utility regulated by the APSC and must seek approval of the CECPN prior to construction of the CCGP, unless exempted. Among other things, the CECPN is necessary to vest AECC with the power of eminent domain to the extent such power is necessary to secure rights of way for the construction of the natural gas lateral pipeline intended to supply fuel to the CCGP and to enable AECC to secure and demonstrate site control for the CCGP.

Operating Agreements. The White Bluff Plant and the Independence Plant are, and the CCGP will be, operated in accordance with respective Operating Agreements among the owners of the plants. The City has a 2% undivided interest in each of the White Bluff Plant and the Independence Plant.

As used herein, the White Bluff Plant and the Independence Plant are referred to collectively as the "Plants." "Ownership Agreement" or "Ownership Agreements" refer, respectively, to the White Bluff Ownership Agreement and the Independence Ownership Agreement or to either of them. "Operating Agreement" or "Operating Agreements" refer, respectively, to the White Bluff Operating Agreement and the Independence Operating Agreement or to either of them. As used herein "Entergy" refers to and includes any assignee or successor.

The White Bluff Plant and the Independence Plant are operated in accordance with respective Operating Agreements among the owners of the Plants. Entergy has sole authority to manage, control, maintain and operate the Plants. Entergy and the Participants are required to discharge all obligations under the Operating Agreements in a prudent manner and in accordance with good utility practices.

Entergy and each Participant are responsible for a proportionate share of Operating Costs equal to their respective ownership shares. The Participants are required to pay Entergy for all KWH generated at each Plant for their respective accounts (or assumed to be generated for billing purposes) on the basis of actual fuel costs and the heat rate (assuming operation at 60% loading during summer test conditions) of its units.

"Operating Costs" consist of all operation and maintenance expenses, other than fuel or financing costs, incurred by Entergy in respect of the Plants.

The Participants are also required to pay to Entergy in each year their respective proportionate shares of additional amounts representing otherwise unrecovered administrative expenses of Entergy.

Fuel. Entergy furnishes, or causes to be furnished, the fuel supply for the Plants. Participants advance to Entergy their respective ownership shares percentage of the cost of coal in inventory and pay an additional amount, based on a formula, per KWH for all KWH generated (or assumed to be generated for billing purposes) for the Participants' respective accounts.

Cost of Construction. Each Participant is responsible, on a monthly basis, for its proportionate share of the cost of additions, repairs, replacements and retirements incurred during the previous month.

Energy. Entergy and each Participant are entitled to their proportionate share of the net generating capacity and energy of the Plants at any given time. Entergy has sole authority for the hourly scheduling and dispatching of generation in accordance with Entergy standard scheduling and dispatching procedures.

Termination. The Operating Agreement for the White Bluff Plant terminates when the Plant is retired from commercial operation, or such date as shall be mutually agreed upon among the parties. The Operating Agreement for the Independence Plant terminates on the latest to occur of (i) the date the Plant is retired from commercial operation, (ii) the date Entergy is replaced as operator of the Plant, (iii) the date Entergy ceases to own any share of the Plant, or (iv) such other date as may be mutually agreed upon by the parties.

Non-Payment. In the event any Participant at any time fails to make any payment when due to Entergy under an Operating Agreement, Entergy shall have the right to give written notice of such failure to such Participant and in the event such failure continues for a period of 30 days after the giving of such notice, to withhold and use, without charge as if it were its own, such Participant's proportionate share of the capacity and energy from the Plant until such payment has been made but with appropriate credit being given to such Participant in respect of its ownership for use of such capacity and energy. If such credit exceeds the payment due Entergy, Entergy will pay such Participant monthly for the difference thereof. If such overdue payments due Entergy exceed such credits, Entergy shall have a right to receive interest on the difference thereof during the period such payment was due. Such Participant shall also indemnify and hold Entergy and the other Participants harmless from and against any and all losses, costs, damages and expenses arising out of or resulting from such Participant's failure to make such overdue payments when due.

Insurance. Entergy is required to maintain insurance in such amount and with such deductibles or self-insurance features as is consistent with the customary practices of Entergy. Entergy may self-insure such risks as are consistent with its customary practices.

Payment Obligations. The obligations of the City under the Ownership Agreements and the Operating Agreements are payable solely from Revenues. However, the failure to pay due to insufficiency of Revenues or financing proceeds does not excuse such non-payment. The City has agreed to fix and maintain electric rates at levels sufficient to enable it to carry out its financial obligations under such agreements.

CCGP Operating Agreement. Prior to completion of the CCGP, AECC and the other co-owners will negotiate and finalize the operating and marketing agreement for the CCGP, which is expected to appoint AECC as operator and marketing agent and to have terms and conditions substantially similar to those contained in the operating agreement for the Independence Plant as discussed herein. Exceptions will be to account for the different fuel source (natural gas v. coal) and such other terms and conditions as may be agreed upon by all of the parties.

Power Supply Agreements. It is necessary for the City to purchase power to satisfy the needs of the System. The City purchases its power supply needs through bi-lateral supply agreements or from the MISO market. The City entered into a Resource Management Agreement with The Energy Authority ("TEA") of Jacksonville, Florida for the period commencing January 1, 2015, to assist in managing the City's power supply portfolio. TEA represents the City in the MISO market as its market participant for load and transmission services. TEA forecasts "day ahead hourly load" and bids that forecast into the MISO market. TEA also arranges for bi-lateral power supply agreements. Day ahead, real time, bi-lateral power supply agreement, transmission and other charges are settled by TEA. TEA then bills the City for those charges and its services.

Entergy represents the City in the MISO market as its market participant for generation for the White Bluff Plant and the Independence Plant. The City has entered into a Marketing Agreement with Entergy for the period commencing December 19, 2013. Pursuant to such agreement, Entergy offers the output of the White Bluff Plant

and the Independence Plant into the MISO market, settles the revenues and charges for such sales with MISO, and provides the City with the benefits of such sales, net of fuel charges and energy added charges.

Transmission Service. The City receives transmission services from MISO under the OATT filed by MISO with the FERC. Charges for transmission delivery are calculated pursuant to the OATT and reflect the City's share of all energy transmitted on the Energy Transmission System. MISO transmits and delivers to points of delivery such amounts of power as are required by the City at such points of delivery up to the amount of capacity at each point of delivery. TEA is the City's market participant for transmission services.

RISK FACTORS

THE PURCHASE OF THE SERIES 2025 BONDS IS SUBJECT TO CERTAIN INVESTMENT RISKS AND MAY NOT BE SUITABLE FOR SOME INVESTORS. PROSPECTIVE INVESTORS ARE ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY, INCLUDING THE APPENDICES HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2025 BONDS, AND COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES 2025 BONDS TO AN EXTENT THAT CANNOT BE DETERMINED. THE FOLLOWING LIST OF RISK FACTORS IS NOT INTENDED TO PROVIDE AN EXHAUSTIVE LIST OF THE GENERAL OR SPECIFIC RISKS RELATING TO THE PURCHASE OF THE SERIES 2025 BONDS. ADDITIONAL RISK FACTORS RELATING TO AN INVESTMENT IN THE SERIES 2025 BONDS ARE DESCRIBED THROUGHOUT THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, WHETHER OR NOT SPECIFICALLY DESIGNATED AS RISK FACTORS.

General. The electric utility industry in general has been, and in the future may be, affected by a number of factors which could impact the business affairs, financial condition and competitiveness of an electric utility and the level of utilization of generating facilities such as those of the System. One of the most significant of these factors has been the effort on national, state and local levels to restructure the electric utility industry from a heavily regulated monopoly to an industry in which there is open competition for power supply on wholesale and retail levels. Additional factors include, among others, (a) effects of compliance with rapidly changing cyber, environmental, safety, licensing, regulatory and legislative requirements; (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy; (c) changes that might result from a national energy policy; (d) increasing competition from independent power producers, marketers and brokers; (e) "self generation" by certain residential, industrial and commercial customers; (f) issues relating to the ability to issue tax-exempt obligations; (g) federal reliability mandates; (h) sudden swings in the price of energy purchased or sold in the wholesale market; (i) uncertain availability of capital; (j) potential service restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations; (k) changes from projected future load requirements; (l) increases in costs; (m) shifts in the availability, intermittency and relative costs of different fuels; (n) changes in requirements in organized energy markets like MISO; (o) management and integration of renewable generation and storage systems into the supply portfolio; and (p) effects of the financial difficulties confronting power marketers. Any of these factors (as well as other factors) could have an impact on the financial condition of any given electric utility and likely will affect individual utilities in different ways.

The City and the Corporation are unable to predict with certainty what effects that such factors may or will have on the operations and financial condition of the System, but the effects could be significant. The following is a brief discussion of certain of these factors. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is, and will be, available from sources in the public domain, and potential purchasers of the Series 2025 Bonds should obtain and review such information.

Limited Obligations. The Series 2025 Bonds constitute special limited obligations of the City. The principal of and interest on the Series 2025 Bonds is payable solely from and secured by an irrevocable pledge of the Revenues, together with certain funds and accounts held by the Trustee under the Indenture. The pledge of Revenues securing the Bonds is made on a parity with an existing pledge of Revenues securing the Series 2022A Bonds, the Series 2022B Bonds and any Additional Bonds issued pursuant to the Indenture. See the caption "SECURITY FOR THE BONDS" herein.

The Series 2025 Bonds are special obligations of the City secured by and payable solely from Revenues. The full faith and credit of the City are not pledged to the payment of the Series 2025 Bonds, and 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 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.

The ability of the City and the Corporation to meet their payment obligations under the Indenture will depend upon the ability of the System to generate sufficient Revenues to meet such obligations, the System's operating expenses, debt service on other debt or obligations, and extraordinary costs and expenses that may occur. If the System, or any material portion thereof, were to become inoperable due to damage, destruction or environmental restriction, the System may be unable to generate adequate Revenues. In the event that Revenues are at any time not sufficient to make such payments and deposits, the Indenture requires the City to increase System rates to an extent which will ensure such payments and deposits. See the caption "SECURITY FOR THE BONDS – Electric Rates" herein. Accordingly, investors should be aware that future Revenues and expenses of the System will be subject to conditions that may differ materially from current conditions to an extent that cannot be predicted.

Additional Bonds. Under the Indenture, the City is permitted to incur other debt payable on a parity with the pledge of Revenues securing the Series 2022A Bonds, the Series 2022B Bonds and the Series 2025 Bonds. See the caption "THE SERIES 2025 BONDS – *Additional Bonds*" herein. Debt service on the Series 2022A Bonds, the Series 2022B Bonds and the Series 2025 Bonds will be payable from Revenues on a pro rata basis. Accordingly, to the extent that future obligations are issued and secured on a parity basis with the Series 2022A Bonds, Series 2022B Bonds and Series 2025 Bonds, the security for the Series 2022A Bonds, Series 2022B Bonds and Series 2025 Bonds will be diluted.

Environmental and Other Regulatory Requirements. In operating the System, the Corporation is subject to various environmental regulations which could subject the Corporation to increased operating costs or capital expenditures. Such increased costs and capital expenditures could reduce the amount of Revenues available to pay debt service on the Series 2025 Bonds. The System is subject to numerous Federal and State regulatory requirements. Those regulations are subject to change at any time. Failure to comply with regulatory changes, or the inability to comply with them in a timely manner, could cause portions of the System to become unavailable. Any disruption of System service could negatively impact Revenues.

On both the state and federal levels, legislation is frequently introduced that would have the effect of further regulating environmental impacts relating to energy, including the generation of energy using conventional and unconventional technologies. Issues raised in recent legislative proposals have included implantation of energy efficiency and renewable energy standards, addressing transmission planning, siting and cost allocation to support the construction of renewable energy facilities, cyber-security legislation that would allow the Federal Energy Regulatory Commission to issue interim measures to protect critical electric infrastructure, a federal cap-and-trade program to reduce greenhouse emissions, and renewable energy incentives that could provide grants and credits to municipal utilities to invest in renewable energy infrastructure. The Corporation is unable to predict whether any of these or other legislative proposals will be enacted into law and, if so, the impact they may have on the operations and finances of the System or the electric utility industry in general.

Limitations of Remedies Available to Owners of the Series 2025 Bonds. The enforceability of the rights and remedies of the owners of the Series 2025 Bonds and the obligations incurred by the City in issuing the Series 2025 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the U.S. Constitution; the power of the federal government to impose liens in certain situations, which could result in a federal lien on the Revenues which is superior to the lien securing the Series 2025 Bonds; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Series 2025 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Cybersecurity. The Corporation relies on computer systems and technologies to conduct many of its operations. Despite security measures, policies and training, the Corporation, like other public and private entities, may be vulnerable to cyber-attacks by third parties.

Secondary Market. There is no guarantee that a secondary market for the Series 2025 Bonds will be created or maintained by the Underwriters or others. Thus, prospective investors should be prepared to hold the Series 2025 Bonds to maturity.

THE CITY

General. The City 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 Faulkner County (the “County”) and is among the eight largest cities in the State. The City is located in the central portion of the State and is approximately 35 miles north of Little Rock, Arkansas, the State capitol.

The City is a regional trade and distribution center located on U.S. Interstate 40 and positioned at the intersection of U.S. Highways 64 and 65. A number of State highways serve the area. The City is also served by Cadron Port, a slack water harbor located on the Cadron Creek about one mile from the Arkansas River, and by the Union Pacific Railroad. The Conway Municipal Airport at Cantrell Field is located approximately 10 miles southwest of the City’s center. Opened in 2014, the airport features a 5,500-foot runway and is equipped for night service with beacon and runway lights. The Little Rock Regional Airport is located approximately 40 minutes from downtown Conway and provides major commercial airline service to points throughout the United States.

The University of Central Arkansas, a State university founded in 1907, which currently has an enrollment of approximately 10,000 students, Hendrix College, a private college founded in 1884, which currently has an enrollment of approximately 1,100 students, and Central Baptist College, founded in 1952, which currently has an enrollment of approximately 570 students, are all located in the City.

The City is served by (i) a 150-bed acute-care hospital, Conway Regional Medical Center, expanded and improved in 1990, 1992, 2000, 2012 and 2019, and (ii) Baptist Health Medical Center - Conway, a 264,000 square foot hospital featuring 111 beds, 8 operating rooms and a Level III trauma-center emergency room.

Government. The City currently operates under the Mayor-Council form of government pursuant to which a mayor, city attorney, city clerk and eight aldermen are elected, two from each of the City’s four wards. The mayor, city attorney and city clerk are full-time positions elected to four-year terms. Aldermen serve two-year terms.

The City’s elected officials and the dates on which their respective terms expire are as follows:

Name	Office	Term Expires
Bart Castleberry	Mayor	12/31/28
Charles Finkenbinder	City Attorney	12/31/26
Denise Hurd	City Clerk	12/31/28
David Grimes	Alderman	12/31/26
Andrew Hawkins	Alderman	12/31/28
Sheila Isby	Alderman	12/31/26
Theodore Jones, Jr.	Alderman	12/31/28
Mark Ledbetter	Alderman	12/31/28
Shelley Mehl	Alderman	12/31/26
Spencer Hawks	Alderman	12/31/26
Drew Spurgers	Alderman	12/31/28

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Population. The following is a table of population changes for the City, the County and the State of Arkansas, according to the United States Census Bureau:

Year	City of Conway	Faulkner County	State of Arkansas
1960	9,791	24,303	1,786,272
1970	15,510	31,578	1,923,322
1980	20,375	46,192	2,286,435
1990	26,481	60,006	2,350,624
2000	43,167	86,014	2,673,400
2010	59,908	113,237	2,915,918
2020	64,134	123,498	3,011,524

Economic Data. Per capita personal income figures for the County and the State of Arkansas are as follows:

Year	Faulkner County	State of Arkansas
2013	\$32,514	\$36,286
2014	33,445	38,220
2015	34,235	39,267
2016	35,159	40,181
2017	35,918	41,403
2018	36,068	43,031
2019	40,359	43,737
2020	44,396	47,100
2021	47,749	52,872
2022	48,658	55,299
2023	51,017	57,603
2024	n/a	59,663

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Unemployment figures for the County and the State of Arkansas, according to the Arkansas Department of Workforce Services, has averaged as follows:

Year	Faulkner County	State of Arkansas
2016	3.9%	4.0%
2017	3.4%	3.4%
2018	3.3%	3.7%
2019	3.0%	3.7%
2020	5.7%	6.1%
2021	3.5%	4.0%
2022	2.8%	3.2%
2023	2.8%	3.1%
2024	3.0%	3.5%
2025	3.7%	3.8%

* August 2025 only; preliminary, not seasonally adjusted.

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Some of the major employers in the City, their products and services and average employment range are as follows:

Employer	Product or Service	Employee Range
Acxiom LLC	Information Technology	1,000-2,499
University of Central Arkansas	Education	1,000-2,499
Conway Regional Medical Center	Healthcare	1,000-2,499
Conway Public School District	Education	1,000-2,499
Conway Human Development Center	Institutional Care	500-999
Westrock Coffee	Specialty Beverage Production	500-999
Baptist Health	Healthcare	500-999
Walmart	Department Store	500-999
Virco Manufacturing Corp.	Institutional Furniture	500-999
Nabholz Companies	Construction	500-999
City of Conway	Government	500-999
Hendrix College	Education	300-499
Kroger	Grocery Store	300-499
Conway Corporation	Utility	150-299
Snap-On Equipment	Diagnostic Equipment	150-299
WestRock Co.	Folding Cartons	150-299

Source: Conway Chamber of Commerce

The following table shows the total assessed value of non-utility real and personal property within the City for the years indicated:

Year	Real Property	Personal Property	Total
2016	\$805,741,505	\$228,091,050	\$1,033,832,555
2017	837,332,403	226,133,440	1,063,465,843
2018	873,438,756	222,900,220	1,096,338,976
2019	892,115,677	213,555,410	1,105,671,087
2020	892,603,526	226,689,130	1,119,292,656
2021	954,243,388	243,459,960	1,197,703,348
2022	1,001,931,300	259,397,420	1,261,328,720
2023	1,048,828,578	279,280,390	1,328,108,968
2024	1,158,171,182	303,823,120	1,461,994,302
2025	1,244,869,687	311,010,040	1,555,879,727

Source: Faulkner County Tax Assessor's Office. The assessed value represents 20% of the appraised value of property.

Building permits issued by the City are shown below for the years indicated:

	2022	2023	2024	2025*
Residential Building Permits	369	323	319	240
Commercial Building Permits	97	87	74	63
Value of All Building Permits	\$174,430,134	\$278,335,974	\$183,238,465	\$169,629,776

* Through October 31, 2025

Source: City of Conway

DEFINITIONS OF CERTAIN TERMS

Definitions. Unless a different meaning clearly appears from the context, and in addition to the terms defined elsewhere herein, the following terms shall, for all purposes of this Official Statement and the Indenture, have the following meanings:

“Accountant” means an independent certified public accountant or a firm of independent certified public accountants of recognized national standing, selected from time to time by the City or the Corporation and approved by the Trustee, who may be the accountant or firm of accountants which regularly audits the books of the City or the System.

“Additional Bonds” means Bonds other than the Series 2022 Bonds and the Series 2025 Bonds authorized to be issued under the Indenture.

“Annual Budget” means the annual budget with respect to the System to be prepared and maintained by the City or the Corporation pursuant to the provisions of the Indenture.

“Authorizing Legislation” means, collectively, (i) the Local Government Capital Improvement Revenue Bond Act of 1985, codified as Arkansas Code Annotated Sections 14-164-401 *et seq.*, (ii) the Joint Municipal Electric Power Generation Act of 1979, codified as Arkansas Code Annotated Sections 14-202-101 *et seq.*, and (iii) the Municipal Electric System Financing Act of 1983, codified as Arkansas Code Annotated Sections 14-203-101 *et seq.*, as amended from time to time.

“Bond” or “Bonds” means any Bond or Bonds authenticated and delivered under the Indenture, including the Series 2022 Bonds, the Series 2025 Bonds and all Additional Bonds.

“Bond Counsel” means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to tax-exempt municipal securities.

“Bond Fund” means the Bond Fund created by the Indenture.

“Chief Executive Officer” means the Chief Executive Officer of the Corporation.

“City” means the City of Conway, Arkansas, a city of the first class, duly organized and validly existing under the laws of the State of Arkansas and situated in Faulkner County, Arkansas.

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

“Completion Date” means the date upon which a Project is first ready for normal continuous operation as determined by the Chief Executive Officer.

“Consulting Engineer” means an independent consulting engineer or firm of independent consulting engineers who are not in the regular employ of the City or the Corporation, but who may be the regular outside consulting engineers for either of them.

“Corporation” means the Conway Corporation, a non-profit corporation organized and existing under the laws of the State of Arkansas.

“Costs of Facilities” means, to the extent permitted by the Authorizing Legislation and other applicable laws, all costs paid or incurred in connection with the planning, designing, purchasing, acquiring, constructing, equipping, improving, enlarging, extending or modifying of Facilities and the placing of the same in operation or the reconstruction and reequipping of damaged Facilities and replacing them in operation, including, but not limited to, paying all or a portion of the interest on any series of Bonds issued for such purpose and funding the Debt Service Reserve Fund, as set forth in the Indenture.

“Cost of Issuance Fund” means the Cost of Issuance Fund created by the Indenture.

“Costs of Issuance” means all items of expense payable or reimbursable directly or indirectly by the City or the Corporation and related to the authorization, sale and issuance of a series of Bonds, including, but not limited to, expenses of printing, reproducing documents, filing and recording, initial fees and charges of the Fiduciaries, legal and other professional services and consultation, credit ratings, costs of securing any credit enhancement for a series

of Bonds, execution, transportation and safekeeping of Bonds, and other costs, charges and fees in connection with the foregoing.

“Debt Service Requirement” means, with respect to all or any particular amount of Bonds, the total as of any particular date of computation and for any particular Fiscal Year of the amounts required to be paid or set aside during such period into the Bond Fund to provide for the payment of interest on such Bonds, less the amount of such interest for which payment is provided from the proceeds of the sale of the Bonds or from sources other than Revenues, and to provide for the payment of principal maturing or to be retired from a sinking fund installment. For the purpose of calculating Debt Service Requirements on Variable Rate Debt, interest shall be calculated for any period by assuming that the rate of interest applicable to such period is equal to 110% of the weighted average rate of interest (calculated in the manner in which the rate of interest for such period is to be calculated) borne by the Variable Rate Debt during the then next preceding twelve-month period (or 110% of the initial interest rate for Variable Rate Debt outstanding less than twelve (12) months). For purposes of calculating Debt Service Requirements on balloon debt (debt of which more than 25% of the principal comes due in any single fiscal year), demand debt (debt payable from demand of the holder), and tender debt (debt which may be tendered for purchase at the option of the holder or under specified conditions), principal will be deemed to mature on a level debt service basis over a period equal to the shorter of twenty (20) years or the actual term to maturity so long as there is in effect a credit facility or other binding commitment to refinance such debt from a financial institution.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund created by the Indenture.

“Depository” means any bank or trust company selected by the City or the Corporation as a depository of moneys and securities held under the provisions of the Indenture, and may include the Trustee and the Paying Agent, and which holds membership in the Federal Deposit Insurance Corporation.

“Electric Energy” means the electricity produced by the System or otherwise transmitted to and distributed by the City or the Corporation to customers.

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

“Fiduciary” or “Fiduciaries” means the Trustee, the Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” means the annual accounting reporting period used by the City and the Corporation with respect to the System, initially the twelve-month period commencing on January 1 of each year and ending on December 31 of such year.

“Fund” means a Fund established or continued by the Indenture.

“Government Securities” means (i) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting 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 (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 (ii) 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,” “Bondholder,” “Owner” or “Registered Owner” means the registered owner of any Bond or Bonds.

“Indenture” means the Trust Indenture dated as of March 31, 2022, as supplemented and amended by a First Supplemental Trust Indenture dated as of the date of delivery of the Series 2025 Bonds, each by and among the City, the Corporation and the Trustee, as from time to time further amended or supplemented.

“Insurance Policy” means the municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by the Insurer. A specimen of the Insurance Policy is attached hereto as Appendix D.

“Insured Bonds” means the Series 2025 Bonds maturing on December 1 of the years 2045* through 2055*, inclusive.

“Insurer” or “AG” means Assured Guaranty Inc., a Maryland domiciled financial guaranty insurance company, or any successor thereto.

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

(a) Bank deposit products, cash deposits, certificates of deposits, including those placed by a third party pursuant to an agreement between the Trustee and the Corporation or the City, or money market deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Securities), including those of the Trustee or any of its affiliates;

(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, including time deposit fund trust accounts, overnight bank deposit interest bearing deposits, interest bearing money market accounts, federal funds and bankers’ acceptances with domestic commercial banks, including those of the Trustee or any of its affiliates, 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, or (ii) are insured at all times by the Federal Deposit Insurance Corporation. 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, including those for which the Trustee or an affiliate receives a fee for services provided to the fund, whether as a custodian, transfer agent or otherwise, 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

* Preliminary; subject to change.

(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;

(j) With respect to investments of moneys in an Account of the Debt Service Reserve Fund only, surety bonds or debt service reserve insurance policies from issuers rated as Aa3 or higher by Moody’s or AA- or higher by S&P at the time of delivery of such surety bond or debt service reserve insurance policy; and

(k) Any cash sweep account maintained by the Trustee and consisting of investments described in clauses (a) through (i).

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

“Net Revenues” means Revenues less Operating Expenses.

“Operating Expenses” means, for any period, all ordinary and necessary expenses incurred in the operation, repair, maintenance and insuring of the System which are properly accounted for such purposes under generally accepted accounting principles. Such term may include the cost of purchased Electric Energy and payments to all taxing authorities, but 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 Indebtedness, or (b) the Debt Service Reserve Fund and any debt service reserve fund or account created in connection with any Subordinate Indebtedness, or (iii) any payments with respect to obligations not payable in whole or in part under any circumstances from Revenues.

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

(i) Any Bonds canceled by the Trustee at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;

(ii) Bonds for the payment or redemption of which moneys, equal to the principal amount thereof and interest to the date of maturity or redemption date, shall be held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the maturity date or redemption date);

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered pursuant to the Indenture; and

(iv) Bonds deemed to have been paid as provided in the Indenture.

“Paying Agent” means any bank or trust company designated as paying agent for the Bonds, and its successor or successors hereafter appointed in the manner provided in the Indenture. The Trustee is the initial Paying Agent for the Bonds, and the Indenture authorizes the naming of one or more additional Paying Agents.

“Permitted Encumbrances” shall mean and include (a) the Lease dated December 20, 2005, as amended, by and between the City and the Corporation, pursuant to which the System is leased to the Corporation, of record in the office of the Circuit Clerk and Ex-Officio Recorder of Faulkner County, Arkansas, (b) liens for taxes,

assessments and other governmental charges not delinquent or which can be paid without penalty, (c) unfilled, inchoate mechanics' and materialmen's liens, (d) workmen's, repairmen's, warehousemen's and carriers' liens and other similar items, if any, arising in the ordinary course of business, and (e) any easements, restrictions, mineral, oil, gas and mining rights and reservations, zoning laws and defects in title or other encumbrances to which Facilities may be subject because of their acquisition, construction and installation as part of the System.

"2025 Project" means the particular Facilities acquired, constructed, equipped and installed with the proceeds of the Series 2025 Bonds.

"Project" means the 2022 Project, the 2025 Project and any additional Facilities acquired, constructed or equipped with the proceeds of Additional Bonds.

"Project Fund" means the Project Fund created by the Indenture.

"Rebate Fund" means the Rebate Fund created by the Indenture.

"Record Date" means, with respect to any interest payment date for a series of Bonds, the date which is the fifteenth (15th) day of the calendar month preceding the month in which such interest payment date falls.

"Reserve Policy" means the municipal bond debt service reserve insurance policy issued by the Insurer guaranteeing certain payments into the Series 2025 Account of the Debt Service Reserve Fund with respect to the Series 2025 Bonds, as provide therein and subject to the limitations set forth therein.

"Reserve Requirement" means, with respect to each series of Bonds, the amount, if any, established under this Indenture or a Supplemental Indenture pursuant to which such series of Bonds is issued. The combined Reserve Requirement with respect to the Series 2022A Bonds and Series 2022B Bonds shall be an amount equal to 50% of the maximum annual Debt Service Requirement for the Series 2022 Bonds in any Fiscal Year thereafter as determined at the date of issuance. The respective Reserve Requirements for the Series 2022A Bonds (\$870,088.60) and the Series 2022B Bonds (\$481,042.15) shall be the pro rata portions of the combined amount as determined based on the original aggregate principal amounts of each such series of Bonds. These amounts shall be deposited in the Series 2022A Account and the Series 2022B Account of the Debt Service Reserve Fund and shall only be available for the payment of principal of and interest on the respective series of Bonds. The Reserve Requirement with respect to the Series 2025 Bonds shall be an amount equal to 50% of the maximum annual Debt Service Requirement for the Series 2025 Bonds in any Fiscal Year thereafter as determined at the date of issuance. This amount shall be deposited in the Series 2025 Account of the Debt Service Reserve Fund and shall only be available for the payment of principal of and interest on the Series 2025 Bonds. The Reserve Requirement may be satisfied by cash or by Investment Obligations, including insurance policies.

"Revenue Fund" means the Revenue Fund confirmed and continued by the Indenture.

"Revenues" means and includes all income, rents, fees, charges, receipts, profits and other moneys derived by the City or the Corporation from the ownership and operation of the System, including, without limiting the generality of the foregoing, (i) all income, tolls, rents, fees, charges, receipts, profits and other moneys derived from the sale, furnishing or supplying of the services, facilities, commodities and Electric Energy of the System; (ii) the investment income on all Funds held by the Trustee pursuant to the terms of the Indenture, (iii) the investment income on all Funds derived with respect to the System and held by the City or the Corporation or by any Depository designated by the City or the Corporation, and (iv) the income from the investment of any other moneys derived from the ownership or operation of the System. Notwithstanding the foregoing, "Revenues" shall not include (1) customers' deposits or any other deposits subject to refund, until such deposits have become the property of the Corporation or the City, or (2) developer contributions in aid of construction.

"S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC, and any successor thereto.

"Series 2016 Bonds" means the City's Wastewater Revenue Refunding Bonds, Series 2016.

"Series 2019A Bonds" means the City's Wastewater Revenue Improvement Bonds, Series 2019A.

"Series 2019B Bonds" means the City's Wastewater Revenue Refunding Bonds, Taxable Series 2019B.

"Series 2020 Bonds" means the City's Wastewater Revenue Refunding Bonds, Series 2020.

"Subordinate Series 2025 Bonds" means the City's Subordinate Electric Revenue Improvement Bonds, Series 2025.

“Series 2025 Bonds” means the City’s Electric Revenue Improvement Bonds, Tax-Exempt Series 2025, issued in the original principal amount of \$45,365,000*.

“State” shall mean the State of Arkansas.

“Subordinate Indebtedness” means (i) the Subordinate Series 2025 Bonds, and (ii) the Series 2016 Bonds, Series 2019A Bonds, Series 2019B Bonds, and Series 2020 Bonds, each secured primarily by revenues of the City wastewater collection and treatment system and, to the extent of any deficiency in wastewater system revenues, by surplus Revenues in the manner described in Section 207 of the Indenture. Any indebtedness subsequently incurred by the City and secured by surplus Revenues in the manner described in Section 207 of the Indenture shall also constitute Subordinate Indebtedness, including the Telecommunications Bonds.

“Supplemental Indenture” means all indentures executed and delivered pursuant to the provisions of Article XII of the Indenture.

“System” means all Facilities of the City wherever located, as such Facilities may now or in the future exist.

“Tax Compliance Agreement” means, with respect to any series of tax-exempt Bonds, that Tax Compliance Agreement of the City and the Corporation relating to the maintenance of the excludability of interest on such series of Bonds from federal income taxation.

“Telecommunications Bonds” means, to the extent issued, the City’s proposed Telecommunications Revenue Improvement Bonds, Series 2025.

“Trustee” means the banking corporation or association designated as Trustee in the Indenture, and its successors and any entity into which it may be converted or merged or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and corporate trust assets as a whole or substantially as a whole, and any successor at the time serving under the Indenture. The original Trustee is The Bank of New York Mellon Trust Company, N.A.

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

“Value” means, as of any particular time of determination, the value of any investment calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit: the face amount thereof, plus accrued interest;

(d) as to direct obligations of the United States (State and Local Government Series) in book-entry form: the par or face principal amount thereof; and

(e) as to any investment not specified above: at market value.

“Variable Rate Debt” means any debt the terms of which are such that the interest payable thereon for any future period is not, at the time of the making of the calculation being undertaken, susceptible to precise calculation.

* Preliminary; subject to change.

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SUMMARY OF THE INDENTURE

In addition to the information earlier given under the captions “SECURITY FOR THE BONDS” and “THE SERIES 2025 BONDS”, there follows a brief summary of certain provisions of the Indenture, which is qualified by reference to, and is subject to the complete terms of, the Indenture.

Rights of Insurer. Various rights of the Issuer and the Owners of the Series 2025 Bonds are subject to rights and powers granted to the Insurer pursuant to the Indenture.

Rates and Charges. The schedule of rates for Electric Energy supplied by the System set forth in Ordinance No. O-23-45 adopted on July 11, 2023, and the net metering rules and regulations of the System set forth in Ordinance No. O-19-66 adopted on July 23, 2019 (collectively, the “Rate Ordinance”), are approved, confirmed, ratified and continued. A copy of the Rate Ordinance shall be filed with the Trustee and a copy of each ordinance or resolution hereafter adopted revising or changing the rates set forth in the Rate Ordinance shall be filed with the Trustee, to the end that there always be on file with the Trustee the rates in effect at any and all times while there are Outstanding Bonds.

The City covenants that the rates set forth in the Rate Ordinance shall not be reduced while any Bonds issued under the Indenture shall be Outstanding unless:

- (a) All required deposits to the credit of the Funds and Accounts created in the Indenture are current;
- (b) The amount then on deposit to the credit of the Debt Service Reserve Fund shall be not less than the applicable Reserve Requirement(s) at such time; and
- (c) The Net Revenues for each of the preceding three Fiscal Years of the System shall have been not less than 125% of the maximum annual Debt Service Requirement for any Fiscal Year thereafter on all Outstanding Bonds.

The City covenants that it shall establish, maintain, revise and collect rates throughout the life of the Bonds sufficient to produce Revenues in each Fiscal Year at least equal to the sum of the following disbursements out of Revenues for that Fiscal Year:

- (a) An amount sufficient to pay Operating Expenses;
- (b) An amount equal to 125% of the maximum annual Debt Service Requirement on all Outstanding Bonds; and
- (c) The amount, if any, required to be deposited into the Debt Service Reserve Fund to cause the amount or deposit therein to be equal to the applicable Reserve Requirement(s) at such time.

Funds and Accounts. There are confirmed and continued the following Funds previously established by the City:

- (a) Revenue Fund (which includes the Operations and Maintenance Fund maintained by the Corporation).

There are created and established the following Funds and Accounts:

- (a) Bond Fund, and therein an Interest Account and Principal Account;
- (b) Debt Service Reserve Fund, and a Series 2022A Account, a Series 2022B Account and a Series 2025 Account therein;
- (c) Cost of Issuance Fund;
- (d) Project Fund; and
- (e) Rebate Fund.

The Revenue Fund shall be maintained in such Depository or Depositories as shall be selected from time to time by the City or the Corporation, but which must hold membership in the Federal Deposit Insurance Corporation (“FDIC”). All other Funds and Accounts shall be held and maintained by the Trustee in trust, for the use and benefit of the Bondholders and the City, but subject to the permitted applications expressed in the Indenture.

Revenue Fund. There shall be deposited to the credit of the Revenue Fund, as and when received, all Revenues. There shall be paid from the Revenue Fund the monthly Operating Expenses of the System. 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 a portion of the total amount thereof may be paid each month.

After providing for Operating Expenses, moneys in the Revenue Fund shall be disbursed for the purposes, and in the order or priority, hereinafter described.

(a) Bond Fund. There shall be paid from the Revenue Fund into the appropriate Accounts of the Bond Fund, for the purpose of providing moneys for the payment of the principal of, premium, if any, and interest on the Bonds, monthly amounts equal to 1/6 of the next installment of interest due and 1/12 of the principal due during the then next twelve months.

If there shall be insufficient moneys in any Account in the Bond Fund to pay in full principal, premium or interest due on Bonds on any payment or redemption date, the Trustee shall, one day prior to such date, transfer an amount equal to the deficiency into the appropriate Account of the Bond Fund from the Funds indicated in the following order:

FIRST: the Revenue Fund; and

SECOND: the Debt Service Reserve Fund (provided, however, that moneys transferred from an Account within the Debt Service Reserve Fund shall only be used to pay principal, premium or interest on the corresponding series of Bonds).

(b) Debt Service Reserve Fund. Accounts in the Debt Service Reserve Fund shall be used solely to pay the principal of, premium, if any, and interest on the corresponding series of Outstanding Bonds for which there are no available funds in the applicable Accounts of the Bond Fund to make such payments, as the same become due at maturity or prior redemption. If any Account of the Debt Service Reserve Fund, by virtue of any such payment, is reduced below the applicable Reserve Requirement, it shall be reimbursed in the amount of any such deficiency from any moneys in the Revenue Fund (after providing for Operating Expenses and after making the required deposits into the Bond Fund).

If an excess shall exist in an Account of the Debt Service Reserve Fund over and above the applicable Reserve Requirement, such excess shall be transferred to the Bond Fund.

The Reserve Policy issued by the Insurer shall be deposited into the Series 2025 Account of the Debt Service Reserve Fund, which shall be in a face amount equal to the Reserve Requirement. See the caption "SECURITY FOR THE BONDS – Debt Service Reserve" herein.

(c) Project Fund. Proceeds from the issuance and sale of each series of Bonds issued to finance a Project shall be deposited in the Project Fund and shall be disbursed by the Trustee to pay Costs of Issuance and Costs of Facilities on the basis of requisitions signed by the Chief Executive Officer. On the applicable Completion Date for a Project, any balance then remaining in Project Fund (except for amounts retained by the Trustee at the City's or the Corporation's direction for Costs of Facilities not then due and payable, to remedy defects, or for seasonal completion) shall be disbursed by the Trustee in payment or reimbursement of any part of Costs of Facilities not theretofore paid or reimbursed to the City. Any portion of the balance then remaining in the Project Fund (in excess of amounts, if any, retained by the Trustee as above provided) shall be segregated by the Trustee and transferred to the Principal Account of the Bond Fund to be used for the redemption of Bonds of the same series of Bonds from which such moneys were derived in accordance with the provisions of the Indenture.

(e) Rebate Fund. There shall be deposited in the Rebate Fund the amount of all income or gain on moneys deposited in any of the Funds established by the Indenture which is required to be rebated to the United States and is designated for deposit therein, as calculated by the City to be owing to the United States pursuant to the applicable Tax Compliance Agreement, which shall be delivered by the City concurrently with the issuance of each series of tax-exempt Bonds. The Trustee, upon receipt of written instructions from the Chief Executive Officer on behalf of the City, shall pay to the United States out of the amounts in the Rebate Fund such amounts as are required pursuant to the applicable Tax Compliance Agreement.

Investment of Funds. Except as otherwise provided in the Indenture, the Corporation (on behalf of the City) may direct the Trustee in writing to invest moneys in the Funds and Accounts held by the Trustee in

Investment Obligations with maturity or redemption dates consistent with the times at which moneys in such Fund or Account will be required for the purposes provided in the Indenture. Moneys in separate Funds and Accounts may be pooled for the purpose of investment or deposit.

Except as otherwise provided in the Indenture, the Corporation (on behalf of the City) shall invest moneys in the Revenue Fund held by any Depository or Depositories selected by the Corporation in Investment Obligations with maturity or redemption dates consistent with the times at which moneys in the Revenue Fund will be required for the purposes provided in the Indenture. Moneys in separate Funds and Accounts may be pooled for the purpose of investment or deposit.

Obligations purchased as an investment of moneys in any Fund or Account held by the Trustee or a Depository selected by the City (or the Corporation on behalf of the City) under the provisions of the Indenture shall be deemed at all time to be a part of such Fund or Account, and the losses, if any, to a Fund or Account due to the investment thereof shall be charged against the respective Fund or Account for which the investment was made.

Income or interest earned by the investment of Accounts of the Bond Fund or Debt Service Reserve Fund (to the extent the deposits therein exceed the applicable Reserve Requirement) moneys will be transferred to the Bond Fund. Income or interest earned by the investment of moneys in the Revenue Fund and the Project Fund shall remain a credit to such Funds.

Accounts, Records and Audits. The City and the Corporation covenant that they will keep the Funds and Accounts of the System separate from all other funds and accounts of City and the Corporation and that they will keep accurate records of all items of cost and of all expenditures relating to the System and of the collection and application of the Revenues. Such records and accounts shall be open to inspection by the Trustee under reasonable circumstances.

The Corporation (on behalf of the City) further covenants that at the end of each Fiscal Year it will cause an audit to be made of its books and accounts for that Fiscal Year pertaining to the System and will cause an annual report of operations of the System to be prepared and delivered within a reasonable time thereafter, but not exceeding six (6) months, such annual report to cover the matters usually contained in annual reports for similar operations. Costs of such audits shall be considered Operating Expenses.

Creation of Liens. Except as provided in the Indenture, the City shall not issue any bonds or other evidence of indebtedness, other than the Bonds and Subordinate Indebtedness, secured by a pledge of the Revenues and the other revenues and moneys pledged or held aside by the City or the Corporation or by a Fiduciary under the Indenture, and shall not create or cause to be created any lien or charge on the Revenues equal or superior to the lien created by the Indenture; provided, however, that nothing shall prevent the City from issuing notes or bonds of the City secured by assets and revenues of the City other than the assets and revenues pledged in the Indenture.

Payment of Taxes and Charges. The City (or the Corporation on behalf of the City) covenants that it will promptly pay all lawful taxes, charges, assessments, imposts and governmental charges at any time levied or assessed upon or against the System, or any part thereof; provided, however, that nothing shall require the City to cause to be paid any such taxes, assessments, imposts or charges so long as the validity thereof is being contested in good faith and by appropriate legal proceedings. The City (or the Corporation on behalf of the City) shall notify the Trustee in writing of any legal proceeding contesting any such tax, assessment, impost or other charge.

Obligation to Insure. The City (or the Corporation on behalf of the City) covenants that it will insure, or cause to be insured, with a nationally recognized insurance company or companies authorized and qualified under the laws of the State of Arkansas to assume the risks thereof, the Facilities against loss or damage, and will maintain such forms of insurance as are carried in the case of similar systems to the extent available at reasonable costs.

The proceeds of all insurance against loss or damage shall be applied to the repair, replacement and reconstruction of the damaged or destroyed Facilities, unless the City or the Corporation finds and determines that such Facilities are no longer required for System purposes. The proceeds of general liability insurance shall be used to pay the claims on account of which they are received. If insurance proceeds shall be insufficient for such purposes, the deficiency shall be supplied from other available moneys of the Corporation. If the proceeds of any insurance against damage or loss are not required to repair or reconstruct or replace the lost or damaged property, the proceeds of such insurance not required for such use may be used for any lawful purpose of the System other than the payment of Operating Expenses (but nothing in the preceding provision of this sentence shall preclude the

City or the Corporation from applying proceeds of business interruption insurance or other corresponding income insurance, if any is carried, to the payment of Operating Expenses).

Annual Budget. Not later than thirty (30) days prior to the beginning of each Fiscal Year, the City (or the Corporation on behalf of the City) shall prepare an Annual Budget for System operations for the succeeding Fiscal Year. Such Annual Budget shall indicate in reasonable detail (i) the amounts and sources of Revenues, (ii) the nature of Operating Expenses, and (iii) the nature of budgeted capital expenditures. A copy of each Annual Budget shall be filed with the Trustee and a copy shall be maintained in the office of the Chief Executive Officer.

Agreement of the Corporation to Perform City Covenants. The Corporation covenants and agrees and shall have the right and responsibility to perform all covenants and obligations of the City for so long as the franchise and lease agreement from and with the City with respect to the System remains in force and effect.

Possession, Use and Distribution of System Properties. The City covenants that, until all Bonds issued and at any time Outstanding under the Indenture, including the principal, premium, if any, and interest thereon, shall have been paid or the required provision for payment made, it will continuously operate the System, or cause the System to be so operated, as a revenue producing undertaking in compliance with all of its covenants and obligations under the Indenture and, except for transactions by and between the City and the Corporation and except as otherwise permitted by the Indenture, it will not sell, lease or otherwise dispose of, or encumber, except for Permitted Encumbrances, the System or any part thereof. The City or the Corporation may, however, from time to time, sell, lease or dispose of any machinery, fixtures, apparatus, tools, instruments or other movable property or any materials used in connection therewith if the City or the Corporation determines that such articles are no longer needed or are no longer useful in connection with the operation and maintenance of the System, and any proceeds thereof received by the City or the Corporation shall be deposited to the credit of the Revenue Fund. Any real property forming part of the System may from time to time be sold, leased or disposed of, free and clear of any lien of the Indenture, if the City or the Corporation determines that it is not needed or serves no useful purpose in connection with the maintenance and operation of the System, and easements may be granted if the City or the Corporation determines that the granting thereof is reasonable and will not interfere with the proper maintenance and operation of the System. Any proceeds of any such sale, lease or disposition of any real property or of the granting of an easement received by the City or the Corporation shall be deposited to the credit of the Revenue Fund. Any property (personal or real or mixed) traded in on other property being acquired by the City or the Corporation for the System may be so disposed of without any obligation by the City or the Corporation to make a deposit in the Revenue Fund.

Events of Default. Each of the following events is declared an “Event of Default” under the Indenture:

(i) if default shall be made in the due and punctual payment of any principal or premium payment of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(ii) if default shall be made in the due and punctual payment of any interest payment on any Bond when as the same shall become due and payable;

(iii) if default shall be made in the due and punctual payment of any moneys required to be paid to the Trustee for deposit in the Funds held by the Trustee;

(iv) if default shall be made by the City or the Corporation in the performance or observance of any other of the covenants, agreements or conditions on their part in the Indenture or in the Bonds contained, and such default shall continue for a period of sixty (60) days after written notice thereof to the City and the Corporation by the Trustee or to the City, the Corporation and the Trustee by the owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding;

(v) if the City or the Corporation, except as permitted in the Indenture, shall sell, transfer, assign or convey any properties or rights or interest in properties constituting the System, or any part or parts thereof, or shall make any agreement for such sale or transfer or shall voluntarily forfeit or allow any of the licenses, franchises, permits, privileges, easements or rights of way necessary or desirable in the operation of the System to lapse to terminate prior to the expiration date thereof by neglect or default;

(vi) if an order, judgment or decree shall be entered, with the consent or acquiescence of the City or the Corporation, or if such order, judgment or decree, having been entered without the consent or acquiescence of City or the Corporation, shall not be vacated or set aside or discharged or stayed, and in case

custody or control is assumed by said order, such custody or control shall not otherwise be terminated, within ninety (90) days after the entry thereof, and if appealed, shall not thereafter be vacated or discharged; (a) approving any petition for the reorganization of the System under provisions of any applicable bankruptcy laws or the rearrangement or readjustment under such laws of the obligations of the City or the Corporation under the Indenture; or (b) appointing a receiver, trustee or liquidator for the City, the Corporation or for the System or any part of the System; or (c) under the provisions of any law for the relief or aid of debtors, assuming custody or control of the System or any part thereof; or (d) approving a petition filed against City or the Corporation under the provisions of Chapter IX of the United States Bankruptcy Code, or granting relief to the City or the Corporation under any amendment to the Bankruptcy Code, or under any other applicable bankruptcy act, which shall give relief substantially similar to that afforded by the Bankruptcy Code;

(vii) if the City or the Corporation shall (a) admit in writing its inability to pay its debts generally as they become due; or (b) file a petition in bankruptcy or seeking a composition of indebtedness; or (c) make an assignment for the benefit of its creditors; or (d) file a petition or any answer seeking relief under the Bankruptcy Code of the United States referred to in the preceding subparagraph, or under any amendment thereto; or

(viii) if the State has limited or altered the rights of the City or the Corporation pursuant to the Authorizing Legislation as in force on the date of the Indenture, to fulfill the terms of any agreements made with Owners of Bonds or in any way impaired the rights and remedies of Owners of Bonds while any Bonds are Outstanding.

The term “default” shall mean default by the City or the Corporation in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture, or in the Outstanding Bonds, exclusive of any period of grace required to constitute a default an “Event of Default.”

Acceleration. Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Holders of twenty-five (25%) in aggregate principal amount of Outstanding Bonds, shall, by notice in writing delivered to the City, declare the principal of all Outstanding Bonds and the interest accrued thereon immediately due and payable and such principal and interest shall thereupon become and be immediately due and payable. If all defaults shall be made good, then the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds, or the Trustee, if the Trustee shall have acted without a direction from the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds at the time Outstanding, may annul such declaration and its consequences.

Trustee’s Right to Enter and Take Possession. Upon the occurrence of an Event of Default, the City and the Corporation, upon demand of the Trustee, shall forthwith surrender to it the actual possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the System, with the books, papers and accounts of the City and the Corporation pertaining thereto and to hold, operate and manage the same, and from time to time to make all needful repairs and improvements as shall be deemed wise by the Trustee; and the Trustee, with or without such permission, may collect, receive and sequester the tolls, rents, revenues, issues, earnings, income, products and profits therefrom and out of the same and any moneys received from any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee under the Indenture and any taxes and assessments and other charges prior to the lien of the Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received by the Trustee in accordance with the provisions of the Indenture. Whenever all that is due for principal, premium, if any, and interest on the Bonds shall have been paid and all defaults made good, the Trustee shall surrender possession of the System to the City, its successors or assigns; the same right of entry, however, to exist upon any subsequent Event of Default.

While in possession of the System, or any part thereof, the Trustee shall render annually to the Bondholders, at their addresses as set forth in the bond registration book maintained by the Trustee, a summarized statement of income and expenditures in connection therewith.

Other Remedies. Upon the occurrence of an Event of Default, the Trustee may, as an alternative, proceed either after entry or without entry, to pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and to protect and enforce its rights and the rights of the Bondholders under applicable laws and the Indenture, including, without limitation, mandamus.

Remedies of Insurer. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Insured Bonds or the Trustee for the benefit of the Owners of the Insured Bonds under the Indenture. No Event of Default may be waived without the Insurer's written consent.

Rights of Bondholders. Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Outstanding Bonds shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceeding under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and of the tolls, rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings with such powers as the court making such appointment shall confer.

Application of Available Moneys. Available moneys remaining after discharge of costs, charges and liens prior to the Indenture (including the fees and expenses of the Trustee) shall be applied by the Trustee as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD: To the payment of the interest on and the principal of the Bonds, and to the redemption of Bonds, all in accordance with the Indenture,

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without discrimination or privilege.

Right of Bondholders to Proceed Contingent on Offer to Trustee. 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 unless a default has occurred of which the Trustee has been notified as described in the Indenture, or of which it is deemed to have notice, nor unless such default shall become an Event of Default and the Holders of twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds 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 by the Indenture, or to institute such action, suit or proceeding in its own name; 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 his or their action or to enforce any right except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture for the equal benefit of the Holders

of all Outstanding Bonds. Nothing contained in the Indenture shall, however, affect or impair the right of any Bondholders to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of City to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Holders thereof at the time and place in the Bonds expressed.

Waiver of Events of Default. The Trustee may in its discretion waive any Event of Default and its consequences and rescind any declaration of maturity of principal, and shall do so upon the written request of the Holders of a majority in aggregate principal amount of all Outstanding Bonds; provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein or any default in the redemption of Bonds from mandatory sinking fund payments or (b) any default in the payment of interest on any Outstanding Bonds, unless prior to such waiver or rescission all arrears of principal (due otherwise than by declaration) and interest and all expenses of the Trustee and Paying Agent shall have been paid or provided for, and in case of any such waiver or rescission, the City, the Corporation, the Trustee and the Bondholders shall be restored to their former positions and rights; but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Concerning the Fiduciaries. For the benefit and protection of the Bonds and the Bondholders from time to time, The Bank of New York Mellon Trust Company, N.A., a national banking association, doing business and having its designated corporate trust office in Houston, Texas, is appointed as Trustee and Paying Agent and accepts the duties and obligations imposed upon it, but only upon and subject to certain terms and conditions, including the following:

(a) The Trustee and any Paying Agent may execute any of the trusts or powers and perform any duties required of either of them by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts and duties, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts of the Indenture. The Trustee and any Paying Agent may act upon the opinion or advice of any attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care, or, if selected or retained by the City or the Corporation prior to the occurrence of a default of which the Trustee has been notified, or of which the Trustee is deemed to have notice, approved by the Trustee in the exercise of such care. The Trustee and any Paying Agent shall not be responsible for any loss or damage resulting from an action or nonaction in accordance with any such opinion or advice.

(b) The Trustee shall not be responsible for any recital in the Indenture or the Bonds (except with respect to the certificate of the Trustee endorsed on the Bonds), or for insuring the System or collecting any insurance moneys, or for the validity of the execution by the City or the Corporation of the Indenture or of any Supplemental Indentures or instrument of further assurance, or for the sufficiency of the security for the Bonds; except that in the event the Trustee enters into possession of a part or all of the System, it shall use due diligence in preserving such property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the City and/or the Corporation except as otherwise set forth in the Indenture; but the Trustee may require of the City and the Corporation full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of the System or part thereof.

(c) The Trustee and any Paying Agent may become a Holder of the Bonds with the same rights which it would have if not a Fiduciary.

(d) The Trustee and any Paying Agent shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it, in the exercise of reasonable care, to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee or any Paying Agent upon the request or authority or consent of the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) With certain exceptions, the Trustee shall not be required to take notice and shall not be deemed to have notice of any default unless the Trustee shall be specifically notified in writing of such default by the City or by the Holders of at least ten percent (10%) in aggregate principal amount of Outstanding Bonds, and all notices or other instruments required to be delivered to the Trustee must, in order to be effective, be delivered to the office of the Trustee, and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(f) The Trustee shall not be required to give any bond or surety in respect of the execution of any trusts and powers or otherwise in respect of the premises.

(g) The Trustee and any Paying Agent shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the cancellation and discharge of the lien of the Indenture, or any action whatsoever, any showings, certificates, opinions, appraisals or other information, or action or evidence thereof, in addition to that by the terms of the Indenture required as a condition of such action by the Trustee or a Paying Agent, deemed desirable for the purpose of establishing the right of the City to the authentication of any Bonds, the withdrawal of any cash, the cancellation and discharge of the lien of the Indenture, or the taking of any other action by the Trustee or Paying Agent.

(h) Before taking any action under the Indenture, the Trustee may require that it be furnished with an indemnity bond satisfactory to it for the reimbursement to it of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the gross negligence or willful misconduct of the Trustee.

Resignation of Trustee. The Trustee and any successor trustee may at any time resign and be discharged of the duties and obligations created by the Indenture by giving not less than sixty (60) days' written notice by first class mail, postage prepaid, to the City, the Corporation and Owners of Bonds Outstanding specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the City or the Owners of Bonds as provided in the Indenture in which event such resignation shall take effect immediately on the appointment of such successor, provided no such resignation shall take effect until a successor shall have been appointed.

Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, signed by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the City or the Corporation, notification thereof having been given to the City and the Corporation, provided no such removal shall take effect until thirty days after such instrument or instruments is filed with the Trustee and a successor shall have been appointed.

Appointment of Successor Trustee. Any bank or trust company into which the Trustee may be merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any bank or trust company resulting from any such sale, merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor trustee provided, however, that such successor trustee shall have capital, surplus and undivided profits of at least \$10,000,000.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the City or the Corporation, by an instrument or concurrent instruments in writing signed and acknowledged by such owners of Bonds or by their attorneys-in-fact duly authorized and delivered to the successor Trustee, notification thereof having been given to the City, the Corporation and the predecessor Trustee; provided, nevertheless, that, unless a successor Trustee shall have been appointed by the owners of Bonds as aforesaid, the City shall forthwith appoint a temporary Trustee to fill such a vacancy until a successor Trustee shall have been appointed by the Owners of Bonds. The City shall mail notice of any such appointment made by it by first class mail, postage prepaid, to the Owners of Bonds Outstanding. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by the Trustee appointed by the Owners of Bonds.

If in a proper case no appointment of a successor Trustee shall be made within forty-five (45) days after the Trustee shall have given to the City and the Corporation written notice or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Owner of any Bonds or the Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee.

Any Trustee appointed as a successor Trustee shall be a bank or trust company with capital, surplus, and undivided profits aggregating at least \$10,000,000, provided that there be such a bank or trust company willing and able to accept the office on reasonable and customary terms and authorized by law to perform the duties imposed by the Indenture.

Resignation or Removal of Paying Agent and Appointment of Successor. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least sixty (60) days' written notice to the City, the Corporation, the Trustee and any other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the City. Any successor Paying Agent shall be appointed by the City, with the approval of the Trustee, and shall be a bank or trust company having capital, surplus and undivided profits aggregating at least \$10,000,000 and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed by the Indenture.

Supplemental Indentures Not Requiring Consent of Bondholders. For any one or more of the following purposes or at any time or from time to time, a Supplemental Indenture may be adopted without the consent of the Bondholders, which Supplemental Indenture, upon its execution by the Trustee, the City and the Corporation, shall be fully effective in accordance with its terms:

- (1) to cure any ambiguity or formal defect or omission in the Indenture or any Supplemental Indenture;
- (2) to grant to or confer on the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred on them or the Trustee;
- (3) to add to the covenants and agreements of the City and the Corporation in the Indenture other covenants and agreements to be observed by the City or the Corporation;
- (4) more precisely to identify the Revenues subject to the lien of the Indenture;
- (5) to subject to the lien of the Indenture additional revenues, property or collateral; or
- (6) to provide for the issuance of Additional Bonds.

Supplemental Indentures Effective With Consent of Owners of Bonds. The Holders of not less than two-thirds (2/3) in aggregate principal amount of the Outstanding Bonds shall have the right, from time to time, to consent to and approve the execution by the City, the Corporation and the Trustee of such Supplemental Indentures 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 shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond, the redemption premium applicable to any Bond, or the rate of interest applicable to any Bond, or reduction of the principal amount of Bonds to be redeemed from mandatory sinking fund payments, or (c) cause interest on any Bonds held by non-consenting Bondholders to become subject to federal income taxes, or (d) the creation of a lien or a pledge of Revenues pledged to the Bonds other than the lien and pledge created by the Indenture, or (e) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (f) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

Defeasance. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the City or the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid. Any Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid if (a) in case any Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail notice of redemption of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the time, shall be sufficient to pay when due the principal, premium, if any, and interest due and to become due on such Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Bonds that the deposit required by (b) above has been made with the Trustee and that the Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, premium, if any, and interest on such Bonds.

SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The City and the Corporation have entered into an undertaking in the form of the Continuing Disclosure Agreement 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 and the Corporation are parties to multiple continuing disclosure agreements for various bond issues of the City secured by specified revenue sources.

With respect to the City’s and the Corporation’s continuing disclosure undertakings for bonds secured by wastewater revenues (with a secondary pledge of electric revenues), the annual financial information for fiscal year 2024 was filed 1 day late.

With respect to the City’s obligations secured by hotel and restaurant gross receipt tax receipts, the annual financial information for fiscal year 2024 was filed late (30 days). The City’s audited financial statements for fiscal year 2021 were posted, but not properly associated with the CUSIPS for the City’s Series 2022 hotel and restaurant gross receipt tax receipts issue.

The City and the Corporation have undertaken steps to ensure future compliance with their respective continuing disclosure undertakings.

The Continuing Disclosure Agreement contains the following covenants and provisions:

(a) The City and the Corporation covenant that they 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 to the MSRB within 180 days of the completion of the Fiscal Year of the System. Audited Financial Statements, if available, shall be filed with the MSRB at the same time as the Annual Financial Information. If not then available, unaudited financial statements shall be included with the MSRB filing, and Audited Financial Statements shall be provided to the MSRB within ten (10) business days after availability thereof. The City and/or the Corporation are 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) 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 and the Corporation 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.

(c) 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.

(d) The City and the Corporation covenant to disseminate or cause dissemination in a timely manner, not in excess of ten (10) business days after the occurrence of the event, 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 and the Corporation are 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 City and/or the Corporation shall give notice in a timely manner or shall cause such notice to be given by the Dissemination Agent, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due.

(f) The Continuing Disclosure Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, the Continuing Disclosure Agreement

shall inure solely to the benefit of the City, the Corporation, 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 and the Corporation 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 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 and/or the Corporation 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, the Corporation or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

(g) The Undertaking of the City and/or the Corporation pursuant to the Continuing Disclosure Agreement shall be terminated hereunder when the City and/or the Corporation shall no longer have any legal liability for any obligation on or relating to the repayment of the Series 2025 Bonds. The City and/or the Corporation 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.

(h) The City, the Corporation 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, the Corporation or type of business conducted; (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 or the Corporation (and evidenced by an opinion of Bond Counsel delivered to the Dissemination Agent) 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, the Corporation or their 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 (and evidenced by an opinion of Bond Counsel delivered to the Dissemination Agent).

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

“Annual Financial Information” means the following general categories of financial information and operating data with respect to the System for the prior fiscal year:

(1) Total and classification of System customers as set forth under the caption “THE SYSTEM - *Customers*” in this Official Statement;

(2) List of ten largest System customers along with the total revenues derived from each and the respective percentages of such revenues to total revenues of the System, as set forth under the caption “THE SYSTEM – *Largest Customers*” in this Official Statement; and

(3) The electric rates with respect to the System as set forth under the caption “THE SYSTEM – *Electric Rates*” in the Official Statement.

“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 System, prepared pursuant to generally accepted accounting standards 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.

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

“Dissemination Agent” shall mean The Bank of New York Mellon Trust Company, N.A., 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 the Corporation 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 Corporation as the fiscal year of the System for financial reporting purposes. The Fiscal Year of the System 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:

- (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;

- (15) Incurrence of a Financial Obligation of the City or the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City or the Corporation, 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 or the Corporation, 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 (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 and the Corporation pursuant to subsections (a) and (d) above.

UNDERWRITING

Under a bond purchase agreement entered into by and among the City and Crews & Associates, Inc. and Stephens Inc. (the “Underwriters”), and approved by the Corporation, the Series 2025 Bonds are being purchased at a purchase 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 bond purchase agreement provides that the Underwriters will purchase all of the Series 2025 Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2025 Bonds is subject to various conditions contained in the bond purchase 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 condition of the Corporation or the System.

The Underwriters intend to offer the Series 2025 Bonds to the public initially at the offering prices as 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 Underwriters reserve 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 Corporation has agreed to indemnify the Underwriters against certain civil liabilities in connection with the offering and sale of the Series 2025 Bonds, including certain liabilities under federal securities laws.

The Underwriters and their 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 Underwriters and their 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 and the Corporation, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their 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 or the Corporation.

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 the 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 and the Corporation 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 and the Corporation have covenanted to comply with such requirements.

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

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.

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 approving opinion will be delivered with the Series 2025 Bonds and a proposed form of which is attached hereto as Appendix C. Certain legal matters will be passed upon for the City by its counsel, Charles Finkenbinder, Esq., City Attorney.

Litigation. Charles Finkenbinder, 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 issue the Series 2025 Bonds.

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the City in any way which could have a material adverse effect on the City or the Corporation or on the financial affairs of the System.

RATINGS

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("S&P") will assign a credit rating of "AA/Stable Outlook" to the Insured Bonds (the Series 2025 Bonds maturing on December 1 in the years 2045* through 2055*, inclusive) with the understanding that the scheduled payment of principal of and interest on the Insured Bonds will be guaranteed under a Municipal Bond Insurance Policy to be issued by the Insurer at the time of delivery of the Series 2025 Bonds. Moody's Investor's Service, Inc. ("Moody's") has assigned an underlying rating of "Aa3" to all of the Series 2025 Bonds. Such ratings reflect only the view of S&P and Moody's at the time such ratings were given, and the City and the Corporation make no representation as to the appropriateness of such ratings. An explanation of the significance of the above ratings may be obtained only from S&P and Moody's.

The City and the Corporation have furnished Moody's certain information and materials relating to the Series 2025 Bonds and the City and Corporation, some of which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on independent investigations, studies and assumptions furnished to and obtained and made by the rating agencies. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that a particular rating, once obtained will be maintained for any given period of time or that it may not be lowered, raised or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Neither the City, the Corporation nor the Underwriters have undertaken any responsibility to oppose any such revision or withdrawal. Any downward change in or withdrawal of a rating may have an adverse effect on the market price and marketability of the Series 2025 Bonds. No application has been made to any Rating Agency other than Moody's for a rating on the Series 2025 Bonds.

* Preliminary; subject to change.

FINANCIAL STATEMENTS

Set forth in Appendix A to this Official Statement are the financial statements of the System for the Fiscal Years ended December 31, 2024 and 2023, which financial statements have been audited by Landmark PLC, Little Rock, Arkansas, independent certified public accountants, as indicated in their report dated March 18, 2025, which report is also included in Appendix A. The notes set forth in Appendix A are an integral part of the financial statements, and the statements and notes should be read in their entirety. The Corporation did not request Landmark PLC to perform any updating procedures subsequent to the date of its audit request on the December 31, 2024 financial statements.

Set forth in Appendix B to this Official Statement are the unaudited financial statements of the System for the nine months ended September 30, 2025.

MISCELLANEOUS

The Corporation has furnished the information in this Official Statement relating to the operations of the System. The Underwriters have furnished the information in this Official Statement with respect to the public offering prices of the Series 2025 Bonds and the information under the caption “UNDERWRITING” herein.

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 or the Corporation and the purchasers or owners of any of the Series 2025 Bonds.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

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 City and the Corporation, 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 herein, or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

This Official Statement has been approved by the City of Conway, Arkansas.

CITY OF CONWAY, ARKANSAS

By: _____
Mayor

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE SYSTEM AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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Electric Department

**Financial Statements
December 31, 2024 and 2023**

(With Independent Auditor's Reports Thereon)



Conway Corporation Electric Department

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Conway Corporation
Conway, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Conway Corporation Electric Department** (the Department) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Department, as of December 31, 2024 and 2023, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial

The Board of Directors
Conway Corporation

Required Supplementary Information (Continued)

statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

As disclosed in Note 1, these financial statements are intended to present the financial position, results of operations and cash flows attributable to the Department only. They are not intended to, and do not, present the financial position of Conway Corporation as a whole as of December 31, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with GAS, we have also issued our report dated March 18, 2025 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas
March 18, 2025



Management's Discussion and Analysis

Conway Corporation Electric Department

Management's Discussion and Analysis December 31, 2024 and 2023

Financial Highlights

	2024	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Total current assets	\$ 48,656,923	\$ 52,778,651	\$ 53,806,891
Total restricted assets	2,182,773	16,317,044	26,383,074
Utility plant in service and right to use assets, net	168,175,970	138,568,688	123,599,820
Other assets	6,739,004	7,198,317	8,093,350
Total Assets	<u>225,754,670</u>	<u>214,862,700</u>	<u>211,883,135</u>
Deferred Outflows of Resources	<u>3,127,967</u>	<u>3,939,419</u>	<u>5,086,002</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 228,882,637</u>	<u>\$ 218,802,119</u>	<u>\$ 216,969,137</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Total current liabilities	\$ 15,927,860	\$ 14,366,274	\$ 15,688,172
Total noncurrent liabilities	40,194,505	42,490,554	46,149,079
Total Liabilities	<u>56,122,365</u>	<u>56,856,828</u>	<u>61,837,251</u>
Deferred Inflows of Resources	<u>2,346,313</u>	<u>2,664,670</u>	<u>1,965,295</u>
Net Position			
Net investment in utility plant in service	132,349,400	115,044,390	109,149,516
Restricted for debt service	1,798,058	1,693,716	1,498,086
Unrestricted	36,266,501	42,542,515	42,518,989
Total Net Position	<u>170,413,959</u>	<u>159,280,621</u>	<u>153,166,591</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 228,882,637</u>	<u>\$ 218,802,119</u>	<u>\$ 216,969,137</u>
OPERATING REVENUES			
Industrial	\$ 18,092,283	\$ 18,200,600	\$ 22,984,891
Residential	30,353,839	30,591,945	34,768,418
Commercial	13,997,289	14,039,933	16,212,852
Institutional	4,033,834	4,196,266	5,063,263
Municipal and street lighting	845,662	917,778	978,588
Other operating income	2,408,913	2,471,045	5,060,563
Total Operating Revenues	<u>69,731,820</u>	<u>70,417,567</u>	<u>85,068,575</u>

(Continued)

Conway Corporation Electric Department

Management's Discussion and Analysis December 31, 2024 and 2023

Financial Highlights (Continued)

	2024	2023	2022
OPERATING EXPENSES			
Power purchased	\$ 29,936,201	\$ 33,775,888	\$ 49,889,116
Coal plant generation expense	1,341,212	1,604,071	2,001,272
Transmission service demand	8,289,663	7,063,492	8,445,629
Distribution	7,143,436	7,364,891	5,889,497
Depreciation	9,631,492	9,523,226	9,027,439
Customer accounting and collection	2,389,111	2,175,124	2,160,699
Administrative and general	4,931,577	5,116,220	5,028,813
Total Operating Expenses	<u>63,662,692</u>	<u>66,622,912</u>	<u>82,442,465</u>
OPERATING INCOME	<u>6,069,128</u>	<u>3,794,655</u>	<u>2,626,110</u>
NET NONOPERATING INCOME (EXPENSE)	<u>776,011</u>	<u>1,246,088</u>	<u>(726,719)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND INTERDEPARTMENTAL TRANSFERS	6,845,139	5,040,743	1,899,391
CAPITAL CONTRIBUTIONS AND INTERDEPARTMENTAL TRANSFERS	<u>4,288,199</u>	<u>1,073,287</u>	<u>1,593,664</u>
INCREASE IN NET POSITION	11,133,338	6,114,030	3,493,055
NET POSITION, BEGINNING OF YEAR	159,280,621	153,166,591	149,631,936
GASB 96 RELATED RESTATEMENT OF BEGINNING NET POSITION	<u>-</u>	<u>-</u>	<u>41,600</u>
NET POSITION, END OF YEAR	<u>\$ 170,413,959</u>	<u>\$ 159,280,621</u>	<u>\$ 153,166,591</u>

The following management's discussion and analysis of Conway Corporation Electric Department's (the Department) financial performance provides an overview of the Department's activities for the years ended December 31, 2024 and 2023, in comparison with the prior year financial results. This discussion and analysis should be read in conjunction with the financial statements, which follow this section.

Conway Corporation (the Corporation) is an Arkansas nonprofit corporation established in May of 1929. The Corporation was organized for the purpose of operating utility plants and systems for the city of Conway, Arkansas (the City). The Corporation presently provides electric, water, wastewater treatment, video, internet, telephone and security services to industrial, residential, commercial and institutional customers in the City.

The Department is responsible for the operation and maintenance of the City's electric system pursuant to an exclusive franchise agreement and lease granted under City Ordinances No. 0-05-162 and No. 0-05-163, respectively, as amended.

Conway Corporation Electric Department

Management's Discussion and Analysis December 31, 2024 and 2023

Introduction of Financial Statements

The statements of net position and the statements of revenues, expenses and changes in net position provide an indication of the Department's financial health.

The statements of net position include all of the Department's assets and liabilities, using accrual basis accounting, as well as an indication about which assets can be utilized for general purposes and which are restricted.

The statements of revenues, expenses and changes in net position report all of the revenues and expenses during the accounting periods indicated.

The statements of cash flows report the cash provided and used by operating activities, as well as other cash sources such as capital contributions or investment income.

Total and Capital Assets

At December 31, 2024, 2023 and 2022, the Department's assets totaled \$225.8 million, \$214.9 million, and \$211.9 million, respectively. Total assets increased by \$10.9 million, or 5.1% from December 31, 2023 to December 31, 2024, compared to an increase of \$3.0 million, or 1.4%, from December 31, 2022 to December 31, 2023. The 2023 increase was a result of increased investment in plant-in-service of approximately \$15.0 million as well as an increase in prepaid expenses of \$559,000. Restricted cash balances declined by approximately \$10.1 million as a result of the use of debt funds on a capital project. The 2024 increase was driven by construction in progress on the new operations campus that was substantially completed in December 2024 with an increase of \$22.6 million. This increase was offset by a reduction in restricted cash of \$14.1 million, which were bond funds used to complete construction of the new campus.

All asset additions for years presented were funded by operating revenue and bond proceeds.

Capital Contributions and Interdepartmental Transfers

Capital contributions and interdepartmental transfers were approximately \$3.0 million, \$1.1 million and \$1.6 million in 2024, 2023 and 2022, respectively. These capital contributions are exclusively developer fees paid for electric infrastructure. There was an interdepartmental transfer of \$2.8 million received from the cable department in 2024 to aid in completion of the new operations campus.

Liabilities

At December 31, 2024, 2023 and 2022, the Department's liabilities totaled \$56.1 million, \$56.9 million, and \$61.8 million, respectively. Total liabilities decreased by \$734,000, or 1.3%, from December 31, 2023 to December 31, 2024 and decreased by \$5.0 million, or 8.1%, from December 31, 2022 to December 31, 2023. The decrease in liabilities in 2023 was primarily the result of repayments of long-term debt. The 2024 decrease was also due to the repayment of long-term debt partially offset by an increase of \$251,000 in customer deposits.

Conway Corporation Electric Department

Management's Discussion and Analysis December 31, 2024 and 2023

Operating Revenues and Expenses

At December 31, 2024, 2023, and 2022, the Department's operating revenues totaled \$69.7 million, \$70.4 million and \$85.1 million, respectively. Operating revenues decreased by \$686,000, or 1.0%, from December 31, 2023 to December 31, 2024 compared to a decrease of \$14.7 million, or 17.2%, from December 31, 2022 to December 31, 2023. Energy sales were higher by 16.3 million kilowatt-hours from 2023 to 2024 and the power cost adjustment (PCA) portion of the approved rate ordinance was lower in 2024 than in 2023. Revenues derived from the PCA were \$83,000 in 2024 compared to \$9.5 million in 2023. Energy sales were lower by 23.3 million kilowatt-hours from 2022 to 2023 and revenues derived from the PCA were \$20.8 million in 2022.

At December 31, 2024, 2023 and 2022, the Department's operating expenses totaled \$63.7 million, \$66.6 million and \$82.4 million, respectively. Operating expenses decreased approximately \$3.0 million from December 31, 2023 to December 31, 2024 and decreased by approximately \$15.8 million from December 31, 2022 to December 31, 2023. The largest O&M component is Production expenses, which are costs associated with getting energy to Conway Corporation's substations. Purchases of energy for resale were \$3.8 million lower in 2024 than 2023 and \$16.1 million lower in 2023 than 2022. The majority of energy is produced by natural gas-fired power plants in Conway Corporation's region and higher natural gas prices in 2022 were the driving factor behind increased Production expenses. Those prices eased further from 2023 to 2024.

Rate Structure

The Department's rate structure for electric services is based on a cost-of-service approach. Operating expenses and capital improvements are the components that must be funded from rates or bond issues. Electric rates are recommended by the Department's staff and approved by the Board of Directors. The Conway City Council serves as the regulatory body for the Department and has ultimate rate approval authority.

Contacting the Corporation's Financial Management

This report is intended to provide our customers and other interested parties with a general overview of the Department's financial position and to demonstrate accountability and stewardship for the revenues received by the Department.

Questions about this report or request for additional information should be directed to the Corporation at 501-450-6000 or to our office located at 650 Locust Street, Conway, Arkansas 72034.

Financial Statements

Conway Corporation Electric Department

Statements of Net Position December 31, 2024 and 2023

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 7,684,314	\$ 6,658,517
Certificates of deposit	17,451,188	21,799,812
Accounts receivable, net	6,768,737	7,241,588
Current portion of note receivable from related organization	48,704	46,830
Accrued interest receivable	490,355	490,392
Inventories	14,707,107	15,450,321
Prepaid expenses	1,506,518	1,091,191
Total Current Assets	<u>48,656,923</u>	<u>52,778,651</u>
Restricted Assets		
Cash and cash equivalents	2,182,773	16,317,044
Total Restricted Assets	<u>2,182,773</u>	<u>16,317,044</u>
Utility Plant in Service and Right to Use Assets, Net	<u>168,175,970</u>	<u>138,568,688</u>
Other Assets		
Land held for resale	410,296	410,296
Advances to Water Department	4,249,764	4,629,880
Long-term portion of note receivable from related organization	2,078,944	2,158,141
Total Other Assets	<u>6,739,004</u>	<u>7,198,317</u>
Total Assets	<u>225,754,670</u>	<u>214,862,700</u>
Deferred Outflows of Resources		
Deferred outflows related to OPEB	302,213	294,264
Deferred outflows related to pension	2,825,754	3,645,155
Total Deferred Outflows of Resources	<u>3,127,967</u>	<u>3,939,419</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 228,882,637</u>	<u>\$ 218,802,119</u>

(Continued)

See accompanying notes to financial statements.

Conway Corporation Electric Department

Statements of Net Position (Continued) December 31, 2024 and 2023

	2024	2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts and contracts payable	\$ 7,425,168	\$ 5,397,080
Accrued expenses and other liabilities	845,519	828,685
Right to use - subscription liability	88,041	211,906
Due to the City of Conway	994,846	978,629
Customer deposits	4,839,757	4,589,249
Total Current Liabilities	<u>14,193,331</u>	<u>12,005,549</u>
Current Liabilities Payable from Restricted Assets		
Accounts and contracts payable	-	554,263
Current portion of long-term debt	1,520,000	1,490,000
Accrued interest payable	98,115	100,685
Developer deposits	116,414	215,777
Total Current Liabilities Payable from Restricted Assets	<u>1,734,529</u>	<u>2,360,725</u>
Compensated Absences	<u>264,135</u>	<u>248,265</u>
Right to Use - Subscription Liability	<u>26,123</u>	<u>63,233</u>
Total OPEB Liability	<u>1,235,219</u>	<u>1,136,323</u>
Net Pension Liability	<u>4,810,765</u>	<u>5,545,351</u>
Long-term Debt, Less Current Portion	<u>33,858,263</u>	<u>35,497,382</u>
Total Liabilities	<u>56,122,365</u>	<u>56,856,828</u>
Deferred Inflows of Resources		
Deferred gain on refunding	50,906	66,920
Deferred inflows related to OPEB	508,969	563,287
Deferred inflows related to pension	1,786,438	2,034,463
Total Deferred Inflows of Resources	<u>2,346,313</u>	<u>2,664,670</u>
Total Liabilities and Deferred Inflows of Resources	<u>58,468,678</u>	<u>59,521,498</u>
Net Position		
Net investment in utility plant in service	132,349,400	115,044,390
Restricted for debt service	1,798,058	1,693,716
Unrestricted	36,266,501	42,542,515
Total Net Position	<u>170,413,959</u>	<u>159,280,621</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 228,882,637</u>	<u>\$ 218,802,119</u>

See accompanying notes to financial statements.

Conway Corporation Electric Department

Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Industrial	\$ 18,092,283	\$ 18,200,600
Residential	30,353,839	30,591,945
Commercial	13,997,289	14,039,933
Institutional	4,033,834	4,196,266
Municipal and street lighting	845,662	917,778
Interdepartmental revenues	1,359,380	1,443,931
Service fees and other	1,049,533	1,027,114
Total Operating Revenues	<u>69,731,820</u>	<u>70,417,567</u>
OPERATING EXPENSES		
Power purchased	29,936,201	33,775,888
Coal plant generation expense	1,341,212	1,604,071
Transmission service demand	8,289,663	7,063,492
Distribution	7,143,436	7,364,891
Depreciation and amortization	9,631,492	9,523,226
Customer accounting and collection	2,389,111	2,175,124
Administrative and general expenses	4,931,577	5,116,220
Total Operating Expenses	<u>63,662,692</u>	<u>66,622,912</u>
Operating Income	<u>6,069,128</u>	<u>3,794,655</u>
NONOPERATING INCOME (EXPENSE)		
Net investment income	1,852,016	2,349,294
Accretion of bond premium	119,119	119,119
Interest expense	(1,211,138)	(1,239,938)
Accretion of deferred gain of refunding	16,014	17,613
Net Nonoperating (Expense) Income	<u>776,011</u>	<u>1,246,088</u>
Income Before Contributions in Aid of Construction	6,845,139	5,040,743
CONTRIBUTIONS IN AID OF CONSTRUCTION	1,538,199	1,073,287
INTERDEPARTMENTAL TRANSFERS	<u>2,750,000</u>	<u>-</u>
Increase in Net Position	11,133,338	6,114,030
NET POSITION, BEGINNING OF YEAR	<u>159,280,621</u>	<u>153,166,591</u>
NET POSITION, END OF YEAR	<u>\$ 170,413,959</u>	<u>\$ 159,280,621</u>

See accompanying notes to financial statements.

Conway Corporation Electric Department

Statements of Cash Flows Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From		
User fees	\$ 69,004,101	\$ 69,547,425
Service fees and other	1,049,533	1,027,114
Total Receipts	<u>70,053,634</u>	<u>70,574,539</u>
Disbursements For		
Salaries, wages and employee benefits	3,984,801	3,863,969
Goods and services	54,353,381	61,836,146
Franchise fees, lease payments and other	406,552	898,681
Total Disbursements	<u>58,744,734</u>	<u>66,598,796</u>
Net Cash Provided by Operating Activities	<u>11,308,900</u>	<u>3,975,743</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Interdepartmental transfers from the Cable Department	<u>2,750,000</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on long-term debt	(1,490,000)	(1,465,000)
Payments on subscription liability	(241,741)	(81,578)
Interest paid on long-term debt	(1,208,216)	(1,235,318)
Contributions in aid of construction	1,438,836	897,467
Purchases and construction of utility plant in service	(32,620,442)	(19,750,188)
Proceeds from sale of utility plant in service	<u>373,396</u>	<u>76,161</u>
Net Cash Used by Capital and Related Financing Activities	<u>(33,748,167)</u>	<u>(21,558,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,852,053	2,061,796
Proceeds from maturities of certificates of deposit	21,799,812	23,519,798
Purchases of certificates of deposit	(17,451,188)	(21,799,812)
Payments received on advances to Water and Wastewater Departments	<u>380,116</u>	<u>848,203</u>
Net Cash Provided by Investing Activities	<u>6,580,793</u>	<u>4,629,985</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(13,108,474)</u>	<u>(12,952,728)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>22,975,561</u>	<u>35,928,289</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,867,087</u>	<u>\$ 22,975,561</u>

(Continued)

See accompanying notes to financial statements.

Conway Corporation Electric Department

Statements of Cash Flows *(Continued)* Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 6,069,128	\$ 3,794,655
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and amortization	9,631,492	9,523,226
Bad debt expense	80,817	107,090
(Gain) Loss on disposal of utility plant in service	(419,950)	7,594
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable, net	392,034	233,213
Inventories	(6,786,038)	(7,446,907)
Prepaid expenses	(415,327)	(559,120)
Note receivable from related organization	77,323	45,029
Accounts and contracts payable	2,506,573	(3,118,097)
Accrued expenses and other liabilities	16,834	230,539
Due to the City of Conway	16,217	39,848
Customer deposits	250,508	1,247,836
Long-term compensated absences	15,870	23,159
Total OPEB liability and related deferred outflows and inflows of resources	36,629	20,528
Net pension liability and related deferred outflows and inflows of resources	(163,210)	(172,850)
Net Cash Provided by Operating Activities	<u><u>\$ 11,308,900</u></u>	<u><u>\$ 3,975,743</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Current assets	\$ 7,684,314	\$ 6,658,517
Restricted assets	<u>2,182,773</u>	<u>16,317,044</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 9,867,087</u></u>	<u><u>\$ 22,975,561</u></u>

SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS

Inventories recorded as additions to utility plant in service during 2024 and 2023 totaled \$7,529,252 and \$4,376,579, respectively.

At December 31, 2024 and 2023, \$994,772 and \$2,027,520 of additions to utility plant in service were included in accounts and contracts payable, respectively.

During the years ended December 31, 2024 and 2023, right to use assets obtained in exchange for a new subscription liability totaled \$75,274 and \$131,860, respectively.

Interest expense on subscription liabilities totaled \$5,492 and \$6,877 during 2024 and 2023, respectively.

See accompanying notes to financial statements.

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Conway Corporation (the Corporation) is an Arkansas nonprofit corporation established in May of 1929. The Corporation was organized for benevolent and other purposes, including the purpose of operating utility plants and systems for the City of Conway, Arkansas (the City). The Corporation presently provides electric, water, wastewater treatment, cable, internet, telephone and security services to industrial, residential, commercial and institutional customers. The affairs of the Corporation are managed by a seven member Board of Directors. The Corporation is included in the City's financial statements as a component unit due to the significance of resources provided by the Corporation to the City.

Conway Corporation Electric Department (the Department) is responsible for the operation and maintenance of the City's electric system pursuant to an exclusive franchise agreement and lease granted under City Ordinances No. 0-05-162 and No. 0-05-163, respectively, as amended. The lease agreement requires that the Corporation pay an annual lease payment of \$120,000. The franchise agreement requires that the Corporation assess each customer a 2.5% franchise fee for the years ended December 31, 2024 and 2023, on certain service revenues and remit amounts collected directly to the City. Total lease expense and franchise fees collected for the years ended December 31, 2024 and 2023, were approximately \$1,776,000 and \$1,818,000 respectively, and are included in administrative and general expenses in the Department's statements of revenues, expenses and changes in net position, net of approximately \$1,656,000 and \$1,698,000 remitted to the City for franchise fees collected from customers for the years ended December 31, 2024 and 2023, respectively.

These financial statements are intended to present only the financial position, results of operations and cash flows attributable to the Department and are not intended to, and do not, reflect the financial position, results of operations and cash flows of Conway Corporation as a whole.

Basis of Accounting

The Department is operated as an enterprise fund of the Corporation. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements of the Department are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to enterprise funds of governmental entities using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The presentation of the Department's financial statements follows the requirements of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34) – applicable to enterprise funds, as amended. In accordance with the requirements of GASB Statement No. 34, the Department's net position is categorized into net investment in utility plant in service, restricted and unrestricted, as applicable. In addition, operating revenues and expenses derived from or related directly to providing electric services are distinguished from non-operating revenues and expenses for purposes of presentation on the Department's statements of revenues, expenses and changes in net position. Operating revenues consist primarily of user charges, and operating expenses include the cost of electricity and expenses related to maintaining and operating the electric utility system. Operating revenues and expenses may also include gains and losses on the sale or disposal of utility plant in service assets in the normal course of business.

Cash and Cash Equivalents

For purposes of the presentation on the statements of cash flows, cash and cash equivalents include all demand deposit and money market deposit accounts held with financial institutions and money market mutual funds held with investment banking firms.

Accounts Receivable, Net

Customers are required to place a utility deposit unless they pass a soft credit check with the Corporation. Accounts receivable are ordinarily due twenty days after the issuance of an invoice. An account that has been on inactive status without payment for thirty days after the due date is turned over to a collection agency for further action. After six months of inactive status without payment the account is written off as bad debt.

Accounts receivable are stated net of an allowance for doubtful accounts, determined by management based upon a review of outstanding receivables and historical collection information. Management does not anticipate material losses on the Department's receivables in excess of the established allowance, which was approximately \$50,000 at December 31, 2024 and 2023.

Inventories

Inventories consist of coal, materials and supplies used in the generation and distribution of electricity and in the operation and maintenance of utility plant in service. Materials and supplies inventory is stated at average cost, while coal is stated at cost, determined on a first-in, first-out basis.

Utility Plant in Service

Utility plant in service is recorded at historical cost, including all direct salaries, materials and supplies related to construction and improvements completed by Department personnel.

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Utility Plant in Service (Continued)

Costs related to major additions and betterments of utility plant in service are capitalized, while costs of repairs and maintenance that do not add value or extend the useful life of the related asset are expensed as incurred.

Depreciation is provided using the straight-line method over the following estimated useful lives:

- Buildings and improvements – 5 to 25 years
- Equipment and distribution lines – 3 to 37 years
- Undivided interest in coal-fired generating plants – 30 to 37 years

As required by GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (GASB Statement No. 42), management evaluates events or changes in circumstances affecting assets comprising utility plant in service on an annual basis to determine whether impairment has occurred. If it is determined that an asset is impaired and that impairment is other than temporary, impairment losses are recorded in accordance with GASB Statement No. 42. There were no impairment losses recorded for the years ended December 31, 2024 or 2023.

Right to Use Assets

Right to use assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any subscription payments made prior to the term, less incentives, and plus any ancillary charges necessary to place the subscription into service. The right to use assets are amortized on a straight-line basis over the life of the related subscription.

Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources are financial statement elements distinct from assets and liabilities and represent a consumption or production of net position that applies to future periods and so will not be recognized as an outflow or inflow of resources until then. The Department's deferred outflows and inflows of resources consist of deferred outflows and inflows of resources related to the Department's pension plan and OPEB activities, as further discussed in Notes 10 and 11, respectively, and the deferred gain on refunding of bonds payable. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding bonds.

Contributions in Aid of Construction

Entities or individuals intending to engage in residential or commercial development activities within the City must first receive approval from the Corporation to connect to existing utility lines. It is customary, although not specifically required, that the Corporation will subcontract and manage the installation of utility lines and hook-ups on behalf of the developer. The developer may be required to place on deposit with the Corporation an amount equal to the estimated cost to complete the project or may be required to obtain a letter of credit issued by a financial institution that is acceptable to the Corporation.

Conway Corporation Electric Department

Notes to Financial Statements
December 31, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions in Aid of Construction (Continued)

Deposits received from developers are initially recorded as restricted assets and liabilities payable from restricted assets or unearned service fees, as applicable. Amounts on deposit are then used to pay the costs of construction. In the event that the Corporation does not receive a deposit from the developer, construction costs are billed as the work progresses and costs are incurred and are included in accounts receivable until collected. As the Corporation completes projects on behalf of developers, the assets constructed become property of the Corporation, and the cost of the project is recognized as contributions in aid of construction, capitalized and depreciated in accordance with the Corporation's depreciation policy.

Compensated Absences

Corporation employees earn paid time off benefits on the basis of length of service time. Subject to certain restrictions, employees are compensated (usually from the Department to which the employee is assigned) for unused paid time off upon leaving the Corporation's employment. All paid time off is accrued when incurred in the Department's financial statements.

Long-Term Debt

Long-term debt is reported net of any applicable premiums or discounts. Premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Pension and OPEB

For purposes of measuring the net pension liability and total OPEB liability, deferred outflows/inflows of resources related to pension and OPEB and pension and OPEB expense, information about the fiduciary net position of the Retirement Plan of the Corporation (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the Plan are reported at fair value.

Revenue Recognition

Revenues for electric services are recognized in the period during which the related services are provided. Accounts receivable and revenues reported on the Department's financial statements include an estimate of charges for services provided but unbilled at year end.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosed in the notes. Actual results could differ from those estimates.

The useful lives of assets comprising utility plant in service are significant estimates used to determine the amount of depreciation expense and the net book value of utility plant in service reported in the Department's financial statements.

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates (Continued)

Estimates and assumptions are used by an independent actuary to perform actuarial valuations for the Corporation's defined benefit plan and postemployment benefit plan. These valuations are the basis for determining required contributions, annual cost, funded status and net pension liability or total OPEB liability.

Recently Adopted Accounting Standards

Effective January 1, 2024, the Corporation implemented GASB Statement No. 101, *Compensated Absences* (GASB Statement No. 101) issued in June 2022. GASB Statement No. 101 provides guidance on the accounting and financial reporting for compensated absences. The statement requires liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The adoption of this statement did not have a material effect on the financial statements.

NOTE 2: RESTRICTED ASSETS

The Department's restricted assets include the following:

The bond funds include resources accumulated by the Department for the payment of principal and interest on outstanding bonds through monthly deposits equal to one-twelfth of the next principal payment and one-sixth of the next interest payment, as required by revenue bond ordinances.

The construction fund is comprised of unspent bond proceeds to be used specifically for the purpose of providing a new Operation Center for the Corporation.

The debt service reserve funds were established at the time the related bonds were issued and are required to be maintained at an amount equal to 50% of the maximum annual debt service of the related bonds.

Developer deposits are held by the Corporation and paid to subcontractors upon the satisfactory execution of work related to construction projects.

Balances in these restricted asset accounts are as follows:

	2024	2023
Bond funds	\$ 511,592	\$ 443,270
Construction fund	170,186	14,306,866
Debt service reserve funds	1,384,581	1,351,131
Developer deposits	116,414	215,777
Total restricted assets	<u>\$ 2,182,773</u>	<u>\$ 16,317,044</u>

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 3: DEPOSITS AND INVESTMENTS

GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and GASB Statement No. 59, *Financial Instruments Omnibus*, require that certain disclosures be made related to the Department's exposure to credit risk and interest rate risk, which are included in the paragraphs that follow:

Deposits

State of Arkansas (the State) statutes require the City, and thus the Corporation and each of its departments, to maintain cash balances on deposit with financial institutions located within the State. It is generally the Corporation's policy to obtain collateral for all deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) insurance and that such collateral be held in the Corporation's name by an agent of the Corporation. At December 31, 2024 and 2023, all of the Department's deposits were fully covered by FDIC insurance and collateral held by the Corporation's agent in the Corporation's name.

Investments

In accordance with state statutes and bond ordinances, the Department's investments consist of direct obligations of the United States (U.S.) government and its agencies and mutual funds comprised of U.S. Treasury obligations and fixed income securities. All of the Department's investments are restricted for specified purposes, held in trust by a financial institution in the name of the Corporation and reported in the statements of net position at fair value.

Accounting standards categorize fair value measurements according to a hierarchy based on valuation inputs that are used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable. The fair values of the Department's investments are determined using Level 1 inputs.

The Department's investments are detailed in the schedule that follows:

Investment	Book Value	Maturity Date	Fair Value
December 31, 2024:			
Money market mutual funds	\$ 1,653,449	-	\$ 1,653,449
Total investments	<u>\$ 1,653,449</u>		<u>\$ 1,653,449</u>
December 31, 2023:			
Money market mutual funds	\$ 16,101,268	-	\$ 16,101,268
Total investments	<u>\$ 16,101,268</u>		<u>\$ 16,101,268</u>

(Continued)

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

	2024	2023
Reconciliation to statements of net position:		
Total investments as presented in the schedule above	\$ 1,653,449	\$ 16,101,268
Less amounts included in cash and cash equivalents	<u>(1,653,449)</u>	<u>(16,101,268)</u>
Total investments as presented in the statements of net position	<u>\$ -</u>	<u>\$ -</u>

The money market mutual funds held by the Department are Morgan Stanley Treasury Securities Money Market Funds, and are comprised primarily of short-term and intermediate-term U.S. Treasury obligations. These funds may be exposed to interest rate risk, which is the risk that changes in interest rates will adversely affect their fair values. As of December 31, 2024, the effective maturity of holdings in the funds was 56 days. The Morgan Stanley Treasury Securities Money Market Fund is rated AAAM by Standard & Poor's.

The Corporation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates or that limits the amount of investments in any one issuer.

NOTE 4: UTILITY PLANT IN SERVICE AND RIGHT TO USE ASSETS

A summary of changes in utility plant in service that occurred during the years ended December 31, 2024 and 2023, is as follows:

	2023	Increases	Decreases	2024
Non-depreciable:				
Land and land use rights	\$ 3,313,742	\$ 1,939	\$ (26,250)	\$ 3,289,431
Construction in progress	17,713,886	28,851,660	(4,403,614)	42,161,932
Depreciable:				
Building and improvements	45,341,411	393,828	-	45,735,239
Equipment and distribution lines	185,655,176	13,612,530	(1,003,709)	198,263,997
Undivided interest in coal-fired generating plants	54,377,986	366,651	-	54,744,637
	<u>306,402,201</u>	<u>43,226,608</u>	<u>(5,433,573)</u>	<u>344,195,236</u>
Accumulated depreciation	<u>(168,155,656)</u>	<u>(9,465,509)</u>	<u>983,406</u>	<u>(176,637,759)</u>
Utility plant in service, net	<u>138,246,545</u>	<u>33,761,099</u>	<u>(4,450,167)</u>	<u>167,557,477</u>

(Continued)

Conway Corporation Electric Department

Notes to Financial Statements
December 31, 2024 and 2023

NOTE 4: UTILITY PLANT IN SERVICE AND RIGHT TO USE ASSETS (Continued)

	2023	Increases	Decreases	2024
Non-amortizable:				
Work in process	\$ 32,624	\$ 387,059	\$ -	\$ 419,683
Amortizable:				
Right to use subscription assets	535,689	75,274	-	610,963
Accumulated amortization	(246,170)	(165,983)	-	(412,153)
Right to use subscription assets, net	322,143	296,350	-	618,493
Utility plant in service and right to use subscription assets, net	<u>\$ 138,568,688</u>	<u>\$ 34,057,449</u>	<u>\$ (4,450,167)</u>	<u>\$ 168,175,970</u>
	2022	Increases	Decreases	2023
Non-depreciable:				
Land and land use rights	\$ 2,928,722	\$ 385,020	\$ -	\$ 3,313,742
Construction in progress	4,041,145	16,427,015	(2,754,274)	17,713,886
Depreciable:				
Building and improvements	45,283,215	218,720	(160,524)	45,341,411
Equipment and distribution lines	176,718,431	9,810,899	(874,154)	185,655,176
Undivided interest in coal-fired generating plants	54,053,999	323,987	-	54,377,986
	283,025,512	27,165,641	(3,788,952)	306,402,201
Accumulated depreciation	(159,694,944)	(9,411,635)	950,923	(168,155,656)
Utility plant in service, net	123,330,568	17,754,006	(2,838,029)	138,246,545
Non-amortizable:				
Work in process	-	32,624	-	32,624
Amortizable:				
Right to use subscription assets	403,829	131,860	-	535,689
Accumulated amortization	(134,577)	(111,593)	-	(246,170)
Right to use subscription assets, net	269,252	52,891	-	322,143
Utility plant in service and right to use subscription assets, net	<u>\$ 123,599,820</u>	<u>\$ 17,806,897</u>	<u>\$ (2,838,029)</u>	<u>\$ 138,568,688</u>

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 4: UTILITY PLANT IN SERVICE AND RIGHT TO USE ASSETS (Continued)

The undivided interest in coal-fired generating plants included in the Department's utility plant in service balance represents a 2% undivided interest in the White Bluff Steam Electric Station and Independence Electric Station (the Plants), pursuant to the terms of agreements executed by and between Entergy Arkansas, Inc. (EAI), the City and other municipal entities providing for the operation and ownership of the Plants. EAI has the sole responsibility for management, operation, maintenance and disposal of the Plants and invoices the Department for its proportionate share of capital additions, coal inventory purchases and normal operating and maintenance expenses.

Coal purchases are recorded as inventory when purchased and expensed as used. Operating and maintenance costs are expensed as incurred. Capital additions to the Plants and operating and maintenance costs of the Plants were approximately \$367,000 and \$1.3 million for the year ended December 31, 2024, respectively and \$324,000 and \$1.6 million for the year ended December 31, 2023, respectively.

Management has entered into a contract for engineering and construction services related to the New Service Center Project. The original contract amount is \$27,000,000, and the remaining amount unspent as of December 31, 2024 is approximately \$1,300,000.

NOTE 5: COMPENSATED ABSENCES

Activity related to the Department's compensated absences as well as the amounts due within one year and greater than one year for the years ended December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 292,076	\$ 264,831
Additions	674,508	689,493
Reductions	<u>(655,837)</u>	<u>(662,248)</u>
Ending balance	<u>\$ 310,747</u>	<u>\$ 292,076</u>
Amounts due in one year	\$ 46,612	\$ 43,811
Long-term	<u>264,135</u>	<u>248,265</u>
	<u>\$ 310,747</u>	<u>\$ 292,076</u>

NOTE 6: NOTE RECEIVABLE FROM RELATED ORGANIZATION

As of December 31, 2024 and 2023, the Department has an outstanding note receivable from a related organization of \$2,128,000 and \$2,205,000, respectively. At December 31, 2024 and 2023, the note bears interest at 4%. On September 7, 2022, the note was refunded thereby lowering the interest rate with annual principal and interest payments of \$135,029 required through February 1, 2050, beginning February 1, 2023. Accrued interest receivable and interest income were

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 6: NOTE RECEIVABLE FROM RELATED ORGANIZATION (Continued)

approximately \$78,000 and \$86,000, for the year ended December 31, 2024, respectively. Accrued interest receivable and interest income were approximately \$81,000 and \$89,000, for the year ended December 31, 2023, respectively.

NOTE 7: ENERGY PURCHASE AGREEMENT

The Department is party to a resource management agreement with The Energy Authority (TEA) under which TEA provides services to manage the Department's resources in the Midcontinent Independent System Operator Inc. (MISO) market, execute and manage bilateral transactions with counterparties, provide risk management services and provide regulatory related services.

During the years ended December 31, 2024 and 2023, approximately 16% and 18%, respectively, of the Department's power supply was provided through the Plants (see Note 4), and the balance of the Department's energy needs was purchased either from the MISO market or through bilateral transactions, both managed by TEA.

NOTE 8: LONG-TERM DEBT

The Department's long-term debt consists of revenue improvement bonds, issued December 1, 2022, for the purpose of financing costs of betterments and improvements to the City's electric utility system and revenue refunding bonds, issued December 1, 2022, to refund previously issued debt. Significant terms and principal balance of the Department's long-term debt at December 31, 2024 and 2023, are as follows:

	Interest Rates	2024	2023
Publicly Traded Bonds			
\$24,165,000 City of Conway, Arkansas, Electric Revenue Improvement Bonds, Series 2022A; principal payable annually beginning December 1, 2030 and interest payable semi-annually through maturity on December 1, 2045	4.0%	\$ 24,165,000	\$ 24,165,000
\$13,360,000 City of Conway, Arkansas, Electric Revenue Refunding Bonds, Series 2022B; principal payable annually and interest payable semi-annually through maturity on December 1, 2030	1.0% - 3.0%	9,505,000	10,995,000
		<u>33,670,000</u>	<u>35,160,000</u>
Unamortized premium		1,708,263	1,827,382
Total long-term debt		35,378,263	36,987,382
Less current portion		<u>(1,520,000)</u>	<u>(1,490,000)</u>
Long-term debt, net of current portion		<u>\$ 33,858,263</u>	<u>\$ 35,497,382</u>

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 8: LONG-TERM DEBT (Continued)

On February 28, 2022, the City issued \$13,360,000 of Electric Revenue Refunding Bonds, Series 2022B (the 2022B Series Bonds) to refund the outstanding balance of the \$25,000,000 Electric Revenue Refunding Bonds, Series 2015 (the 2015 Series Bonds). The net proceeds along with other resources were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the 2015 Series Bonds. As a result, the remaining principal balance of the 2015 Series Bonds is considered defeased, and the Department has removed the liability from its accounts. The outstanding principal of the defeased bonds was redeemed on December 1, 2023. The net carrying amount of the old debt exceeded the reacquisition price by \$98,367. This amount is shown as deferred gain on refunding bonds payable and amortized over the life of the new debt through 2030. This refunding transaction was undertaken to reduce the Department's total debt service payments by approximately \$350,000 over 9 years and resulted in an economic loss (difference between present value of debt service payments on the old and new debt) of approximately \$68,000.

The Department's long-term debt is secured by a pledge of revenues generated by the Department.

Long-term debt activity for the years ended December 31, 2024 and 2023, is as follows:

	2023	Increases	Decreases	2024
Bonds payable (public)	\$ 35,160,000	\$ -	\$ (1,490,000)	\$ 33,670,000
Unamortized premium	1,827,382	-	(119,119)	1,708,263
	<u>\$ 36,987,382</u>	<u>\$ -</u>	<u>\$ (1,609,119)</u>	<u>\$ 35,378,263</u>
	2022	Increases	Decreases	2023
Bonds payable (public)	\$ 36,625,000	\$ -	\$ (1,465,000)	\$ 35,160,000
Unamortized premium	1,946,500	-	(119,118)	1,827,382
	<u>\$ 38,571,500</u>	<u>\$ -</u>	<u>\$ (1,584,118)</u>	<u>\$ 36,987,382</u>

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 8: LONG-TERM DEBT (Continued)

Remaining debt service payments at December 31, 2024, are as follows:

	Principal	Interest	Total
2025	\$ 1,520,000	\$ 1,177,374	\$ 2,697,374
2026	1,560,000	1,142,262	2,702,262
2027	1,595,000	1,103,730	2,698,730
2028	1,635,000	1,062,738	2,697,738
2029	1,680,000	1,019,901	2,699,901
2030-2034	6,810,000	4,369,686	11,179,686
2035-2039	7,585,000	3,014,010	10,599,010
2040-2044	9,230,000	1,370,411	10,600,411
2045	2,055,000	64,219	2,119,219
	<u>\$ 33,670,000</u>	<u>\$ 14,324,331</u>	<u>\$ 47,994,331</u>

NOTE 9: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Department has five subscription-based information technology arrangements for various informational and cloud-based software. The Department recognized a subscription asset and a subscription liability, each discounted at various rates ranging from 2.84% to 4.57%, in the statements of net position. The agreements have terms of three to five years. The Department recognized subscription amortization and interest expense of \$165,983 and \$5,492, respectively, which are included in the statements of revenues, expenses and changes in net position for the year ended December 31, 2024. For the year ended December 31, 2023, the Department recognized subscription amortization and interest expense of \$111,593 and \$6,877, respectively. The Department has various subscription-based information and technology arrangements that are subject to variable payments or classified as short-term (less than 12 months), expenses for such arrangements totaled approximately \$261,000 and \$191,000, respectively, for the years ended December 31, 2024 and 2023.

Future payments on the subscription liability are as follows:

	Principal	Interest	Total
2025	\$ 88,041	\$ 3,050	\$ 91,091
2026	26,123	-	26,123
	<u>\$ 114,164</u>	<u>\$ 3,050</u>	<u>\$ 117,214</u>

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 10: RETIREMENT PLANS

Defined Benefit Plan

Plan Description

The Plan is a noncontributory, single-employer defined benefit pension plan administered by the Corporation with the Corporation's Chief Executive Officer serving as the Plan's trustee. The Plan provides retirement benefits to eligible employees in the form of monthly pension payments over the life of the participant. The Corporation's Board of Directors has been assigned the authority to establish and amend benefit provisions of the Plan. An actuarial valuation is prepared by an independent actuary as of the beginning of each plan year, which occurs on August 1. The Corporation does not issue a stand-alone financial report for the Plan.

Benefits Provided

The Plan provides retirement benefits for full-time employees of the Corporation with at least one year of service and who are at least 21 years of age. Retirement benefits are calculated as 1.5% of the employee's final 5 year average salary times the employee's years of service. All employees may retire on the latter of an employee's sixty-fifth birthday or the fifth anniversary of the first day of the Plan year in which participation in the Plan commenced. An employee who retires after the age of 55, but before age 65, and has completed at least 10 years of service may withdraw their vested accrued benefit, subject to a 0.25% per month actuarial reduction (if hired on or after January 1, 1990) or 0.167% actual reduction (if hired before January 1, 1990) for early commencement.

At August 1, 2024, the following employees of the Corporation were covered by the benefit terms:

Retirees and beneficiaries	111
Terminated vested and other inactive participants	56
Active	<u>239</u>
Total	<u><u>406</u></u>

Contributions

The Corporation's practice has been to contribute at least 100% of the actuarially determined contribution, subject to approval by the Corporation's Board of Directors. The Corporation's contribution rate and required contributions for the years ended December 31, 2024 and 2023 totaled 15.41% and \$3,012,427, and 17.13% and \$3,174,711, respectively. Actual contributions for all departments for the years ended December 31, 2024 and 2023 totaled \$3,647,000 and \$3,500,000, or 121.06% and 110.25%, respectively, of required contributions.

Net Pension Liability

The Corporation's net pension liability was measured as of December 31, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 1, 2024 and 2023, and then projected forward to the measurement date. There have been no significant changes between the valuation date and the measurement date.

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 10: RETIREMENT PLANS

Net Pension Liability (Continued)

Total pension liability in the August 1, 2024 and 2023 actuarial valuation was determined using the following assumptions:

	<u>2024</u>	<u>2023</u>
Inflation	3.50%	3.50%
Annual salary increases	4.00%	4.00%
Investment rate of return	7.00%	7.00%

Mortality rates in the August 1, 2024 and 2023 actuarial valuation were based on the Pub-G 2010 Healthy Mortality Table, projected generationally with Scale MP 2019.

The best-estimate range for the long-term expected rate of return on pension plan investments was determined by adding expected inflation to expected long-term real returns. The target allocations and the expected real returns were developed based on consultation with the Plan's investment advisor.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of August 1, 2024 and 2023, are summarized in the table below:

<u>Asset Class</u>	<u>2024</u>		<u>2023</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Stock	70.00%	5.00%	70.00%	5.00%
Fixed income	25.00%	3.00%	25.00%	3.00%
Cash equivalents	<u>5.00%</u>	<u>0.00%</u>	<u>5.00%</u>	<u>0.00%</u>
Total	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will total the actuarially determined contribution. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Conway Corporation Electric Department

Notes to Financial Statements
December 31, 2024 and 2023

NOTE 10: RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Changes in the Net Pension Liability

Changes in the Corporation's net pension liability for the year ended December 31, 2024 were as follows:

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2023	\$ 63,832,767	\$ 48,424,126	\$ 15,408,641
Changes for the year:			
Service cost	1,134,459	-	1,134,459
Interest on total pension liability	4,406,920	-	4,406,920
Effect of economic/demographic gains or losses	1,134,810	-	1,134,810
Employer contributions	-	3,647,000	(3,647,000)
Net investment income	-	5,068,672	(5,068,672)
Benefit payments	(2,888,004)	(2,888,004)	-
Net changes	3,788,185	5,827,668	(2,039,483)
Balances at December 31, 2024	\$ 67,620,952	\$ 54,251,794	\$ 13,369,158

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Corporation, calculated using the discount rate of 7.00%, as well as what the Corporation's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability	\$ 20,515,534	\$ 13,369,158	\$ 6,222,784

Conway Corporation Electric Department

Notes to Financial Statements
December 31, 2024 and 2023

NOTE 10: RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended December 31, 2024 and 2023, the Corporation recognized pension expense of \$3,193,875 and \$2,981,188, respectively. At December 31, 2024, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,263,846	\$ 1,331,669
Net difference between projected and actual earnings	4,141,749	3,628,161
Changes of assumptions	439,771	-
Total	<u>\$ 7,845,366</u>	<u>\$ 4,959,830</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,	
2025	\$ 1,767,953
2026	\$ 1,880,879
2027	\$ (739,675)
2028	\$ (153,721)
2029	\$ (32,014)
Thereafter	\$ 162,114

Department Allocations

The allocations of net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been allocated to each department of the Corporation based on salary and wages attributable to each department as a percent of total salaries and wages paid to all employees of the Corporation. The Department's allocable portion of net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense totaled \$4,810,765, \$2,825,754, \$1,786,438 and \$1,150,374, respectively, for the year ended December 31, 2024, and \$5,545,351, \$3,645,155, \$2,034,463 and \$1,073,768, respectively, for the year ended December 31, 2023.

457 Plan

The Conway Corporation 457 Supplemental Retirement Plan (similar to a 401(k) plan for nongovernmental entities) was formed, effective January 1, 2000, as a supplemental defined contribution retirement program for employees. Employee participation in this plan is optional. The Corporation makes matching contributions for eligible employees who elect to participate up to 75% of the first 3% of each participant's gross pay. Matching contributions for all Corporation employees for the years ended December 31, 2024 and 2023, totaled approximately \$431,000 and \$269,500, respectively.

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 11: POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN

Plan Description

The Corporation offers retiree medical benefits and life insurance to employees who retire from active employment under a single-employer defined benefit post-employment plan (the OPEB) administered by the Corporation. The Corporation's Board of Directors has been assigned the authority to establish and amend benefits of the OPEB. An actuarial valuation was prepared by an independent actuary as of December 31, 2024 and 2023. There were no assets of the OPEB that were accumulated in a trust during the years ended December 31, 2024 and 2023.

Benefits Provided

The OPEB provides medical and life insurance benefits for retirees and their surviving spouses. An employee is eligible to elect medical coverage upon meeting the eligibility requirements of the Plan if the employee pays 100% of the retiree premium (see criteria for eligibility of the Plan in Note 10). The OPEB also provides retirees with life insurance coverage of one times their basic annual earnings immediately prior to retirement, up to a maximum of \$200,000. This amount is reduced by 50% at age 65.

At January 1, 2024, the following employees were covered by the benefit terms:

Retirees and surviving spouses	78
Active employees	<u>231</u>
Total	<u><u>309</u></u>

During the years ended December 31, 2024 and 2023, the Corporation paid, as they came due, \$55,021 and \$68,383, respectively, of benefit payments for the OPEB.

Total OPEB Liability

The Corporation's total OPEB liability was measured as of December 31, 2024 and 2023, using an actuarial valuation as of those dates.

Total OPEB liability in the December 31, 2024 and 2023 actuarial valuations was determined using the following actuarial assumptions and other inputs:

	<u>2024</u>	<u>2023</u>
Inflation	3.00%	2.00%
Annual salary increases	4.28%	4.00%
Healthcare cost trend rates	7.50% for 2024, decreased each year to an ultimate rate of 4.25% for 2033 and later	0.00% for 2023, increased/ decreased each year to an ultimate rate of 4.25% for 2032 and later

Mortality rates in the December 31, 2024 and 2023 actuarial valuation were based on the Pub-G 2010 Healthy Mortality Table, projected generationally with Scale MP 2019.

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 11: POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability in the December 31, 2024 and 2023 actuarial valuations was 4.28% and 4.00%, respectively, and was based upon the S&P Municipal Bond 20 Year High Grade Index as of their respective measurement dates.

Changes in Total OPEB Liability

Changes in the Corporation's total OPEB liability for the year ended December 31, 2024 were as follows:

Balance at December 31, 2023	\$ 3,158,825
Changes for the year:	
Service cost	100,212
Interest on total OPEB liability	127,257
Differences between expected and actual experience	(46,012)
Effect of assumptions changes or inputs	148,130
Benefit payments	<u>(55,021)</u>
Net changes	<u>274,566</u>
Balance at December 31, 2024	<u><u>\$ 3,433,391</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Corporation using the discount rate of 4.28%, as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.28%) or 1 percentage point higher (5.28%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>3.28%</u>	<u>4.28%</u>	<u>5.28%</u>
Total OPEB liability	\$ 3,643,568	\$ 3,433,391	\$ 3,240,772

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the total OPEB liability of the Corporation, calculated using the current healthcare cost trend rate, as well as what the Corporation's total OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,154,487	\$ 3,433,391	\$ 3,770,327

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 11: POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (Continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2024 and 2023, the Corporation recognized OPEB expense of \$101,688 and \$56,991, respectively. For the year ended December 31, 2024, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 614,479	\$ 777,245
Changes of assumptions	224,579	635,846
Total	<u>\$ 839,058</u>	<u>\$ 1,413,091</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	
2025	\$ (70,760)
2026	\$ (70,760)
2027	\$ (72,785)
2028	\$ (90,992)
2029	\$ (90,990)
Thereafter	\$ (177,746)

Department Allocations

The allocations of total OPEB liability, deferred outflows/inflows of resources and OPEB expense have been allocated to each department of the Corporation based on salary and wages attributable to each department as a percent of total salaries and wages paid to all employees of the Corporation. The Department's allocable portion of total OPEB liability, deferred inflows of resources, deferred outflows of resources, and OPEB expense is \$1,235,219, \$508,969, \$302,213 and \$36,629, respectively, during the year ended December 31, 2024, and \$1,136,323, \$563,287, \$294,264 and \$20,528, respectively, during the year ended December 31, 2023.

NOTE 12: SELF-INSURED HEALTH PLAN SUPPLEMENTED BY STOP-LOSS INSURANCE

During the year ended December 31, 2023, the Corporation adopted a self-insured health plan for all its employees. The Corporation is exposed to various risks related to this plan. The Corporation has purchased stop-loss insurance in order to limit its exposure, which will reimburse the Corporation for individual claims in excess of \$100,000 annually or aggregate claims exceeding \$1,000,000 annually.

Conway Corporation Electric Department

Notes to Financial Statements
December 31, 2024 and 2023

NOTE 12: SELF-INSURED HEALTH PLAN SUPPLEMENTED BY STOP-LOSS INSURANCE (Continued)

Self-insured losses are accrued based on the Corporation's estimates of the aggregate liability for uninsured claims incurred using certain actuarial assumptions followed in the insurance industry. At December 31, 2024 and 2023, the accrued liability for the self-insured health plan totaled approximately \$267,000 and \$307,000, respectively.

NOTE 13: INTERDEPARTMENTAL TRANSACTIONS

Administration

Certain employees of the Corporation perform administrative duties for all four of the Corporation's departments. The salaries and related employee benefit expenses of these employees are allocated to each department based on management's estimate of the relative amount of time spent performing duties for each department. The amount allocated to the Department for salaries and employee benefit expenses for the years ended December 31, 2024 and 2023, was \$3,347,120 and \$3,343,624, respectively.

The operating expenses of all departments of the Corporation are initially paid by the Electric Department. Amounts receivable from other Conway Corporation departments are for the reimbursement of expenses paid or accrued by the Electric Department on behalf of the other departments, as well as electric services provided to the other departments as necessary in the operation and maintenance of their respective utility systems. No interest is charged on these interdepartmental receivables. At December 31, 2024 and 2023, there were no interdepartmental receivables or payables.

Advances

Advances to the Water Department at December 31 are as follows:

	<u>Interest Rates</u>	<u>2024</u>	<u>2023</u>
2020 Water Department Advance; to be repaid as sufficient excess cash is available, but no later than December 31, 2034	2.0%	<u>\$ 4,249,764</u>	<u>\$ 4,629,880</u>
Advances to Water Department		<u>\$ 4,249,764</u>	<u>\$ 4,629,880</u>

During the year ended December 31, 2020, the Department advanced to the Water Department approximately \$1 million and converted prior year interdepartmental transfers made during the years ended December 31, 2019 and 2018, totaling approximately \$4.7 million, into an advance payable. These advances totaling approximately \$5.7 million were for work related to advanced metering infrastructure. During the year ended December 31, 2021, the Department advanced approximately \$271,000 in additional funds to complete the advanced metering infrastructure project.

Conway Corporation Electric Department

Notes to Financial Statements
December 31, 2024 and 2023

NOTE 13: INTERDEPARTMENTAL TRANSACTIONS

Advances (Continued)

Interest income related to these advances for the years ended December 31, 2024 and 2023, is approximately \$93,000 and \$114,000, respectively. Activity related to these advances are as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 4,629,880	\$ 5,478,083
Reductions	<u>(380,116)</u>	<u>(848,203)</u>
Ending balance	<u>\$ 4,249,764</u>	<u>\$ 4,629,880</u>

Services

During the years ended December 31, 2024 and 2023, the Electric Department charged the other Conway Corporation departments the following amounts for electric services used in the operation and maintenance of the respective utility systems:

	<u>2024</u>	<u>2023</u>
Water Department	\$ 366,339	\$ 377,320
Wastewater Department	759,195	818,404
Cable Television Department	<u>100,470</u>	<u>109,334</u>
	<u>\$ 1,226,004</u>	<u>\$ 1,305,058</u>

Other

The City issued \$12,415,000 in revenue refunding bonds during 2016, \$9,370,000 in revenue improvement bonds during 2019, \$21,000,000 in revenue refunding bonds during 2019, and \$6,395,956 in revenue refunding bonds during 2020 for the purpose of financing the acquisition and equipping of certain betterments and improvements to the wastewater system and refunding previously issued debt. These bonds are secured by a pledge of revenues generated by the Conway Corporation Wastewater Department, and by surplus revenues of the Electric Department, as defined in the related trust indenture.

During the year ended December 31, 2024, the Cable department transferred \$2,750,000 to the Electric Department for work relating to the New Service Center, and is reported as an interdepartmental transfer on the statements of revenues, expenses and changes in net position.

Conway Corporation Electric Department

Notes to Financial Statements December 31, 2024 and 2023

NOTE 14: RISK MANAGEMENT

The Corporation is exposed to various levels of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation has purchased insurance to address these risks. There have been no significant reductions in the Corporation's coverage during the years ended December 31, 2024 and 2023. In addition, there have been no settlements in excess of the Corporation's coverage in any of the prior three fiscal years.

NOTE 15: TAX STATUS

The Corporation is exempt from income taxes under Section 115 of the Internal Revenue Code.

NOTE 16: RISKS AND UNCERTAINTIES

The Department's financial performance is subject to various risks and uncertainties. These risks include, but are not limited to, economic conditions, market fluctuations, regulatory changes, and geopolitical events. In particular, recent developments such as the potential imposition of tariffs and certain ongoing geopolitical events have introduced additional uncertainties that could impact the Department's operations and financial results.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Conway Corporation
Conway, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Conway Corporation Electric Department** (the Department) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated March 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

The Board of Directors
Conway Corporation

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas
March 18, 2025

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APPENDIX B

UNAUDITED FINANCIAL STATEMENTS OF THE SYSTEM FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

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CONWAY CORPORATION
Electric Income Statement
For the Nine Months Ending September 30, 2025

	<u>Year To Date</u>
Operating Revenues	\$61,110,215
Operating Expenses	
Production	\$36,423,339
Distribution	\$6,243,712
Depreciation	\$7,516,795
Customer Accounting & Collection	\$1,930,079
Administrative & General	\$3,430,650
Rent of Facilities	\$439,107
Total Operating Expenses	<u>\$55,983,683</u>
Net Operating Income	<u>\$5,126,532</u>
Nonoperating Income:	
Interest on Investments	\$890,686
Miscellaneous Income-Net	\$190,788
Discounts taken Accounts Payable	\$3,798
Total Nonoperating Income	<u>\$1,085,272</u>
Nonoperating Expenses:	
Interest on Revenue Bonds	\$1,067,157
Loss on Disposition of Assets	\$56,527
Amortization Expense	(\$10,645)
Amortized Premium Expense	(\$89,339)
Contribution to City	\$223,031
Total Nonoperating Expenses	<u>\$1,246,729</u>
Total Nonoperating Income/Expense	<u>(\$161,458)</u>
Net Income	<u><u>\$4,965,074</u></u>

CONWAY CORPORATION
Electric Balance Sheet
September 30, 2025

	9/30/2025
Assets:	
Current Assets:	
Cash and Cash Equivalents	9,025,214
Accounts Receivable less	
Allowance for doubtful accts	8,338,369
Accrued interest receivable	429,261
Inventories:	
Materials and Supplies	13,127,609
Coal	2,888,021
Other Current Assets	2,288,271
Total Current Assets	36,096,745
Restricted Assets:	
Cash, certificates of deposit and U.S. government obligations:	
	2,021,238
Debt Service Reserve Fund	1,365,126
Additions & Improvements Funds	14,835,893
Total Restricted Assets	18,222,257
Utility Plant in service:	
Land and Land Rights	410,296
Plant in Service	349,231,920
Work in Process	10,258,002
Accumulated depreciation	(183,598,243)
Net Utility Plant in Service	176,301,975
Investments and other nonoperating assets:	
Investment in Conway Corp Loans	3,959,649
Improvement District #13	2,077,724
Total Investments and other assets	6,037,374
Def Outflows & Inflows related to Pension	1,767,024
Total Assets and Deferred Outflows	238,425,374
Liabilities and fund equity	
Liabilities:	
Trade accounts payable and accrued expenses	10,092,367
Customer Deposits	5,053,499
Long Term Debt	39,529,780
Accrued Interest Payable	416,978
Less deferred loss on refunding	40,261
Deferred Revenue	1,618,924
Net Pension Liability	5,545,351
Total Liabilities	62,297,160
Fund Equity:	
Contributed Capital:	
Contributions received from City of Conway	
July 1, 1929	179,021
Contributions in aid of construction	4,527,582
Total Contributed capital	4,706,603
Total Retained Earnings	167,384,182
Current year Net income/Loss	4,037,429
Total Fund Equity + Gasb 68 Pension	176,128,214
Total liabilities and fund equity	238,425,374

APPENDIX C

FORM OF BOND COUNSEL OPINION

December __, 2025

City of Conway
Conway, Arkansas

Conway Corporation
Conway, Arkansas

The Bank of New York Mellon Trust
Company, N.A., as trustee
Houston, Texas

Stephens Inc.
Little Rock, Arkansas

Crews & Associates, Inc.
Little Rock, Arkansas

\$45,365,000*
City of Conway, Arkansas
Electric Revenue Improvement Bonds
Tax-Exempt Series 2025

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Conway, Arkansas (the “City”), a city of the first class and political subdivision of the State of Arkansas, of its \$45,365,000* Electric Revenue Improvement Bonds, Tax-Exempt Series 2025 (the “Series 2025 Bonds”).

The Series 2025 Bonds are being issued pursuant to Amendment 65 to the Constitution of the State (“Amendment 65”) and the Local Government Capital Improvement Revenue Bond Act of 1985, codified as Arkansas Code Annotated Sections 14-164-401 *et seq.*, the Joint Municipal Electric Power Generation Act of 1979, codified as Arkansas Code Annotated Sections 14-202-101 *et seq.*, and the Municipal Electric System Financing Act of 1983, codified as Arkansas Code Annotated Sections 14-203-101 *et seq.* (collectively, the “Authorizing Legislation”), and pursuant to Ordinance No. O-25-107 of the City, duly adopted and approved on November 25, 2025 (the “Bond Ordinance”).

The Series 2025 Bonds are issued under and secured and entitled to the protection given by a Trust Indenture dated as of March 31, 2022, as supplemented and amended by a First Supplemental Trust Indenture dated as of the date of issuance of the Series 2025 Bonds (as supplemented and amended, the “Indenture”), by and among the City, Conway Corporation, a non-profit corporation organized and existing under the laws of the State of Arkansas which operates and maintains the City’s electric system (the “System”) pursuant to an exclusive franchise and lease from the City (the “Corporation”), and The Bank of New York Mellon Trust Company, N.A., 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 Corporation, 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 Charles Finkenbinder, 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 rate ordinances relating to System services (collectively, the “Rate Ordinances”), the power of the City to adopt the Bond Ordinance and enter into and perform its obligations under the Indenture, the valid adoption of the Rate Ordinances and the Bond 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.

* 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 Bond Ordinance and the Indenture and in the certified proceedings and other certifications of public officials furnished to us and (ii) upon the representations of the Corporation contained in the Indenture and in the certifications of officers of the Corporation furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, 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 Bond 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 Bond Ordinance has been duly adopted by the City and constitutes a 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 valid and binding obligation of the City enforceable upon the City in accordance with its terms.

4. The Series 2025 Bonds have been duly authorized, executed, issued and delivered by the City. The Series 2025 Bonds are not general obligations of the City, but are special obligations of the City payable solely from a pledge of Revenues (as defined in the Indenture) of the System. The pledge of Revenues securing the Series 2025 Bonds is made on a parity basis with an existing pledge of the Revenues securing the City's (i) Electric Revenue Improvement Bonds, Tax-Exempt Series 2022A (the "Series 2022A Bonds") and (ii) Electric Revenue Refunding Bonds, Taxable Series 2022B (the "Series 2022B Bonds"), and any subsequent pledge securing Additional Bonds (as defined in the Indenture) issued hereafter.

5. The Revenues have been duly and validly assigned and pledged to the Trustee under the Indenture, and the Indenture creates, as security for the Series 2022A Bonds, the Series 2022B Bonds and the Series 2025 Bonds, a valid security interest in the Revenues. Under the laws of the State of Arkansas, including, particularly, Arkansas Code Annotated § 4-9-109(d)(14), the pledge, assignment and security interest in the Revenues securing the Series 2022A Bonds, the Series 2022B Bonds and the Series 2025 Bonds is and shall be prior to any judicial lien hereafter imposed on said Revenues to enforce a judgment against the City on a simple contract, and it is not necessary to file a Uniform Commercial Code financing statement in order to perfect a security interest in said Revenues.

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 and the Corporation 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 and the Corporation have covenanted to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Series 2025 Bonds.

7. 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 Bond 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,

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)