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PRELIMINARY OFFICIAL STATEMENT DATED APRIL 10, 2026

NEW ISSUE
BOOK-ENTRY ONLY

RATING: S&P "A+" (stable outlook)*

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 2026 Bonds (including any original issue discount properly allocable to the owner of a Series 2026 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 2026 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.

\$8,610,000**

CITY OF CONWAY, ARKANSAS WASTEWATER REVENUE REFUNDING BONDS SERIES 2026

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Wastewater Revenue Refunding Bonds, Series 2026 (the "Series 2026 Bonds"), are being issued by the City of Conway, Arkansas (the "City") for the purpose of (i) refunding the City's outstanding Wastewater Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"), and (ii) paying certain expenses in connection with the issuance of the Series 2026 Bonds. See the captions "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING" herein.

The Series 2026 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 2026 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2026 Bonds. Individual purchases of the Series 2026 Bonds will be made only in book-entry form, in denominations of \$5,000 or integral multiples thereof. Individual purchasers ("Beneficial Owners") of Series 2026 Bonds will not receive physical delivery of bond certificates. See the caption "BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2026 Bonds shall bear interest from their dated date, payable on April 1 and October 1 of each year, commencing October 1, 2026. All such interest payments shall be payable to the persons in whose name such Series 2026 Bonds are registered on the bond registration books maintained by First Security Bank, Searcy, Arkansas, as trustee (the "Trustee"), as of the fifteenth day of the calendar month next preceding the applicable interest payment date. Principal of and premium, if any, on the Series 2026 Bonds shall be payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee. So long as DTC or its nominee is the registered owner of the Series 2026 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.

Pursuant to a Trust Indenture dated as of April 1, 2004, as previously supplemented and amended and as further supplemented and amended by an Eighth Supplemental Trust Indenture dated as of May 1, 2026 (as supplemented and amended, the "Indenture"), each by and among the City, the Conway Corporation, an Arkansas nonprofit corporation (the "Corporation"), that operates and maintains the City's wastewater system (the "Wastewater System"), and the Trustee, the principal of, premium, if any, and interest on the Series 2026 Bonds are secured by a pledge of Wastewater Net Revenues (as defined herein) and Surplus Electric Revenues (as defined herein) of the City. The pledge of Wastewater Net Revenues and Surplus Electric Revenues securing the Series 2026 Bonds shall be on a parity basis with the existing pledge of Wastewater Net Revenues and Surplus Electric Revenues securing (i) \$7,950,000 outstanding principal amount of the City's Wastewater Revenue Improvement Bonds, Series 2019A (the "Series 2019A Bonds"), (ii) \$15,025,000 outstanding principal amount of the City's Wastewater Revenue Refunding Bonds, Taxable Series 2019B (the "Series 2019B Bonds"), and (iii) \$2,965,011.36 outstanding principal amount of the City's Wastewater Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), issued under the Indenture. The pledge of Surplus Electric Revenues securing the Series 2026 Bonds shall be on a parity basis with the pledge of Surplus Electric Revenues securing, along with telecommunications revenues, \$35,470,000 outstanding principal amount of the City's Telecommunications Revenue Improvement Bonds, Tax-Exempt Series 2025 (the "Telecommunications Bonds"). The pledge of Wastewater Net Revenues securing the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and the Series 2026 Bonds shall be on a prior and senior basis to an existing pledge of Wastewater Net Revenues securing certain other outstanding indebtedness of the City. The City has covenanted to fix and maintain rates for Wastewater System services which shall produce Wastewater Net Revenues at least equal to (i) 110% of the average annual debt service on all indebtedness of the City to which Wastewater System revenues are pledged, and (ii) the amount, if any, needed to make required deposits to any debt service reserve funds with respect to indebtedness of the City secured by Wastewater Net Revenues. The availability of Surplus Electric Revenues may be limited in the event of increases in electric system operating and maintenance expenses and to the extent of required deposits relating to any indebtedness of the City secured primarily by revenues or net revenues of the City's electric system. See the caption "SECURITY FOR THE BONDS" herein. The Series 2026 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described herein under the caption "THE SERIES 2026 BONDS - Redemption."

The Series 2026 Bonds are special obligations of the City secured by and payable solely from Wastewater Net Revenues and Surplus Electric Revenues. The Series 2026 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 2026 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 2026 Bonds, except as described herein with respect to Wastewater Net Revenues and Surplus Electric Revenues.

The Series 2026 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 2026 Bonds will be available for delivery in New York, New York, on or about May 20, 2026.

Stephens Inc.



The date of this Official Statement is April __, 2026.

* See the caption "RATING" herein.

** Preliminary; subject to change.

MATURITY SCHEDULE*

Series 2026 Bonds

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2026	\$125,000	%	%	
2027	435,000			
2028	460,000			
2029	485,000			
2030	505,000			
2031	535,000			
2032	565,000			
2033	590,000			
2034	620,000			
2035	645,000			
2036	675,000			

\$2,970,000 ____% Terms Bonds due October 1, 2040 – 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 2026 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 2026 Bonds and by the Underwriters on the Series 2026 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 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 2026 Bonds.

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OFFICIAL STATEMENT

\$8,610,000*

**CITY OF CONWAY, ARKANSAS
WASTEWATER REVENUE REFUNDING BONDS
SERIES 2026**

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 and inside cover pages and the Appendices hereto, is furnished in connection with the offering of Wastewater Revenue Refunding Bonds, Series 2026, in the principal amount of \$8,610,000* (the “Series 2026 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 Arkansas Code Annotated §§14-164-401 *et seq.* (as from time to time amended, the “Act”), to issue and sell revenue bonds for the purpose of financing and refinancing the cost of improvements and betterments to its wastewater system (the “Wastewater System”).

The Series 2026 Bonds are to be issued by the City pursuant to Amendment 65, the Act and Ordinance No. O-26-15 adopted and approved on March 24, 2026 (the “Authorizing Ordinance”), for the purpose of (i) refunding the City’s outstanding Wastewater Revenue Refunding Bonds, Series 2016 (the “Series 2016 Bonds”), and (ii) paying certain expenses in connection with the issuance of the Series 2026 Bonds. See the captions “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF REFUNDING” herein.

The Series 2026 Bonds are special obligations of the City, payable solely from and secured by a pledge of Wastewater Net Revenues (as defined herein) and Surplus Electric Revenues (as defined herein). The pledge of Wastewater Net Revenues and Surplus Electric Revenues securing the Series 2026 Bonds is made on a parity basis with an existing pledge of such Wastewater Net Revenues and Surplus Electric Revenues securing (i) \$7,950,000 outstanding principal amount of the City’s Wastewater Revenue Improvement Bonds, Series 2019A (the “Series 2019A Bonds”), (ii) \$15,025,000 outstanding principal amount of the City’s Wastewater Revenue Refunding Bonds, Taxable 2019B (the “Series 2019B Bonds”), and (iii) \$2,965,011.36 outstanding principal amount of the City’s Wastewater Revenue Refunding Bonds, Series 2020 (the “Series 2020 Bonds”). The pledge of Surplus Electric Revenues securing the Series 2026 Bonds shall be on a parity basis with the pledge of Surplus Electric Revenues securing, along with telecommunications revenues, \$35,470,000 outstanding principal amount of the City’s Telecommunications Revenue Improvement Bonds, Tax-Exempt Series 2025 (the “Telecommunications Bonds”). The pledge of Wastewater Net Revenues securing the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and the Series 2026 Bonds is prior and senior to an existing pledge of Wastewater Net Revenues securing the payment of debt service on (i) \$6,252,413.53⁽¹⁾ outstanding principal amount of the City’s Wastewater Revenue Improvement Bond, Subordinate Series 2015B (the “Series 2015B Bond”), and (ii) \$41,071,345.58⁽¹⁾ outstanding principal amount of the City’s Wastewater Revenue Refunding Bond, Subordinate Series 2017 (the “Series 2017 Bond”).

The City has covenanted to fix and maintain rates for Wastewater System services which shall produce Wastewater Net Revenues at least equal to (i) 110% of the average annual debt service on all indebtedness of the City to which Wastewater System revenues are pledged, and (ii) the amount, if any, needed to make required deposits to any debt service reserve funds with respect to Bonds or subordinate indebtedness of the City secured by Wastewater Net Revenues. The availability of Surplus Electric Revenues may be limited in the event of increases in operation and maintenance expenses of the City’s electric generation and distribution system (the “Electric System”) and to the extent of required deposits relating to any indebtedness of the City secured primarily by revenues or net revenues of the Electric System. See the captions “SECURITY FOR THE BONDS” and “SUMMARY OF THE INDENTURE” herein.

*Preliminary; subject to change.

(1) As of February 28, 2026.

The Series 2026 Bonds are special obligations of the City secured by and payable solely from Wastewater Net Revenues and Surplus Electric Revenues. The faith and credit of the City are not pledged to the payment of the Series 2026 Bonds, and the Series 2026 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 2026 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 2026 Bonds, except as described herein with respect to Wastewater Net Revenues and Surplus Electric Revenues.

Additional bonds may be issued on a parity of security with the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and the Series 2026 Bonds under certain circumstances set forth in the Indenture (hereinafter defined). See the caption “THE SERIES 2026 BONDS - Additional Bonds” herein. The Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds, the Series 2026 Bonds and any Additional Bonds are herein collectively referred to as the “Bonds.”

The Conway Corporation, an Arkansas nonprofit corporation (the “Corporation”), operates and maintains the Wastewater System and the Electric System under separate franchise arrangements with the City. The City’s water system and cable television system are also operated by the Corporation pursuant to similar arrangements. See the captions “THE WASTEWATER SYSTEM” and “THE ELECTRIC SYSTEM” herein.

Pursuant to the provisions of a Continuing Disclosure Agreement to be dated as of the date of delivery of the Series 2026 Bonds (the “Continuing Disclosure Agreement”), by and among the City, the Corporation and First Security Bank, Searcy, Arkansas, 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 Wastewater System and the Electric System and of the occurrence of certain listed events. See the caption “SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT” herein.

This Official Statement contains brief descriptions or summaries of, among other matters, the City, the Corporation, the Wastewater System, the Electric System, the Series 2026 Bonds, the Continuing Disclosure Agreement, and the Trust Indenture dated as of April 1, 2004, as supplemented and amended by a First Supplemental Trust Indenture dated as of October 1, 2009, by a Second Supplemental Trust Indenture dated as of November 1, 2010, by a Third Supplemental Trust Indenture dated as of May 1, 2012, by a Fourth Supplemental Trust Indenture dated as of August 1, 2014, by a Fifth Supplemental Trust Indenture dated as of January 1, 2016, by a Sixth Supplemental Trust Indenture dated as of October 1, 2019, by a Seventh Supplemental Trust Indenture dated as of September 3, 2020, and by an Eighth Supplemental Trust Indenture dated as of May 1, 2026 (as supplemented and amended, the “Indenture”), by and among the City, the Corporation and First Security Bank, Searcy, Arkansas, as trustee (the “Trustee”), pursuant to which the Bonds are issued and secured. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture and the Continuing Disclosure Agreement are qualified in their entirety by reference to each such document, and all references to the Series 2026 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the Eighth Supplemental Trust Indenture. Certain financial and operating data has been provided by the City and/or the Corporation from the audited records of the Wastewater System and the Electric System and certain demographic information has been obtained from other sources which are believed to be reliable.

THE SERIES 2026 BONDS

Description. The Series 2026 Bonds will be initially dated as of their date of delivery, and will bear interest payable semiannually on April 1 and October 1 of each year, commencing October 1, 2026, at the rates set forth on the inside cover page hereof. The Series 2026 Bonds will mature on October 1 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2026 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 2026 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2026 Bonds. Individual purchases of the Series 2026 Bonds will be made only in book-entry form, in denominations of \$5,000 or integral multiples thereof. Individual purchasers (“Beneficial Owners”) of Series 2026 Bonds will not receive physical delivery of bond certificates. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

All interest payments on the Series 2026 Bonds shall be payable to the persons in whose name such Series 2026 Bonds are registered on the bond registration books maintained by the Trustee, as of the fifteenth day of the calendar month next preceding the applicable interest payment date. Principal of and premium, if any, on the Series

2026 Bonds shall be payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2026 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 2026 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.

Redemption. The Series 2026 Bonds are subject to redemption prior to maturity as follows:

(a) Optional Redemption. The Series 2026 Bonds are subject to redemption prior to maturity, at the option of the City, on and after October 1, 2033, in whole or in part at any time, from funds from any source, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2026 Bonds being redeemed, plus accrued interest to the date of redemption. If fewer than all of the Series 2026 Bonds shall be called for redemption, the particular maturities of the Series 2026 Bonds to be redeemed shall be selected by the City in its discretion. If fewer than all of the Series 2026 Bonds of any one maturity shall be called for redemption, the particular Series 2026 Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(b) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Series 2026 Bonds maturing October 1, 2040, are subject to mandatory sinking fund redemption prior to maturity in part (selected by the Trustee by lot) on October 1, 2037, and on each October 1 thereafter to and including October 1, 2040, at a redemption price equal to one hundred percent (100%) of the principal amount of the Series 2026 Bonds being redeemed, plus accrued interest to the date of redemption, in the following amounts:

<u>Redemption Date</u>	<u>Principal Amount*</u>
October 1, 2037	\$700,000
October 1, 2038	\$725,000
October 1, 2039	\$755,000
October 1, 2040 (maturity)	\$790,000

* 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 2026 Bonds maturing October 1, 2040, 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 2026 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 the applicable sinking fund obligations of the City on the redemption dates for the Series 2026 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 2026 Bonds shall be accordingly reduced.

Partial Redemption of a Series 2026 Bond. In selecting Series 2026 Bonds for redemption prior to maturity, in the case any outstanding Series 2026 Bond is in a denomination greater than \$5,000, each \$5,000 of face value of such Series 2026 Bond shall be treated as a separate Series 2026 Bond in the denomination of \$5,000; provided, however, that so long as DTC or its nominee is the sole registered owner of the Series 2026 Bonds, the particular Series 2026 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 2026 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 (or, so long as DTC or its nominee is the sole registered owner of the Series 2026 Bonds, by any other means acceptable to DTC, including facsimile) to the registered owner of each such Series 2026 Bond addressed to such registered owner at his registered address and placed in the mails 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 2026 Bond with respect to which no such failure or defect has occurred.

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 for the purpose of (i) financing Costs of Construction in connection with the acquisition, construction and equipping of project facilities, (ii) refunding the Series 2015B Bond, the Series 2017 Bond, Series 2019A Bonds, the Series 2019B

Bonds, the Series 2020 Bonds, the Series 2026 Bonds or any series of Additional Bonds or Subordinate Obligations, in whole or in part, or (iii) any combination thereof. Additional Bonds shall be secured equally and ratably with the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and the Series 2026 Bonds and any other series of Additional Bonds theretofore issued and then Outstanding, except insofar as any terms or conditions of redemption or purchase established under the Indenture may afford additional benefit or security for the Bonds of any particular series, and except that the supplemental indenture authorizing the Additional Bonds may or may not require a deposit to an account of a debt service reserve fund to secure said Additional Bonds. Before any Additional Bonds are authenticated, there shall be delivered to the Trustee the items required for the issuance of Bonds by the Indenture, plus a statement by a Qualified Accountant reciting the opinion, based upon necessary investigation, that the Wastewater Net Revenues for the Fiscal Year immediately preceding the Fiscal Year in which such Additional Bonds are to be issued were not less than (i) 110% of the average Annual Debt Service on all then outstanding Bonds, outstanding Series 2015B Bond, outstanding Series 2017 Bond and any other outstanding Subordinate Obligations, plus the Additional Bonds then proposed to be issued, and (ii) the amount, if any, needed to make required deposits to any debt service reserve funds with respect to Bonds or Subordinate Obligations.

If any changes have been made, and are in effect on the date of issuance of the Additional Bonds, in any rates and charges imposed by the City for Wastewater System services which were not in effect during the entire preceding Fiscal Year, the Qualified Accountant may, if such changes resulted in increases in such rates and charges, and shall, if such changes resulted in reductions in such rates and charges, adjust the Wastewater Net Revenues for the preceding Fiscal Year to reflect any changes in such Wastewater Net Revenues which would have occurred if the changed rates and charges had been in effect during the entire preceding Fiscal Year.

Notwithstanding any of the foregoing, no Additional Bonds shall be issued unless there is no default existing at the time of issuance under the Indenture.

Subordinate Obligations. Nothing in the Indenture shall prevent the City from authorizing and issuing bonds, notes, bond anticipation notes, warrants, certificates or other obligations or evidences of indebtedness, the payment of the principal of and premium, if any, and interest on which shall be made from Wastewater Revenues or Wastewater Net Revenues or from a special fund to be established and maintained from Wastewater Revenues or Wastewater Net Revenues, provided payments from Wastewater Revenues or Wastewater Net Revenues or from Wastewater Revenues or Wastewater Net Revenues in such special fund, and the lien and charge on such Wastewater Revenues or Wastewater Net 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 Wastewater Revenues specified by the Indenture: (i) payments of Operation and Maintenance Expenses; (ii) payments into the Bond Fund, and (iii) payments into the Debt Service Reserve Fund.

Transfer or Exchange. The Bonds may be transferred on the books of registration kept by the Trustee by the registered owner in person or by the owner's duly authorized attorney, upon surrender thereof, together with a written instrument of transfer duly executed by the registered owner or the owner's duly authorized attorney. Upon surrender for transfer of any Bond at the principal 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 of the same series and in the same 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 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.

The Trustee shall not be required to transfer or exchange any Bond during the period from and including a Record Date to the next succeeding interest payment date of such Bond nor to transfer or exchange any Bond after the mailing of notice calling such Bond for redemption has been made, and prior to such redemption.

So long as DTC or its nominee is the sole registered owner of the Series 2026 Bonds, transfers of beneficial interests in the Series 2026 Bonds shall be in accordance with the rules and procedures of DTC and its direct and indirect participants. See the caption "BOOK-ENTRY ONLY SYSTEM" herein.

SECURITY FOR THE BONDS

General. The Bonds are special obligations of the City secured by and payable from the Wastewater Net Revenues and the Surplus Electric Revenues. The 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 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 Wastewater Net Revenues and Surplus Electric Revenues. **The Debt Service Reserve Fund established pursuant to the Indenture does not secure the Series 2026 Bonds.**

Wastewater Rate Covenant. The rates charged for services of the Wastewater System heretofore fixed by ordinances of the City and the conditions, rights and obligations pertaining thereto, as set forth in said ordinances, are ratified, confirmed and continued by the Authorizing Ordinance.

In the Indenture, the City covenants that the rates for Wastewater System services will never be reduced while any of the Bonds are Outstanding unless there is obtained from a Qualified Accountant a certificate to the effect that Wastewater Net Revenues, with the reduced rates, in the current Fiscal Year will be at least equal to (i) 110% of the average Annual Debt Service on all Bonds, the Series 2015B Bond, the Series 2017 Bond and any other Subordinate Obligations, and (ii) the amount, if any, needed to make required deposits to the Debt Service Reserve Fund and to any debt service reserve funds with respect to Subordinate Obligations. The City further covenants that the rates for Wastewater System services shall, if and when necessary, from time to time, be increased in such manner as will produce Net Revenues at least equal to (i) 110% of the current Annual Debt Service on all Bonds, the Series 2015B Bond, the Series 2017 Bond and any other Subordinate Obligations, (ii) the amount, if any, needed to make required deposits to the Debt Service Reserve Fund and to any debt service reserve funds with respect to Subordinate Obligations.

The Indenture defines “Wastewater Net Revenues” as Wastewater Revenues less Operation and Maintenance Expenses. Wastewater Revenues include all fees, tolls, rates, rentals and charges levied and collected in connection with, and all other income and receipts of whatever kind or character derived by the City from, the ownership or operation of the Wastewater System. Operation and Maintenance Expenses include all ordinary and necessary expenses of operation, repair, maintenance and insuring of the Wastewater System under generally accepted accounting principles. Such term does not include debt service and depreciation expense.

Additional indebtedness secured by Wastewater Net Revenues may be incurred by the City. See the subcaptions “*Additional Bonds*” and “*Subordinate Obligations*” under the caption “THE SERIES 2026 BONDS” above.

Surplus Electric Revenues. The Indenture contains no covenant with respect to maintenance of rates for Electric System services.

The Indenture defines “Surplus Electric Revenues” as Electric Revenues remaining after (i) provision for the payment of operation and maintenance expenses of the Electric System, and (ii) the deposit into any bond fund, debt service reserve fund, contingency fund, additions and improvements fund, depreciation fund, renewal and replacement fund or any other fund, and the payment of any expense required under the provisions of any trust indenture under which indebtedness secured primarily by revenues or net revenues of the Electric System is issued.

Because the uses of Electric Revenues may increase in the future because of greater expenses of operation and maintenance of the Electric System or as a result of added depository obligations in connection with the issuance of indebtedness primarily secured by revenues of the Electric System, there can be no assurance as to the future availability of Surplus Electric Revenues for the payment of debt service on the Bonds. There are currently outstanding (i) the City’s Electric Revenue Improvement Bonds, Tax-Exempt Series 2022A (the “Series 2022A Bonds”), in the outstanding principal amount of \$24,165,000, (ii) the City’s Electric Revenue Refunding Bonds, Taxable Series 2022B (the “Series 2022B Bonds”), in the outstanding principal amount of \$7,985,000, (iii) the City’s Subordinate Electric Revenue Improvement Bonds, Series 2025 (the “Subordinate Series 2025 Bonds”), in the outstanding principal amount of \$4,922,485, and (iv) the City’s Electric Revenue Improvement Bonds, Tax-Exempt Series 2025 (the “Series 2025 Bonds”), in the outstanding principal amount of \$45,225,000, all secured by Electric Revenues. It is anticipated that the City will issue additional bonds secured by electric revenues over the next several years in an amount now estimated to be approximately \$45 million to finance its share of the costs of a co-owned combined cycle gas turbine power plant. See the caption “THE ELECTRIC SYSTEM” herein.

BOOK-ENTRY ONLY SYSTEM

The Series 2026 Bonds will be issued only as one fully registered Series 2026 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 2026 Bonds. The fully registered Series 2026 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 2026 Bonds.

Owners of any book entry interests in the Series 2026 Bonds (the “book entry interest owners”) described below, will not receive or have the right to receive physical delivery of the Series 2026 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 2026 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 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 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 2026 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 2026 Bonds, except in the event that use of the Book-Entry System for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 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 2026 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 2026 Bonds, DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 Bonds made to DTC or its nominee as the registered owner of the Series 2026 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 2026 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.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2026 Bonds are expected to be used as follows:

Sources of Funds*

Series 2026 Bond Par Amount	\$8,610,000.00
Net Reoffering [Premium][Discount]	
Moneys in Series 2016 Bond Fund & DSR	<u>765,116.56</u>
Total Sources:	\$ <u> </u>

Uses of Funds*

Redemption of Series 2016 Bonds	\$9,577,883.78
Costs of Issuance and Underwriters' Discount	
Contingency	<u> </u>
Total Uses:	\$ <u> </u>

* Preliminary; subject to change.

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ESTIMATED DEBT SERVICE REQUIREMENTS

As of the date of closing, the Series 2015B Bond, the Series 2017 Bond, the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and the Series 2026 Bonds will constitute the only debt obligations secured by Wastewater Net Revenues. The following table details amounts required to pay scheduled principal and interest on the Series 2015B Bond, the Series 2017 Bond, the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and the Series 2026 Bonds during each calendar year:

Year	Series 2015B and 2017 Debt Service	Series 2019A, 2019B and 2020 Debt Service	Series 2026 Principal ⁽²⁾	Series 2026 Interest ⁽³⁾	Total Debt Service
2026	\$4,083,733	\$3,032,124 ⁽¹⁾	\$125,000	\$159,976	\$7,400,833
2027	4,083,733	2,828,278	435,000	375,150	7,722,161
2028	4,083,734	2,832,055	460,000	353,400	7,729,189
2029	4,083,733	2,827,457	485,000	330,400	7,726,590
2030	4,893,426	2,058,747	505,000	306,150	7,763,323
2031	4,893,427	2,057,608	535,000	280,900	7,766,935
2032	4,893,426	2,055,437	565,000	254,150	7,768,013
2033	4,893,425	2,056,131	590,000	225,900	7,765,456
2034	4,893,426	2,056,675	620,000	196,400	7,766,501
2035	4,893,425	2,054,801	645,000	171,600	7,764,826
2036	4,887,565	2,056,397	675,000	145,800	7,764,762
2037	4,799,111	2,054,861	700,000	118,800	7,672,772
2038	--	2,056,600	725,000	90,800	2,872,400
2039	--	2,054,000	755,000	61,800	2,870,800
2040	--	--	790,000	31,600	821,600
Totals:	<u>\$55,382,164</u>	<u>\$32,081,171</u>	<u>\$8,610,000</u>	<u>\$3,102,826</u>	<u>\$99,176,161</u>

(1) Includes interest paid on Series 2016 Bonds on April 1, 2026.

(2) Preliminary; subject to change. Including mandatory sinking fund redemptions.

(3) Assuming for the purposes of this Preliminary Official Statement an average coupon rate of 4.226% on the Series 2026 Bonds.

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ESTIMATED DEBT SERVICE COVERAGE

The following table shows estimated debt service coverage with respect to the outstanding Series 2015B Bond, Series 2017 Bond, Series 2019A Bonds, Series 2019B Bonds, Series 2020 Bonds and Series 2026 Bonds utilizing historical (FY 2025) Wastewater Net Revenues. Surplus Electric Revenues are not considered in calculating the coverage.

Fiscal Year 2025 Gross Revenues of the Wastewater System	\$21,252,839
Fiscal Year 2025 Operation and Maintenance Expenses	<u>7,963,292</u>
Fiscal Year 2025 Wastewater Net Revenues Available for Debt Service ⁽¹⁾	<u>\$13,289,547</u>
Maximum Annual Debt Service Requirement on Series 2019A Bonds, Series 2019B Bonds, Series 2020 Bonds and Series 2026 Bonds ⁽²⁾	\$3,645,455
Coverage of Maximum Annual Debt Service on Bonds ⁽³⁾	<u>3.65X</u>
Maximum Annual Debt Service Requirement on Series 2015B Bond, Series 2017 Bond, Series 2019A Bonds, Series 2019B Bonds, Series 2020 Bonds and Series 2026 Bonds ⁽⁴⁾	\$7,768,013
Coverage of Maximum Annual Debt Service on Bonds and Subordinate Debt ⁽⁵⁾	<u>1.71X</u>

(1) Wastewater Net Revenues means gross revenues of the Wastewater System less the amounts required to pay the costs of operation, maintenance and repair of the Wastewater System in accordance with generally accepted accounting principles applicable to municipal wastewater systems (excluding depreciation, interest and amortization expenses).

(2) See fiscal year 2028 under the caption "ESTIMATED DEBT SERVICE REQUIREMENTS" herein.

(3) The Series 2019A Bonds, Series 2019B Bonds, Series 2020 Bonds and Series 2026 Bonds (the "Bonds") are secured on a parity basis by Wastewater Net Revenues and Surplus Electric Revenues.

(4) See fiscal year 2032 under the caption "ESTIMATED DEBT SERVICE REQUIREMENTS" herein.

(5) The Series 2015B Bond and the Series 2017 Bond are secured by Wastewater Net Revenues on a junior and subordinate basis to the Bonds.

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

PLAN OF REFUNDING

A portion of the proceeds of the Series 2026 Bonds will be used to accomplish a current refunding of \$9,545,000 outstanding principal amount of the City's Wastewater Revenue Refunding Bonds, Series 2016, dated as of January 1, 2016 (the "Series 2016 Bonds"). The Series 2016 Bonds were issued to refund the City's Wastewater Revenue Improvement Bonds, Series 2010 (the "Series 2010 Bonds"). The Series 2010 Bonds were issued to finance betterments and improvements to the Wastewater System, including the acquisition, construction and equipping of a portion of the costs of the City's Tupelo Bayou wastewater treatment plant, including related engineering and design expenses and costs of the conveyance system required to deliver wastewater to the plant.

Upon delivery of the Series 2026 Bonds, \$9,577,883.78* of the proceeds thereof will be deposited with First Security Bank, Searcy, Arkansas, as trustee for the Series 2016 Bonds, and will be utilized, together with moneys in the Bond Fund and Debt Service Fund relating to the Series 2016 Bonds, to redeem the entire outstanding principal amount of the Series 2016 Bonds. Said proceeds of the Series 2026 Bonds to be deposited with the Trustee will be held as cash in trust for the owners of the Series 2016 Bonds and will be utilized to redeem the Series 2016 Bonds in full, with interest thereon, on May 20, 2026. After such deposit with the Trustee, the Series 2016 Bonds will no longer be deemed to be outstanding and will be secured solely by the amounts held by the Trustee.

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

* Preliminary; subject to change.

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%	4.2%

* December 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
Axiom 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	271
Commercial Building Permits	97	87	74	74
Value of All Building Permits	\$174,430,134	\$278,335,974	\$183,238,465	\$200,622,926

Source: City of Conway

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 Electric 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 Electric System. See the caption “THE ELECTRIC SYSTEM” below.

The Corporation also operates a water and wastewater system owned by the City under an exclusive franchise arrangement for the benefit of the City expiring December 31, 2045. 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, 2025, the net pension liability of the Corporation was \$12,812,942. See Note 8 to the audited financial statements of the Wastewater 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 8 to the audited financial statements of the Wastewater 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 10 to the audited financial statements of the Wastewater 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, 2025, the Corporation’s net obligation with respect to the OPEB Plan was \$3,428,313.

For additional information regarding the OPEB Plan, see Note 9 to the audited financial statements of the Wastewater 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 WASTEWATER SYSTEM

The Corporation operates and maintains the City’s wastewater collection and treatment system (the “Wastewater System”) pursuant to an exclusive franchise arrangement with the City expiring December 31, 2045. The service area for the Wastewater System is generally within the geographical limits of the City, although some limited service is provided outside of the City.

General. The collection component of the Wastewater System consists of approximately 328 miles of sewer main, approximately 7,877 manholes and 7 sewer lift stations. The type of pipe utilized in the collection system is principally vitrified clay pipe, PVC pipe, ductile iron pipe and cast iron pipe. The age of the collection system varies from new to approximately 98 years. The Corporation completed a rehabilitation program in 2006 with respect to approximately 12% of the collection system, spending over \$8 million in such efforts.

The Wastewater System presently utilizes two treatment plants. Tucker Creek Wastewater Treatment Plant is a facultative lagoon treatment plant, placed in operation in 1996. Tupelo Bayou Wastewater Treatment Plant is a conventional activated sludge treatment plant with anaerobic digestion. The Tupelo Bayou plant was placed in service on September 8, 2014, at a total cost of approximately \$65 million. Average daily flow treated at the two plants averaged approximately 9.42 mgd during 2025. Peak flow was experienced at the Tucker Creek Wastewater Treatment Plant on February 5, 2025 at approximately 12.5 mgd, and at the Tupelo Bayou Wastewater Treatment Plant on April 5, 2025 at 27.8 mgd.

Customers. The Wastewater System presently serves a total of approximately 26,000 customers. The following table classifies Wastewater System customers for the years indicated:

	2021	2022	2023	2024	2025	2026⁽¹⁾
Residential	22,558	23,019	23,407	23,596	23,953	23,925
Commercial	1,990	2,011	2,027	2,053	2,057	2,105
Industrial	93	91	92	91	92	94
Institutional	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Totals:	<u>24,644</u>	<u>25,124</u>	<u>25,529</u>	<u>25,743</u>	<u>26,105</u>	<u>26,127</u>

Source: Conway Corporation

⁽¹⁾ As of January 31, 2026.

The Wastewater System's ten largest customers, based upon revenues produced during calendar year 2025, are as follows:

Customer	Total Revenues	Percentage of 2025 Revenues
Westrock Beverage Company	\$1,341,081	6.40%
University of Central Arkansas	356,862	1.70%
Conway Human Development Center	282,081	1.35%
Conway Regional Health System	261,841	1.25%
Linen King	241,237	1.15%
Conway Public Schools	163,375	0.78%
Tokusen USA Inc. ⁽¹⁾	155,450	0.74%
Hendrix College	147,268	0.70%
Faulkner County Jail	128,136	0.61%
Baptist Health	<u>126,890</u>	<u>0.61%</u>
	\$3,204,221	15.29%

Source: Conway Corporation

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

The following table shows historical wastewater treatment statistics for the Wastewater System:

Year	Average Daily Flow In Million Gallons
2011	8.60 MG
2012	8.32 MG
2013	9.08 MG
2014	9.34 MG
2015	9.36 MG
2016	8.35 MG
2017	8.21 MG
2018	9.91 MG
2019	10.42 MG
2020	8.00 MG
2021	8.42 MG
2022	8.99 MG
2023	8.23 MG
2024	8.90 MG
2025	9.42 MG

Source: Conway Corporation

Rates. The City has established monthly wastewater rates pursuant to Ordinance No. O-92-15 adopted by the City Council on April 28, 1992, as amended by Ordinance No. O-03-88 adopted by the City Council on July 8, 2003, Ordinance No. O-09-48 adopted by the City Council on May 12, 2009, Ordinance No. O-12-14 adopted by the City Council on April 10, 2012, and Ordinance No. O-19-104 adopted by the City Council on November 26, 2019. Such rates are based on metered water consumption and are as follows:

Customer Type	Customer Charge	Usage Charge (per 1,000 gallons)	Effective Minimum Monthly Charge⁽²⁾
Residential - <i>Fixed Charge</i> ⁽¹⁾	\$7.93	\$9.04	\$26.01
Commercial and Municipal - <i>Fixed Charge</i> ⁽¹⁾	\$9.92		\$28.00
- <i>First 25,000 Gallons</i>		\$9.04	
- <i>25,000 to 100,000 gallons</i>		\$9.85	
- <i>Over 100,000 Gallons</i>		\$9.04	
Industrial & Institutional - <i>Fixed Charge</i> ⁽¹⁾	\$35.67		\$53.75
- <i>First 25,000 Gallons</i>		\$9.04	
- <i>25,000 to 100,000 gallons</i>		\$9.85	
- <i>Over 100,000 Gallons</i>		\$9.04	

(1) Not based on gallons used.

(2) Based on 2,000 gallons of usage.

On February 1 of each year, the schedule of charges set forth above relating to Operation, Maintenance and Repair shall be increased by the amount of the increase in the Consumer Price Index (CPIU) for the preceding year or three percent (3%), whichever is less.

In addition to the foregoing rates applicable to customers with the City, the Wastewater System serves approximately 370 customers outside the City in the area around Lake Conway. The rates for those customers are established pursuant to Ordinance No. O-23-33 adopted April 25, 2023, and include a monthly customer charge of \$18.79 and a usage charge of \$8.08 per thousand gallons.

Wastewater charges of residential customers during the months of May, June, July, August, September and October are based upon the average metered water consumption of those customers during the preceding months of November, December, January, February and March.

Users that discharge toxic pollutants which cause an increase in the cost of managing the effluent or the sludge of the Wastewater System's treatment works are charged separately for such costs. A service line fee is charged to every customer that connects to the Wastewater System in an amount equal to the actual cost of connection.

Billing Procedures, Delinquency and Uncollectible Accounts. Bills for Wastewater System services are due and payable upon presentation. Bills not paid on or before thirty (30) days from the date of presentation are considered delinquent and an additional charge ranging from \$15.00 to \$30.00 is assessed against the account. Should any delinquent bill remain unpaid, water service will be discontinued on the 31st day following the billing date.

The following table details historical account data for the Wastewater System:

Fiscal Year Ending December 31	Wastewater System Revenues	Bad Debt Expense	Percentage
2011	\$ 7,067,343	\$22,045	0.31%
2012	7,964,531	21,914	0.28%
2013	10,207,613	36,891	0.36%
2014	13,352,744	53,527	0.40%
2015	13,516,741	46,044	0.34%
2016	13,565,249	44,297	0.33%
2017	13,889,020	25,736	0.19%
2018	14,239,493	34,874	0.24%
2019	14,243,606	30,325	0.21%
2020	15,970,676	37,575	0.24%
2021	17,656,895	29,083	0.16%
2022	18,404,506	39,538	0.21%
2023	19,155,900	46,684	0.24%
2024	20,395,242	41,845	0.21%
2025	20,948,939	45,840	0.22%

Source: Conway Corporation

Financial Information. Set forth in Appendix A to this Official Statement are the financial statements regarding the Wastewater System for the years ended December 31, 2025 and 2024, which financial statements have been audited by Landmark PLC, Little Rock, Arkansas, independent certified public accountants, as indicated in their report dated March 16, 2026, which report also appears in Appendix A. The notes set forth in Appendix A are an integral part of the financial statements, and the statements and the notes should be read in their entirety.

The City has covenanted in the Indenture to have Wastewater System finances audited by an independent certified public accountant at least once each year.

The following table sets forth a summary of revenues and expenses of the Wastewater System for the five years ended December 31, 2025. Information for the summary was derived from the financial statements of the Wastewater System audited by Landmark PLC, Little Rock, Arkansas, independent certified public accountants. The following table should be read in conjunction with the audited financial statements and related notes in Appendix A.

	2021	2022	2023	2024	2025
Operating Revenues	\$17,656,895	\$18,404,506	\$19,155,900	\$20,395,242	\$20,948,939
Operating Expenses ⁽¹⁾	<u>(11,856,044)</u>	<u>(13,433,849)</u>	<u>(13,661,796)</u>	<u>(14,912,931)</u>	<u>(16,171,927)</u>
Operating Income (Loss)	\$ 5,800,851	\$ 4,970,657	\$ 5,494,104	\$ 5,482,311	\$ 4,777,012
Nonoperating Income (Expense)	<u>(2,953,912)</u>	<u>(2,732,887)</u>	<u>(2,427,557)</u>	<u>(2,298,476)</u>	<u>(2,141,590)</u>
Net Income (Loss)	<u>\$ 2,846,939</u>	<u>\$ 2,237,770</u>	<u>\$ 3,066,547</u>	<u>\$ 3,183,835</u>	<u>\$ 2,635,422</u>

(1) Including depreciation expenses.

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THE ELECTRIC SYSTEM

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.

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 2025.

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	31,376	3,190	106	5	34,677

Source: Conway Corporation

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Largest Customers. Set forth below are the ten largest customers of the Electric System during 2025, with the percentage of 2025 System Revenues attributable to each.

Customer	Total Revenues	Percentage of Total 2025 System Operating Revenues
University of Central Arkansas	\$2,996,763	3.91%
Virco Manufacturing Corp.	1,711,805	2.23%
Axiom Inc.	1,535,760	2.00%
Conway Public Schools	1,355,200	1.77%
Westrock Beverage Company	1,267,878	1.65%
WestRock Rkt Company	1,112,479	1.45%
Hendrix College	1,072,114	1.40%
Conway Regional Health System	1,031,974	1.35%
Tokusen USA Inc. ⁽¹⁾	971,775	1.27%
Baptist Health	<u>607,893</u>	<u>0.79%</u>
	\$13,663,641	17.82%

Source: Conway Corporation

(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 Electric 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 Electric 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 Electric System for the five years ended December 31, 2025. Information for the summary for was derived from the financial statements of the Electric System audited by Landmark PLC, Little Rock, Arkansas, independent certified public accountants.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenues	\$63,650,348	\$85,068,575	\$70,417,567	\$69,731,820	\$79,202,986
Operating Expenses	<u>(59,187,553)</u>	<u>(82,442,465)</u>	<u>(66,622,912)</u>	<u>(63,662,692)</u>	<u>(74,095,818)</u>
Operating Income	\$ 4,462,795	\$ 2,626,110	\$ 3,794,655	\$ 6,069,128	\$ 5,107,168
Plus Investment Income	531,119	733,706	2,349,294	1,852,016	673,081
Plus Depreciation	<u>8,381,111</u>	<u>9,027,439</u>	<u>9,523,226</u>	<u>9,631,492</u>	<u>12,212,871</u>
Net Revenues Available for Debt Service	\$ <u>13,375,025</u>	\$ <u>12,387,255</u>	\$ <u>15,667,175</u>	\$ <u>17,552,636</u>	\$ <u>17,993,120</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 five (5) co-owners (AECC, CWL, West Memphis, 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”). Three of the five (5) remaining co-owners have expressed an interest in exercising their right to purchase the Non-Participant’s ownership interest in the Property. This purchase is anticipated to close in the second 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 Electric 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 2026 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 2026 BONDS, AND COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES 2026 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 2026 BONDS. ADDITIONAL RISK FACTORS RELATING TO AN INVESTMENT IN THE SERIES 2026 BONDS ARE DESCRIBED THROUGHOUT THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, WHETHER OR NOT SPECIFICALLY DESIGNATED AS RISK FACTORS.

General. Governmental actions, and other future federal, State and local measures, may have both adverse and positive effects on the operations and financial condition of the Corporation and the Wastewater System. In addition, unemployment in the City and the region, business closures and/or restrictions, and stock market fluctuations may have adverse effects as well. The City and the Corporation cannot predict (i) the likelihood, duration or extent of any emergency event or (ii) whether and to what extent the emergency could disrupt the local or global economy, manufacturing or supply chain, or whether any such disruption could adversely impact the operations and financial condition of the Corporation or the Wastewater System or collection of the Wastewater Net Revenues. Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the operations and effectiveness of entities such as the Corporation and the Wastewater System.

Fluctuations in Revenues. The Wastewater Net Revenues derived by the Wastewater System are subject to significant fluctuation due to weather, particularly wetter- or drier-than-normal conditions. In addition, customers may use less water each year in response to drought conditions, water restrictions, indoor conservation/efficiency or increased water rates. Annual fluctuations in Wastewater Net Revenues are exacerbated by the fixed nature of the Wastewater System's costs. The Wastewater System is designed to meet peak day demand, which also includes reliability and redundancy requirements, and increasingly stringent regulatory requirements. Moreover, the rate structures used to recover the cost of service are designed to encourage water efficiency and conservation and are, therefore, variable in nature. The inconsistency between a fixed cost structure and a variable revenue structure causes annual budgeting and financial instability and uncertainty. It is not possible to predict what impacts, if any, changing demand patterns will have on the Wastewater Net Revenues in the future.

Casualty Risk. If a material part of the Wastewater System is damaged or destroyed by any casualty, there is no assurance that casualty insurance proceeds and other available moneys of the City or the Corporation will be sufficient either to repair or replace the damaged or destroyed property. Although the Corporation believes its casualty insurance coverages with respect to the Wastewater System are adequate, there is no assurance that delays in the receipt of casualty insurance proceeds pertaining to the Wastewater System or delays in the repair, restoration or replacement of property damaged or destroyed would not have a material adverse effect on the operation of the Wastewater System or its ability to generate sufficient revenues to make timely payments of the principal of and interest on the Series 2026 Bonds. Further, no assurances can be given as to the frequency or severity of any future natural disasters, nor what impact such disasters may have on the Corporation and the Wastewater System. It is possible that climate change increases such frequency and severity.

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

Limited Obligations. The Series 2026 Bonds constitute special limited obligations of the City. The principal of and interest on the Series 2026 Bonds is payable solely from and secured by an irrevocable pledge of the Wastewater Net Revenues and Surplus Electric Revenues, together with certain funds and accounts held by the Trustee under the Indenture. The pledge of Wastewater Net Revenues and Surplus Electric Revenues securing the Series 2026 Bonds

is made on a parity with an existing pledge of Wastewater Net Revenues and Surplus Electric Revenues securing the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and any Additional Bonds issued pursuant to the Indenture. The pledge of Surplus Electric Revenues securing the Series 2026 Bonds shall be on a parity basis with the pledge of Surplus Electric Revenues securing, along with telecommunications revenues, the Telecommunications Bonds. See the caption “SECURITY FOR THE BONDS” herein.

The Series 2026 Bonds are special obligations of the City secured by and payable solely from Wastewater Net Revenues and Surplus Electric Revenues. The faith and credit of the City are not pledged to the payment of the Series 2026 Bonds, and the Series 2026 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 2026 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 2026 Bonds, except as described herein with respect to Wastewater Net Revenues and Surplus Electric Revenues.

The ability of the City and the Corporation to meet their payment obligations under the Indenture will depend upon the ability of the Wastewater System to generate sufficient Wastewater Net Revenues to meet such obligations, the Wastewater System’s operating expenses, debt service on other debt or obligations, and extraordinary costs and expenses that may occur. If the Wastewater System, or any material portion thereof, were to become inoperable due to damage, destruction or environmental restriction, the Wastewater System may be unable to generate adequate Wastewater Net Revenues. In the event that Wastewater Net Revenues are at any time not sufficient to make such payments and deposits, the Indenture requires the City to increase Wastewater System rates to an extent which will ensure such payments and deposits. See the caption “SECURITY FOR THE BONDS – Wastewater Rate Covenant” herein. Accordingly, investors should be aware that future Wastewater Net Revenues and expenses of the Wastewater 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 Wastewater Net Revenues and Surplus Electric Revenues securing the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and the Series 2026 Bonds. See the caption “THE SERIES 2026 BONDS – *Additional Bonds*” herein. Debt service on the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and the Series 2026 Bonds will be payable from Wastewater Net Revenues and Surplus Electric Revenue on a pro rata basis. Accordingly, to the extent that future obligations are issued and secured on a parity basis with the Series 2019A Bonds, Series 2019B Bonds, the Series 2020 Bonds and Series 2026 Bonds, the security for the Series 2019A Bonds, Series 2019B Bonds, the Series 2020 Bonds and Series 2026 Bonds will be diluted.

Environmental and Other Regulatory Requirements. In operating the Wastewater 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 Wastewater Net Revenues available to pay debt service on the Series 2026 Bonds. The Wastewater 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 Wastewater System to become unavailable. Any disruption of Wastewater System service could negatively impact Wastewater Net Revenues.

Limitations of Remedies Available to Owners of the Series 2026 Bonds. The enforceability of the rights and remedies of the owners of the Series 2026 Bonds and the obligations incurred by the City in issuing the Series 2026 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 Wastewater Net Revenues which is superior to the lien securing the Series 2026 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 2026 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 2026 Bonds will be created or maintained by the Underwriters or others. Thus, prospective investors should be prepared to hold the Series 2026 Bonds to maturity.

DEFINITIONS OF CERTAIN TERMS

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

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

“Additional Bonds” – Bonds in addition to the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and the Series 2026 Bonds which are issued under the provisions of the Indenture.

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

“Authorizing Ordinance” – Ordinance No. O-26-15 of the City, adopted and approved on March 24, 2026, authorizing the issuance of the Series 2026 Bonds pursuant to the Indenture.

“Bond Counsel” – Any firm of nationally recognized municipal bond counsel selected by the Corporation and acceptable to the City and the Trustee.

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

“Bonds” – The Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds, the Series 2026 Bonds and all Additional Bonds issued by the City pursuant to the Indenture.

“Chief Executive Officer” – The Chief Executive Officer of the Wastewater System appointed by the Corporation.

“City” – The City of Conway, Arkansas, a municipality and political subdivision under the laws of the State of Arkansas.

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

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

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

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

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

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

“Electric Revenues” – All income, fees, charges, receipts, profits and other moneys derived by the City from its ownership and operation of the Electric System, including, without limiting the generality of the foregoing, (i) all income, fees, charges, receipts, profits and other moneys derived from the sale, furnishing or supplying of the services, facilities, commodities and electric energy, power and steam of the Electric System; and (ii) the income from the investment of any moneys derived from the ownership or operation of the Electric System; but “Electric Revenues”

shall not include customers' deposits or any other deposits subject to refund, until such deposits have become the property of the City.

"Electric System" - The City's electric utility system.

"Event of Default" - Any event of default specified in the Indenture. See the caption "SUMMARY OF THE INDENTURE - *Events of Default*" herein.

"Facilities" - Land, buildings, structures, machinery, equipment and all related or necessary property, tangible or intangible, constituting the Wastewater System, including, but not limited to, consumables, rights, easements, franchises, and common facilities (being facilities used in common by the City or the Corporation in the furnishing of water, sewer, electric or cable television services) which are used or useful in the collection, treatment or other use of wastewater, 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.

"Fiscal Year" - The 12-month period used, at any time, by the Corporation for accounting purposes with respect to the Wastewater System, which may be the calendar year.

"Government Securities" - (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" or "bondholder" or "owner of the Bonds" - The registered owner of any Bond.

"Indenture" - The Trust Indenture dated as of April 1, 2004, as amended and supplemented by the First Supplemental Trust Indenture dated as of October 1, 2009, as amended and supplemented by the Second Supplemental Trust Indenture dated as of November 1, 2010, as amended and supplemented by a Third Supplemental Trust Indenture dated as of May 1, 2012, as amended and supplemented by a Fourth Supplemental Trust Indenture dated as of August 1, 2014, as amended and supplemented by a Fifth Supplemental Trust Indenture dated as of January 1, 2016, as amended and supplemented by a Sixth Supplemental Trust Indenture dated as of October 1, 2019, as amended and supplemented by a Seventh Supplemental Trust Indenture dated as of September 3, 2020, and as amended and supplemented by an Eighth Supplemental Trust Indenture dated as of May 1, 2026, each by and among the City, the Corporation and the Trustee, pursuant to which the Bonds are issued, and any further amendments and supplements thereto.

"Investment Securities" - If and to the extent the same are at the time legal for investment of funds held under the Indenture:

- (1) Government Securities;
- (2) 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:
 - Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
 - Obligations of the Resolution Funding Corporation (REFCORP).
 - Senior debt obligations of the Federal Home Loan Bank System;
- (3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing no more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.);
- (4) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;
- (5) 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

- (A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s or S&P or any successors thereto; or
- (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Obligations 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; and
- (6) Municipal obligations rated “Aaa/AAA” or general obligations of States with a rating of at least “A2/A” or higher by both Moody’s and S&P.

“Moody’s” – Moody’s Investors Service and any successor thereto.

“Operation and Maintenance Expenses” – For any period, all ordinary and necessary expenses of operation, repair, maintenance and insuring of the Wastewater System under generally accepted accounting principles, except that there shall not be included (i) any allowance for depreciation, (ii) any deposits or transfers to the credit of (a) the Bond Fund or to any fund or account created for the payment of debt service on any Subordinate Obligations, (b) any debt service reserve fund or account created in connection with any Subordinate Obligations, or (c) the Renewal and Replacement Fund, or (iii) any payments with respect to obligations not payable in whole or in part under any circumstances from Wastewater Revenues.

“Operation and Maintenance Fund” – The fund by that name described in the Indenture.

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

- (a) Bonds cancelled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;
- (b) Bonds deemed to be paid in accordance with Article VIII of the Indenture; and
- (c) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture.

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

“Permitted Encumbrances” – (i) Any mortgage lien for the security of the Bonds; (ii) liens for taxes, assessments and other governmental charges not then delinquent or which can be paid without penalty; (iii) unfilled, inchoate mechanics’ and materialmen’s liens; (iv) workmen’s, repairmen’s, warehousemen’s, and carriers’ liens and others similar liens, if any, arising in the ordinary course of business; and (v) 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 Wastewater System.

“Person” – Any natural person, firm, association, corporation, limited liability company, partnership, joint stock company, joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

“Qualified Accountant” – An independent certified public accountant or firm of independent certified public accountants not in the regular employ of the City or the Corporation.

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

“Record Date” – With respect to any interest payment date of the Bonds, the fifteenth day of the calendar month next preceding the month in which such interest payment date falls.

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

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

“Series 2015B Bond” - City of Conway, Arkansas Wastewater Revenue Improvement Bond, Subordinate Series 2015B, authorized in the original aggregate principal amount of not to exceed \$10,000,000.

“Series 2016 Bonds” - City of Conway, Arkansas Wastewater Revenue Refunding Bonds, Series 2016, authorized in the original aggregate principal amount of \$12,415,000.

“Series 2017 Bond” - City of Conway, Arkansas Wastewater Revenue Refunding Bond, Subordinate Series 2017, authorized in the original aggregate principal amount of \$58,832,964.94.

“Series 2019A Bonds” – City of Conway, Arkansas Wastewater Revenue Improvement Bonds, Series 2019A, authorized in the original aggregate principal amount of \$9,370,000.

“Series 2019B Bonds” – City of Conway, Arkansas Wastewater Revenue Refunding Bonds, Taxable Series 2019B, authorized in the original aggregate principal amount of \$21,000,000.

“Series 2020 Bonds” – City of Conway, Arkansas Wastewater Revenue Refunding Bonds, Series 2020, authorized in the original aggregate principal amount of \$6,395,955.77.

“Series 2026 Bonds” – The series of Bonds being issued under and secured by the Indenture in the aggregate principal amount of \$8,610,000* for the purpose of refunding the Series 2016 Bonds.

“Subordinate Obligations” – Debt obligations of the City secured by a pledge of Wastewater Revenues or Wastewater Net Revenues that is subordinate to the lien thereon securing the payment of the Bonds, as permitted by the provisions of the Indenture, including the Series 2015B Bond and the Series 2017 Bond.

“Surplus Electric Revenues” - Electric Revenues remaining after (i) provision for the payment of operation and maintenance expenses of the Electric System, (ii) the deposit into any bond fund, debt service reserve fund, contingency fund, additions and improvements fund, depreciation fund or renewal and replacement fund, or any other fund and the payment of any expense required under the provisions of any trust indenture under which indebtedness secured primarily by revenues or net revenues of the Electric System is issued.

“Telecommunications Bonds” – City of Conway, Arkansas Telecommunications Revenue Improvement Bonds, Tax-Exempt Series 2025, authorized in the original aggregate principal amount of \$35,470,000.

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

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

“Wastewater Net Revenues” – For any period, Wastewater Revenues less Operation and Maintenance Expenses.

“Wastewater Revenues” – All fees, tolls, rates, rentals and charges levied and collected in connection with, and all other income and receipts of whatever kind or character derived by the City from, the ownership or operation of the Wastewater System. Wastewater Revenues shall specifically include, but shall not be limited to, revenues from sewer service charges and interest income on Revenue Fund balances. Notwithstanding the foregoing, Wastewater Revenues shall not include acreage, connection, front-footage, tap-on, assessment and similar fees, charges, contributions or grants derived by the City in connection with the provision of or payment for capital improvements constituting a part of the Wastewater System.

“Wastewater System” - The City’s wastewater utility system.

* Preliminary; subject to change.

SUMMARY OF THE INDENTURE

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

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

Fund	Held By
Revenue Fund	Corporation, on behalf of City
Operation and Maintenance Fund	Corporation, on behalf of City

Bond Fund	Trustee
Debt Service Reserve Fund	Trustee
Cost of Issuance Fund	Trustee
Rebate Fund	Trustee

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

(a) Revenue Fund. All Wastewater Revenues shall, as and when received, be deposited into the Revenue Fund. All moneys at any time in the Revenue Fund shall be applied to the payment of Operation and Maintenance Expenses of the Wastewater System, the payment of Annual Debt Service on the Bonds, the payment of Annual Debt Service on any Subordinate Obligations, and the maintenance of the Debt Service Reserve Fund and any debt service reserve for any Subordinate Obligations, in the order, at the times and in the amounts set forth as follows:

(b) Operation and Maintenance Fund. Prior to making the required payments into the Bond Fund and Debt Service Reserve Fund and into the bond funds and debt service reserve funds for any Subordinate Obligations, there shall be paid from the Revenue Fund into the Operation and Maintenance Fund, not later than the fifth business day preceding the first day in each month while any of the Bonds shall be Outstanding, an amount sufficient to cause amounts on deposit therein to equal projected Operation and Maintenance Expenses for the next two succeeding months (as shown in the budget of proposed Operation and Maintenance Expenses for the then current Fiscal Year) and from which disbursements shall be made only for those purposes. Fixed annual charges such as insurance premiums and the cost of major repair and maintenance expenses may be computed and set up on an annual basis, and 1/12 of the amount thereof may be paid into the Operation and Maintenance Fund each month.

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

(c) Bond Fund. Immediately following the making of required deposits into the Operation and Maintenance Fund, there shall be paid from the Revenue Fund into the Bond Fund, on the fifth business day of each month until all Outstanding Bonds with interest thereon have been paid in full, or provision made for such payment, a sum equal to (i) 1/6 of the installment of interest coming due on the Bonds (whether at maturity, upon mandatory redemption, or otherwise) during the then next six (6) months, and (ii) 1/12 of the installment of principal coming due on the Bonds (whether at maturity, upon mandatory redemption, or otherwise) during the then next twelve (12) months (provided, however, that the first payments required under the Indenture with respect to a series of Bonds shall be prorated from the date of issuance of such series of Bonds and subsequent payment obligations shall be reduced to the extent of investment earnings and other moneys credited to the Bond Fund from sources other than monthly payments).

To the extent there is any deficiency in the Bond Fund on the third business day preceding any interest or principal payment date with respect to a series of Bonds, the Trustee shall immediately give notice of such deficiency to the City and the Corporation. No later than the business day immediately preceding such interest or principal payment date, an amount equal to such deficiency shall be deposited by the City or the Corporation with the Trustee from Wastewater Net Revenues, Surplus Electric Revenues or any other available source.

All moneys in the Bond Fund shall be used solely for the purpose of paying Annual Debt Service on the Bonds or for any redemption of the Bonds, except as specifically provided in the Indenture. The Trustee shall withdraw from the Bond Fund, on the date of any principal or interest payment, an amount equal to the amount of such payment for the sole purpose of paying the same.

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

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

(d) Debt Service Reserve Fund. **The Series 2026 Bonds are not secured by amounts in the Debt Service Reserve Fund.**

(e) Surplus. Any surplus in the Revenue Fund after making all disbursements and providing for all funds described above, and after making required deposits into the bond funds and debt service reserve funds for any Subordinate Obligations, may be used, at the option of the City for any lawful purpose.

Investment of Funds. At the direction of the City or the Corporation or absent such direction, the Trustee shall invest moneys in funds or accounts held by the Trustee in Investment Securities with maturity or redemption dates consistent with the times at which said moneys will be required for the purposes provided in this Indenture, or in the case of investments of moneys held for the credit of the Debt Service Reserve Fund, not later than five years. Moneys in separate funds or accounts may be commingled for the purpose of investment. The City may invest moneys held in the Revenue Fund and Operation and Maintenance Fund in any investment obligations permitted by Arkansas law.

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

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

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

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

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

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

The City and the Corporation further covenants that the Wastewater System will be maintained in sound condition and repair, that neither the City nor the Corporation will sell or otherwise dispose of any property necessary to the proper operation of the Wastewater System or to the maintenance of Wastewater Revenues, and that neither the City nor the Corporation will enter into any lease or agreement which will impair or impede the operation of the Wastewater System or adversely affect the rights of the bondholders.

Insurance. The City and the Corporation covenant and agree to insure and at all times keep insured, in the amount of the actual value thereof, by a responsible insurance company or companies authorized and qualified under the laws of the State of Arkansas to assume the risk thereof, all properties of the Wastewater System, other than mains and lines for the transmission or collection of wastewater, against loss or damage from fire, lightning, tornado, winds, strike, malicious damage or explosion and against loss or damage from any other causes customarily insured against by private companies engaged in a similar type of business. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the Wastewater System, and in such event the City or the Corporation shall, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work. If such proceeds are more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the Bond Fund, and, if such proceeds shall be insufficient for such purposes, the deficiency shall be supplied, first, from moneys in the Renewal and Replacement Fund and, second, from any available moneys in the Revenue Fund pursuant to Section 506 of the Indenture.

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

All insurance money paid or net amounts awarded shall be paid to the City, and the City shall proceed to restore, repair, replace or rebuild Wastewater System facilities as nearly as possible to the condition they were in immediately prior to such damage or condemnation, to the extent that the same may be feasible, subject to such alterations as the City may elect to make. If the insurance money or net amounts awarded shall be insufficient to pay all costs of the restoration, the City shall pay the deficiency and shall nevertheless proceed to complete the restoration and pay the cost thereof. Any balance of the insurance or condemnation proceeds remaining over and above the cost of the restoration shall be deposited into the Revenue Fund.

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

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

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

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

Annual Budget. The City or the Corporation shall prepare an annual budget for Wastewater System operations for each Fiscal Year. A copy of each budget shall be filed with the Trustee and a copy shall be maintained in the office of the Chief Executive Officer of the Corporation.

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

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

- (a) Default in the due and punctual payment of any interest on any Bond;
- (b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;
- (c) Default in the payment of any other amount required to be paid under the Indenture or the performance or observance of any other of the covenants, agreements or conditions contained in the Indenture, or in the Bonds issued under the Indenture, and continuance thereof for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied, shall have been given to the City and the Corporation by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, unless the Trustee,

or the Trustee and holders of an aggregate principal amount of Bonds not less than the aggregate principal amount of Bonds the holders of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City or the Corporation within such period and is being diligently pursued; and

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

The term "default" as used in clauses (a), (b) and (c) above shall mean default by the City 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 Bonds Outstanding thereunder, exclusive of any period of grace required to constitute a default an "Event of Default" as described above.

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

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

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

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

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

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

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

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

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

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

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

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 2026 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 the Continuing Disclosure Agreement and in Exhibit I to the Continuing Disclosure Agreement) by delivering such Annual Financial Information and the Audited Financial Statements to the MSRB within 180 days of the completion of the Fiscal Year of the Wastewater System and the Electric System. The City and the Corporation is required to deliver or cause delivery of such information in Prescribed Form and by such time so that such entity receives the information by the dates specified.

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

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

(d) 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 or 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.

(e) 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.

(f) 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, of Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2026 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 2026 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.

(g) 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 outstanding principal amount of the Series 2026 Bonds, and upon being indemnified to its satisfaction, shall) or the Beneficial Owner of any Series 2026 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 this Disclosure Agreement shall be an action to compel performance.

(h) The Undertaking of the City and/or the Corporation pursuant to the Continuing Disclosure Agreement shall be terminated 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 2026 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.

(i) 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 2026 Bonds, as determined either by parties unaffiliated with the City or the Trustee (such as the Trustee) or by an approving vote of the Beneficial Owners of the Series 2026 Bonds holding a majority of the aggregate principal amount of the Series 2026 Bonds (excluding Series 2026 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.

(j) 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 Wastewater System and the Electric System for the prior fiscal year:

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

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

(3) The Wastewater System’s Average Daily Flow as set forth under the caption “THE WASTEWATER SYSTEM – *Customers*” in this Official Statement;

(4) The rates with respect to the Wastewater System as set forth under the caption “THE WASTEWATER SYSTEM – *Rates*” in this Official Statement; and

(5) Wastewater System revenues, bad debt expense and percentage of bad debts to total revenues of the Wastewater System, as set forth under the caption “THE WASTEWATER SYSTEM – *Billing Procedures, Delinquency and Uncollectible Accounts*” in this 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 financial statements of the Wastewater System and the Electric 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 2026 Bonds (including persons holding Series 2026 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2026 Bonds for federal income tax purposes.

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

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

“Disclosure Representative” means the Chief Executive Officer of the Corporation, or his or her designee, or such other person as the Corporation shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean First Security Bank, Searcy, Arkansas, acting in its capacity as a dissemination agent under the Continuing Disclosure Agreement, or any successor dissemination agent designated in writing by the City and 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 Wastewater System and the Electric System for financial reporting purposes. The fiscal year of the Wastewater System and the Electric 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 2026 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 or the Corporation;
- (13) The consummation of a merger, consolidation or acquisition involving the City or the Corporation or the sale of all or substantially all of the assets of the City or the Corporation, 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 Underwriters” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series 2026 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 Stephens Inc. and Crews & Associates, Inc. (the “Underwriters”), and approved by the Corporation, the Series 2026 Bonds are being purchased at a purchase price of \$ _____ (representing the stated principal amount of the Series 2026 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 2026 Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2026 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 2026 Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial condition of the Corporation, the Wastewater System or the Electric System.

The Underwriters intend to offer the Series 2026 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 2026 Bonds to the public, and may offer the Series 2026 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 2026 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 2026 Bonds (including any original issue discount properly allocable to the owner of a Series 2026 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 2026 Bonds. Failure to comply with such requirements could cause interest on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 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 2026 Bonds.

The accrual or receipt of interest on the Series 2026 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2026 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 2026 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 2026 Bonds.

Backup Withholding. An owner of a Series 2026 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2026 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 2026 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 2026 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 2026 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 2026 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2026 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 2026 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 2026 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2026 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2026 BONDS.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("S&P"), has assigned a rating of "A+" (stable outlook) to the Series 2026 Bonds. Such rating reflects only the view of S&P at the time such rating was given, and the City and the Corporation make no representation as to the appropriateness of such rating. An explanation as to the significance of the above rating may be obtained only from S&P.

The City and the Corporation have furnished S&P certain information and materials relating to the Series 2026 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 investigations, studies and assumptions furnished to and obtained and made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it may not be lowered, raised or withdrawn entirely by S&P 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 2026 Bonds. No application has been made to any Rating Agency other than S&P for a rating on the Series 2026 Bonds.

LEGAL MATTERS

Legal Opinions. Legal matters incident to the authorization and issuance of the Series 2026 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 2026 Bonds and a proposed form of which is attached hereto as Appendix B. 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 2026 Bonds, his opinion that there is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2026 Bonds or questioning or affecting the legality of the Series 2026 Bonds or the proceedings and authority under which the Series 2026 Bonds are to be issued, or questioning the right of the City to issue the Series 2026 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 Wastewater System or the Electric System.

FINANCIAL STATEMENTS

Set forth in Appendix A to this Official Statement are the financial statements of the Wastewater System for the Fiscal Years ended December 31, 2025 and 2024, which financial statements have been audited by Landmark PLC, Little Rock, Arkansas, independent certified public accountants, as indicated in their report dated March 16, 2026, 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, 2025 financial statements.

MISCELLANEOUS

The Corporation has furnished the information in this Official Statement relating to the operations of the Wastewater System and the Electric System. The Underwriters have furnished the information in this Official Statement with respect to the public offering price of the Series 2026 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 2026 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.

The execution and delivery of this Official Statement has been duly authorized by the City of Conway, Arkansas.

CITY OF CONWAY, ARKANSAS

By: _____
Mayor

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE WASTEWATER SYSTEM FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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Wastewater Department

Financial Statements
and Supplemental Information
December 31, 2025 and 2024

(With Independent Auditor's Reports Thereon)



Conway Corporation Wastewater 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 Wastewater Department** (the Department) as of and for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, 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 audits. 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.

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.

The Board of Directors
Conway Corporation

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 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,

The Board of Directors
Conway Corporation

Required Supplementary Information (Continued)

and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The Schedules of Usage Rates, Schedule of Customers by Class, and the Schedule of Annual Billable Water by Customer Class are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Usage Rates, Schedule of Customers by Class, and the Schedule of Annual Billable Water by Customer Class are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Usage Rates, Schedule of Customers by Class, and the Schedule of Annual Billable Water by Customer Class are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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, 2025 and 2024, 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 16, 2026, 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.



Little Rock, Arkansas
March 16, 2026



Management's Discussion and Analysis

Conway Corporation Wastewater Department

Management's Discussion and Analysis December 31, 2025 and 2024

Financial Highlights

	2025	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Total current assets	\$ 8,430,682	\$ 4,741,369	\$ 3,865,509
Total restricted assets	3,377,935	3,638,040	3,433,909
Utility plant in service and right to use assets, net	153,357,598	156,745,588	158,857,463
Total Assets	<u>165,166,215</u>	<u>165,124,997</u>	<u>166,156,881</u>
Deferred Outflows of Resources	<u>1,367,474</u>	<u>1,935,972</u>	<u>2,350,381</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 166,533,689</u>	<u>\$ 167,060,969</u>	<u>\$ 168,507,262</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Total current liabilities	\$ 7,326,227	\$ 6,032,465	\$ 5,984,730
Total noncurrent liabilities	80,445,243	86,098,636	91,758,181
Total Liabilities	<u>87,771,470</u>	<u>92,131,101</u>	<u>97,742,911</u>
Deferred Inflows of Resources	<u>742,078</u>	<u>900,634</u>	<u>1,019,262</u>
Net Position			
Net investment in utility plant in service	70,156,762	69,169,393	66,690,599
Restricted for debt service	1,633,140	2,229,541	1,525,901
Unrestricted	6,230,239	2,630,300	1,528,589
Total Net Position	<u>78,020,141</u>	<u>74,029,234</u>	<u>69,745,089</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 166,533,689</u>	<u>\$ 167,060,969</u>	<u>\$ 168,507,262</u>
OPERATING REVENUES			
Industrial	\$ 3,235,070	\$ 3,052,531	\$ 2,652,223
Residential	13,844,054	13,447,544	12,770,458
Commercial	2,994,411	3,030,533	2,886,302
Institutional	788,711	754,235	782,345
Other operating income	86,693	110,399	64,572
Total Operating Revenues	<u>20,948,939</u>	<u>20,395,242</u>	<u>19,155,900</u>

(Continued)

Conway Corporation Wastewater Department

Management's Discussion and Analysis December 31, 2025 and 2024

Financial Highlights (Continued)

	2025	2024	2023
OPERATING EXPENSES			
Treatment plant	\$ 3,813,501	\$ 3,361,521	\$ 3,136,544
Collection	2,258,873	1,702,622	1,504,665
Depreciation and amortization	8,208,635	7,828,738	7,476,900
Customer accounting and collection	610,957	524,894	482,283
Administrative and general	1,279,961	1,495,156	1,061,404
Total Operating Expenses	<u>16,171,927</u>	<u>14,912,931</u>	<u>13,661,796</u>
OPERATING INCOME	<u>4,777,012</u>	<u>5,482,311</u>	<u>5,494,104</u>
NET NONOPERATING EXPENSE	<u>(2,141,590)</u>	<u>(2,298,476)</u>	<u>(2,427,557)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND INTERDEPARTMENTAL TRANSFERS	2,635,422	3,183,835	3,066,547
CAPITAL CONTRIBUTIONS AND INTERDEPARTMENTAL TRANSFERS	<u>1,355,485</u>	<u>1,100,310</u>	<u>1,508,506</u>
INCREASE IN NET POSITION	3,990,907	4,284,145	4,575,053
NET POSITION, BEGINNING OF YEAR	<u>74,029,234</u>	<u>69,745,089</u>	<u>65,170,036</u>
NET POSITION, END OF YEAR	<u>\$ 78,020,141</u>	<u>\$ 74,029,234</u>	<u>\$ 69,745,089</u>

The following management's discussion and analysis of Conway Corporation Wastewater Department's (the Department) financial performance provides an overview of the Department's activities for the years ended December 31, 2025, 2024 and 2023, in comparison with the prior year financial results. This discussion and analysis should be read in conjunction with the financial statements and supplemental data, 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 wastewater treatment system pursuant to City Ordinance No. O-86-11 as amended.

Conway Corporation Wastewater Department

Management's Discussion and Analysis December 31, 2025 and 2024

Introduction of Financial Statements

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

The statement of net position includes 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 statement of revenues, expenses and changes in net position reports all the revenues and expenses during the time periods indicated.

The statement of cash flows reports 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, 2025, 2024 and 2023, the Department's assets totaled \$165.2 million, \$165.1 million and \$166.2 million, respectively. Total assets remained relatively flat from December 31, 2024 to December 31, 2025 and decreased approximately 0.6% from December 31, 2023 to December 31, 2024. There have been, however, some changes in the composition of assets as restricted cash balances have been used to purchase and refurbish fixed assets.

Capital Contributions and Interdepartmental Transfers

Capital contributions and interdepartmental transfers were approximately \$1.4 million, \$1.1 million and \$1.5 million during 2025, 2024 and 2023, respectively. These capital contributions are comprised of developer paid fees for wastewater infrastructure. As the Department completes projects on behalf of developers, the assets constructed become property of the Department.

Liabilities

At December 31, 2025, 2024 and 2023, the Department's liabilities totaled \$87.8 million, \$92.1 million and \$97.7 million, respectively. Total liabilities decreased by \$4.4 million, or 4.8%, from December 31, 2024 to December 31, 2025 compared to a decrease of \$5.6 million, or 5.7%, from December 31, 2023 to December 31, 2024. The decreases in liabilities during 2025, 2024 and 2023 are primarily the result of repayments of long-term debt of \$5.5 million, \$5.4 million and \$5.3 million, respectively.

Operating Revenues and Expenses

At December 31, 2025, 2024 and 2023, the Department's operating revenues totaled \$20.9 million, \$20.4 million and \$19.2 million, respectively. The revenue increases in all years were the result of an automatic 2% rate increase effective January 1st each year per the approved rate ordinance. Wastewater billings are calculated using approved rates applied to water consumption.

At December 31, 2025, 2024 and 2023, the Department's operating expenses totaled \$16.2 million, \$14.9 million and \$13.7 million, respectively. Operating expenses increased approximately \$1.3 million, or 7.8%, from December 31, 2024 to December 31, 2025 and \$1.3 million, or 9.2% from December 31, 2023 to December 31, 2024. For all years presented, the Department witnessed continual increases in depreciation, labor and maintenance expenses.

Conway Corporation Wastewater Department

Management's Discussion and Analysis December 31, 2025 and 2024

Rate Structure

The Department's rate structure for wastewater services are based on a cost-of-service approach. Operating expenses and capital improvements are the components that must be funded from rates or bond issues. Wastewater 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 Wastewater Department

Statements of Net Position December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 6,036,325	\$ 2,388,852
Accounts receivable, net	2,085,149	2,035,740
Inventories	86,246	86,482
Prepaid expenses	222,962	230,295
Total Current Assets	<u>8,430,682</u>	<u>4,741,369</u>
Restricted Assets		
Cash and cash equivalents	2,911,981	3,177,408
Investments	465,954	460,632
Total Restricted Assets	<u>3,377,935</u>	<u>3,638,040</u>
Utility Plant in Service and Right to Use Assets, Net	<u>153,357,598</u>	<u>156,745,588</u>
Total Assets	<u>165,166,215</u>	<u>165,124,997</u>
Deferred Outflows of Resources		
Deferred loss on refunding of bonds payable	617,315	708,672
Deferred outflows related to OPEB	100,762	118,577
Deferred outflows related to pension	649,397	1,108,723
Total Deferred Outflows of Resources	<u>1,367,474</u>	<u>1,935,972</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 166,533,689</u>	<u>\$ 167,060,969</u>

(Continued)

See accompanying notes to financial statements.

Conway Corporation Wastewater Department

Statements of Net Position (Continued) December 31, 2025 and 2024

	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accrued expenses and other liabilities	\$ 163,201	\$ 109,238
Interdepartmental payable	536,980	-
Current portion of long-term debt	3,157,758	2,982,845
Right to use - subscription liability	14,087	26,901
Total Current Liabilities	<u>3,872,026</u>	<u>3,118,984</u>
Current Liabilities Payable from Restricted Assets		
Current portion of long-term debt payable from restricted assets	2,294,081	2,341,042
Accrued interest payable	542,310	572,439
Developer deposits	617,810	-
Total Current Liabilities Payable from Restricted Assets	<u>3,454,201</u>	<u>2,913,481</u>
Compensated Absences	<u>44,299</u>	<u>82,437</u>
Right to Use - Subscription Liability	<u>5,869</u>	<u>7,982</u>
Total OPEB Liability	<u>487,548</u>	<u>488,265</u>
Net Pension Liability	<u>1,821,638</u>	<u>1,900,244</u>
Long-term Debt, Less Current Portion	<u>78,085,889</u>	<u>83,619,708</u>
Total Liabilities	<u>87,771,470</u>	<u>92,131,101</u>
Deferred Inflows of Resources		
Deferred inflows related to OPEB	187,378	199,701
Deferred inflows related to pension	554,700	700,933
Total Deferred Inflows of Resources	<u>742,078</u>	<u>900,634</u>
Total Liabilities and Deferred Inflows of Resources	<u>88,513,548</u>	<u>93,031,735</u>
Net Position		
Net investment in utility plant in service	70,156,762	69,169,393
Restricted for debt service	1,633,140	2,229,541
Unrestricted	6,230,239	2,630,300
Total Net Position	<u>78,020,141</u>	<u>74,029,234</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 166,533,689</u>	<u>\$ 167,060,969</u>

See accompanying notes to financial statements.

Conway Corporation Wastewater Department

Statements of Revenues, Expenses and Changes in Net Position Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Industrial	\$ 3,235,070	\$ 3,052,531
Residential	13,844,054	13,447,544
Commercial	2,994,411	3,030,533
Institutional	788,711	754,235
Service fees and other	86,693	110,399
Total Operating Revenues	<u>20,948,939</u>	<u>20,395,242</u>
OPERATING EXPENSES		
Treatment plant	3,813,501	3,361,521
Collection	2,258,873	1,702,622
Depreciation and amortization	8,208,635	7,828,738
Customer accounting and collection	610,957	524,894
Administrative and general expenses	1,279,961	1,495,156
Total Operating Expenses	<u>16,171,927</u>	<u>14,912,931</u>
Operating Income	<u>4,777,012</u>	<u>5,482,311</u>
NONOPERATING INCOME (EXPENSE)		
Net investment income	303,900	278,014
Interest expense	(2,354,133)	(2,480,465)
Amortization of deferred loss on refunding	(91,357)	(96,025)
Net Nonoperating Expense	<u>(2,141,590)</u>	<u>(2,298,476)</u>
Income Before Contributions in Aid of Construction	2,635,422	3,183,835
CONTRIBUTIONS IN AID OF CONSTRUCTION	<u>1,355,485</u>	<u>1,100,310</u>
Increase in Net Position	3,990,907	4,284,145
NET POSITION, BEGINNING OF YEAR	<u>74,029,234</u>	<u>69,745,089</u>
NET POSITION, END OF YEAR	<u>\$ 78,020,141</u>	<u>\$ 74,029,234</u>

See accompanying notes to financial statements.

Conway Corporation Wastewater Department

Statements of Cash Flows Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts From		
User fees	\$ 20,812,837	\$ 20,228,247
Service fees and other	86,693	110,399
Total Receipts	<u>20,899,530</u>	<u>20,338,646</u>
Disbursements For		
Salaries, wages and employee benefits	2,165,266	1,962,981
Goods and services	5,059,997	5,215,127
Total Disbursements	<u>7,225,263</u>	<u>7,178,108</u>
Net Cash Provided by Operating Activities	<u>13,674,267</u>	<u>13,160,538</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on long-term debt	(5,323,888)	(5,191,634)
Interest paid on long-term debt	(2,465,037)	(2,592,701)
Contributions in aid of construction	1,973,295	1,099,221
Payments on subscription liability	(34,039)	(32,630)
Purchases and construction of utility plant in service	(4,748,944)	(5,576,751)
Proceeds from sale of utility plant in service	7,814	(6,695)
Net Cash Used by Capital and Related Financing Activities	<u>(10,590,799)</u>	<u>(12,301,190)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	263,919	249,975
Proceeds from sales of investments, net of purchases	34,659	14,937
Net Cash Provided by Investing Activities	<u>298,578</u>	<u>264,912</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,382,046	1,124,260
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,566,260</u>	<u>4,442,000</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,948,306</u>	<u>\$ 5,566,260</u>

(Continued)

See accompanying notes to financial statements.

Conway Corporation Wastewater Department

Statements of Cash Flows (Continued) Years Ended December 31, 2025 and 2024

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 4,777,012	\$ 5,482,311
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and amortization	8,208,635	7,828,738
Bad debt expense	45,840	41,845
(Gain) loss on disposal of utility plant in service	(5,130)	8,543
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable, net	(95,249)	(98,441)
Inventories	(56,241)	(19,469)
Prepaid expenses	7,333	14,476
Accrued expenses and other liabilities	53,963	(57,599)
Intercompany payables	536,980	-
Long-term compensated absences	(38,138)	9,799
Total OPEB liability and related deferred outflows and inflows of resources	4,775	14,371
Net pension liability and related deferred outflows and inflows of resources	234,487	(64,036)
Net Cash Provided by Operating Activities	\$ 13,674,267	\$ 13,160,538
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Current assets	\$ 6,036,325	\$ 2,388,852
Restricted assets	2,911,981	3,177,408
TOTAL CASH AND CASH EQUIVALENTS	\$ 8,948,306	\$ 5,566,260

SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS

Inventories recorded as additions to utility plant in service during the years ended December 31, 2025 and 2024, totaled \$56,477 and \$118,960, respectively.

Net appreciation in the fair value of investments for the years ended December 31, 2025 and 2024, totaled \$39,981 and \$28,039 respectively, and is included in net investment income.

During the years ended December 31, 2025 and 2024, right to use assets obtained in exchange for a new subscription liability totaled \$17,908 and \$23,000, respectively.

Interest expense on subscription liabilities totaled \$1,204 and \$1,678 during 2025 and 2024, respectively.

See accompanying notes to financial statements.

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

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, video, 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 Wastewater Department (the Department) is responsible for the operation and maintenance of the City's wastewater treatment system pursuant to an exclusive franchise agreement granted under City Ordinance No. 0-86-11, as amended. The franchise agreement requires that the Corporation assess each customer a 4.25% franchise fee during the years ended December 31, 2025 and 2024, on certain service revenues and remit amounts collected directly to the City. Total franchise fees both collected from customers and remitted to the City for the years ended December 31, 2025 and 2024, were approximately \$879,000 and \$853,000, respectively, and are included net in administrative and general expenses in the Department's statements of revenues, expenses and changes in net position.

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).

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

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 wastewater treatment services are distinguished from nonoperating 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 costs of maintaining and operating the wastewater treatment 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 \$16,000 at December 31, 2025 and 2024.

Inventories

Materials and supplies used in the operation and maintenance of utility plant in service are stated at average cost.

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.

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.

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Utility Plant in Service (Continued)

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

Collection and treatment facilities – 20 to 75 years

Equipment – 3 to 25 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, 2025 or 2024.

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 8 and 9, respectively, and the deferred loss on refunding of bonds payable. A deferred loss 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.

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

Conway Corporation Wastewater Department

Notes to Financial Statements
December 31, 2025 and 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions in Aid of Construction (Continued)

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 wastewater collection and treatment 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.

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.

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards

In April 2024, GASB issued Statement No. 103 – *Financial Reporting Model Improvements* (GASB Statement No. 103) to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. It also addresses certain application issues in the financial reporting model. The requirements of GASB Statement No. 103 are effective for the Department's fiscal year ending December 31, 2026. Management is currently evaluating the potential effect that the adoption will have on the Department's financial statement presentation and related disclosures.

In September 2024, the GASB issued Statement No. 104 – *Disclosure of Certain Capital Assets* (GASB Statement No. 104), which amends the disclosure requirements for certain types of capital assets. The Statement requires that certain capital assets, such as lease assets, intangible assets, and capital assets held for sale, be disclosed separately from other capital assets in the notes to the financial statements. It also establishes specific criteria for an asset to be classified as "held for sale" and requires a description of the facts and circumstances leading to the expected sale. The requirements of GASB Statement No. 104 are effective for the Department's fiscal year ending December 31, 2026. Management is currently evaluating the potential effect that the adoption will have on the Department's financial statements and related disclosures.

Reclassifications

Certain amounts presented in the 2024 financial statements have been reclassified to conform to the 2025 financial statements presentation.

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. Monthly deposits are equal to one-sixth of the next principal and interest payment for the Series 2015B Wastewater Revenue Improvement Bonds and Series 2017 Wastewater Revenue Refunding Bonds and one-twelfth of the next principal payment and one-sixth of the next interest payment for the Series 2016 Wastewater Revenue Refunding Bonds, Series 2019A Wastewater Revenue Improvement Bonds, Series 2019B Wastewater Revenue Refunding Bonds and Series 2020 Wastewater Revenue Refunding Bonds, as required by revenue bond ordinances.

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 on all outstanding Revenue Refunding bonds in any fiscal year after bond issuance.

The construction fund is comprised of unspent bond proceeds to be used for the purpose to fund large infrastructure projects.

The project funds are held by the Corporation and used to fund certain projects over the subsequent year or until the projects are completed.

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 2: RESTRICTED ASSETS (Continued)

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:

	2025	2024
Bond funds	\$ 2,294,081	\$ 2,341,042
Debt service reserve funds	465,963	460,938
Construction fund	5	836,060
Project funds	584,670	-
Developer deposits	33,216	-
Total restricted assets	<u>\$ 3,377,935</u>	<u>\$ 3,638,040</u>

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, 2025 and 2024, 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, 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.

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

Investment	Book Value	Maturity Date	Fair Value
December 31, 2025:			
Money market mutual funds	\$ 956,060	-	\$ 956,060
Fixed income securities	167,074	8/15/2027	166,706
Fixed income securities	115,761	4/24/2026	116,462
Fixed income securities	181,416	9/11/2026	182,786
Total Investments	<u>\$ 1,420,311</u>		<u>\$ 1,422,014</u>
December 31, 2024:			
Money market mutual funds	\$ 1,511,080	-	\$ 1,511,080
Fixed income securities	174,233	8/25/2025	169,477
Fixed income securities	113,337	4/24/2026	113,660
Fixed income securities	177,906	9/11/2026	177,495
Total Investments	<u>\$ 1,976,556</u>		<u>\$ 1,971,712</u>
		2025	2024
Reconciliation to statements of net position:			
Total investments as presented in the schedule above		\$ 1,422,014	\$ 1,971,712
Less amounts included in cash and cash equivalents		(956,060)	(1,511,080)
Total investments as presented in the statements of net position		<u>\$ 465,954</u>	<u>\$ 460,632</u>

The money market mutual funds held by the Department are the Northern Institutional Treasury Portfolio comprised primarily of money market instruments issued by, or guaranteed by, the U.S. government and related repurchase agreements. 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, 2025, the weighted average maturity of the Northern Institutional Treasury Portfolio was 42 days and was rated AAAM by Standard & Poor's.

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The Department's fixed income securities consist of U.S. Treasury Obligations and note securities issued by the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Banks (FHLBanks). The U.S. Treasury Note is a direct obligation of the United States. However, the notes issued by Fannie Mae and FHLBanks, including any interest or return of discount, are not guaranteed by, and are not the debts or obligations of, the United States. These funds may be exposed to interest rate risk, which is the risk that changes in interest rates will adversely affect their fair values. The Fannie Mae and FHLBanks securities are rated AA+ 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 and right to use assets that occurred during the years ended December 31, 2025 and 2024, is as follows:

	2024	Increases	Decreases	2025
Non-depreciable:				
Land and land use rights	\$ 579,967	\$ 206,637	\$ -	\$ 786,604
Construction in progress	3,107,486	2,498,026	(404,787)	5,200,725
Depreciable:				
Collection and treatment facilities	237,176,656	1,823,411	(10,422)	238,989,645
Equipment	6,111,750	565,467	(281,839)	6,395,378
	246,975,859	5,093,541	(697,048)	251,372,352
Accumulated depreciation	(90,407,603)	(8,177,157)	289,578	(98,295,182)
Utility plant in service, net	156,568,256	(3,083,616)	(407,470)	153,077,170
Non-amortizable:				
Work in process	128,214	116,667	-	244,881
Amortizable:				
Right to use subscription assets	106,936	17,907	(19,095)	105,748
Accumulated amortization	(57,818)	(31,478)	19,095	(70,201)
Right to use subscription assets, net	177,332	103,096	-	280,428
Utility plant in service and right to use subscription assets, net	\$ 156,745,588	\$ (2,980,520)	\$ (407,470)	\$ 153,357,598

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

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

	2023	Increases	Decreases	2024
Non-depreciable:				
Land and land use rights	\$ 561,772	\$ 18,195	\$ -	\$ 579,967
Construction in progress	10,009,928	3,684,724	(10,587,166)	3,107,486
Depreciable:				
Collection and treatment facilities	225,402,901	11,789,099	(15,344)	237,176,656
Equipment	5,547,757	672,590	(108,597)	6,111,750
	241,522,358	16,164,608	(10,711,107)	246,975,859
Accumulated depreciation	(82,731,738)	(7,797,958)	122,093	(90,407,603)
Utility plant in service, net	158,790,620	8,366,650	(10,589,014)	156,568,256
Non-amortizable:				
Work in process	9,945	118,269	-	128,214
Amortizable:				
Right to use subscription assets	83,936	23,000	-	106,936
Accumulated amortization	(27,038)	(30,780)	-	(57,818)
Right to use subscription assets, net	66,843	110,489	-	177,332
Utility plant in service and right to use subscription assets, net	\$ 158,857,463	\$ 8,477,139	\$ (10,589,014)	\$ 156,745,588

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, 2025 and 2024, is as follows:

	2025	2024
Beginning balance	\$ 96,985	\$ 85,456
Additions	225,255	268,802
Reductions	(270,123)	(257,273)
Ending balance	\$ 52,117	\$ 96,985
Amounts due in one year	\$ 7,818	\$ 14,548
Long-term	44,299	82,437
	\$ 52,117	\$ 96,985

Compensated absences due within one year are included in accrued expenses and other liabilities in the statements of net position.

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 6: LONG-TERM DEBT

The Department's long-term debt consists of revenue refunding bonds, issued September 3, 2020, October 2, 2019, November 30, 2017 and January 1, 2016, to refund previously issued debt and revenue improvement bonds, issued October 2, 2019 and May 19, 2015, for the purpose of financing improvements to the wastewater collection and treatment facilities. Significant terms and principal balances of the Department's long-term debt at December 31, 2025 and 2024, are as follows:

	Interest Rates	2025	2024
Publicly Traded Bonds			
\$12,415,000 City of Conway, Arkansas, Wastewater Revenue Refunding Bonds, Series 2016; principal payable annually, interest payable semi-annually through maturity on October 1, 2040	2.0% - 5.0%	\$ 9,545,000	\$ 10,000,000
\$9,370,000 City of Conway, Arkansas, Wastewater Revenue Improvement Bonds, Series 2019A; principal payable annually, interest payable semi-annually through maturity on October 1, 2039	2.375% - 5.0%	7,950,000	8,210,000
\$21,000,000 City of Conway, Arkansas Wastewater Revenue Refunding Bonds, Series 2019B; principal payable annually, interest payable semi-annually through maturity on October 1, 2037	2.11% - 3.17%	15,025,000	16,075,000
Bonds from Direct Placement			
\$10,000,000 City of Conway, Arkansas, Wastewater Revenue Improvement Bonds, Series 2015B; principal and interest payable semi-annually through maturity on April 15, 2037	1.5%	6,252,414	6,723,328
\$58,832,042 City of Conway, Arkansas, Wastewater Revenue Refunding Bonds, Series 2017; principal and interest payable semi-annually through maturity on April 15, 2035	1.5%	41,071,346	43,447,576

(Continued)

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 6: LONG-TERM DEBT (Continued)

	Interest Rates	2025	2024
Bonds from Direct Placement (Continued)			
\$6,395,956 City of Conway, Arkansas Wastewater Revenue Refunding Bonds, Series 2020; principal payable annually beginning October 1, 2021, interest payable semi-annually through maturity on October 1, 2029			
	1.69%	\$ 2,965,011	\$ 3,676,755
		82,808,771	88,132,659
Unamortized premium		728,957	810,936
Total long-term debt		83,537,728	88,943,595
Less current portion		(5,451,839)	(5,323,887)
Long-term debt, net of current portion		\$ 78,085,889	\$ 83,619,708

All of the Department's long-term debt is secured by a pledge of revenues generated by the Department, and the Series 2019A Wastewater Revenue Improvement Bonds and the Series 2020, 2019B and 2016 Wastewater Revenue Refunding Bonds are additionally secured by surplus revenues of the Electric Department.

Long-Term Debt Activity

Long-term debt activity for the years ended December 31, 2025 and 2024, is as follows:

	2024	Increases	Decreases	2025
Bonds payable (public)	\$ 34,285,000	\$ -	\$ (1,765,000)	\$ 32,520,000
Bonds payable (private placement)	53,847,659	-	(3,558,888)	50,288,771
Unamortized premium	810,936	-	(81,979)	728,957
	\$ 88,943,595	\$ -	\$ (5,405,867)	\$ 83,537,728
	2023	Increases	Decreases	2024
Bonds payable (public)	\$ 36,000,000	\$ -	\$ (1,715,000)	\$ 34,285,000
Bonds payable (private placement)	57,324,293	-	(3,476,634)	53,847,659
Unamortized premium	895,713	-	(84,777)	810,936
	\$ 94,220,006	\$ -	\$ (5,276,411)	\$ 88,943,595

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 6: LONG-TERM DEBT (Continued)

Annual Debt Service Requirements

Remaining debt service payments at December 31, 2025, are as follows:

Fiscal Year	Publicly Traded Bonds		Bonds from Direct Placement		Total
	Principal	Interest	Principal	Interest	
2026	\$ 1,810,000	\$ 1,118,049	\$ 3,641,839	\$ 1,215,074	\$ 7,784,962
2027	1,865,000	1,062,786	3,724,410	1,129,429	7,781,625
2028	1,925,000	1,001,087	3,818,333	1,041,782	7,786,202
2029	1,990,000	936,189	3,903,488	951,927	7,781,604
2030	2,060,000	868,359	4,038,492	854,934	7,821,785
2031-2035	11,400,000	3,253,216	21,768,448	2,698,683	39,120,347
2036-2040	11,470,000	1,128,020	9,393,761	292,907	22,284,688
	<u>\$ 32,520,000</u>	<u>\$ 9,367,706</u>	<u>\$ 50,288,771</u>	<u>\$ 8,184,736</u>	<u>\$ 100,361,213</u>

NOTE 7: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Department has four 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 3.67% to 4.57%, in the statements of net position. The agreements have terms of one to three years. The Department recognized subscription amortization and interest expense of \$31,478 and \$1,204, respectively, which are included in the statements of revenues, expenses and changes in net position for the year ended December 31, 2025. For the year ended December 31, 2024, the Department recognized subscription amortization and interest expense of \$30,780 and \$1,678, 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 \$57,000 and \$87,000, respectively, for the years ended December 31, 2025 and 2024.

Future payments on the subscription liability are as follows:

	Principal	Interest	Total
2026	\$ 14,087	\$ 337	\$ 14,424
2027	5,869	102	5,971
	<u>\$ 19,956</u>	<u>\$ 439</u>	<u>\$ 20,395</u>

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 8: 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.

During the year ended December 31, 2025, the Corporation amended provisions of the Plan to incorporate the Rule of 90. Under this amendment, employees are eligible for full, unreduced retirement benefits when the sum of the employee's age and years of credited service equals or exceeds 90.

In accordance with GASB Statement No. 68, the entire amount of the change in the total pension liability resulting from this plan amendment, totaling \$1,587,077, has been recognized as pension expense in the statement of revenues, expenses and changes in net position. This change reflects the actuarial increase in the present value of projected benefit payments resulting from earlier anticipated retirement ages.

At August 1, 2025, the following employees of the Corporation were covered by the benefit terms:

Retirees and beneficiaries	116
Terminated vested and other inactive participants	60
Active	240
Total	<u>416</u>

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 8: RETIREMENT PLANS

Defined Benefit Plan (Continued)

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, 2025 and 2024 totaled 14.69% and \$3,051,668, and 15.41% and \$3,012,427, respectively. Actual contributions for all departments for the years ended December 31, 2025 and 2024 totaled \$3,600,000 and \$3,647,000, or 117.97% and 121.06%, respectively, of required contributions.

Net Pension Liability

The Corporation's net pension liability was measured as of December 31, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 1, 2025 and 2024, and then projected forward to the measurement date. There have been no significant changes between the valuation date and the measurement date.

Total pension liability in the August 1, 2025 and 2024 actuarial valuation was determined using the following assumptions:

Inflation	3.50%
Annual salary increases	4.00%
Investment rate of return	7.00%

Mortality rates in the August 1, 2025 and 2024 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, 2025 and 2024, are summarized in the table below:

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

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 8: RETIREMENT PLANS

Defined Benefit Plan (Continued)

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.

Changes in the Net Pension Liability

Changes in the Corporation's net pension liability for the year ended December 31, 2025 were as follows:

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2024	\$ 67,620,952	\$ 54,251,794	\$ 13,369,158
Changes for the year:			
Service cost	1,175,342	-	1,175,342
Interest on total pension liability	4,668,441	-	4,668,441
Effect of economic/demographic gains or losses	143,396	-	143,396
Employer contributions	-	3,600,000	(3,600,000)
Net investment income	-	4,530,472	(4,530,472)
Benefit payments	(3,033,231)	(3,033,231)	-
Plan amendment	1,587,077	-	1,587,077
Net changes	4,541,025	5,097,241	(556,216)
Balances at December 31, 2025	\$ 72,161,977	\$ 59,349,035	\$ 12,812,942

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 8: RETIREMENT PLANS

Defined Benefit Plan (Continued)

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	\$ 20,643,182	\$ 12,812,942	\$ 4,982,702

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

For the years ended December 31, 2025 and 2024, the Corporation recognized pension expense of \$5,259,233 and \$3,193,875, respectively. At December 31, 2025, 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	\$ 2,304,400	\$ 957,031
Net difference between projected and actual earnings	219,887	-
Changes of assumptions	2,070,875	2,968,045
Total	\$ 4,595,162	\$ 3,925,076

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

Year ending December 31,	
2026	\$ 1,758,762
2027	\$ (861,792)
2028	\$ (275,838)
2029	\$ (154,130)
2030	\$ 182,599
Thereafter	\$ 20,485

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 8: RETIREMENT PLANS

Defined Benefit Plan (Continued)

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 \$1,821,638, \$649,397, \$554,700 and \$743,245, respectively, for the year ended December 31, 2025, and \$1,900,244, \$1,108,723, \$700,933 and \$451,365, respectively, for the year ended December 31, 2024.

457 Plan

The Conway Corporation 457 Supplemental Retirement Plan (similar to a 401(k) plan for non-governmental 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, 2025 and 2024, totaled approximately \$472,000 and \$431,000, respectively.

NOTE 9: 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, 2025 and 2024. There were no assets of the OPEB that were accumulated in a trust during the years ended December 31, 2025 and 2024.

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 8). 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, 2025, the following employees were covered by the benefit terms:

Retirees and surviving spouses	84
Active employees	<u>231</u>
Total	<u><u>315</u></u>

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 9: POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (Continued)

Benefits Provided (Continued)

During the years ended December 31, 2025 and 2024, the Corporation paid, as they came due, \$125,337 and \$55,021, respectively, of benefit payments for the OPEB.

Total OPEB Liability

The Corporation's total OPEB liability was measured as of December 31, 2025 and 2024, using an actuarial valuation as of those dates.

Total OPEB liability in the December 31, 2025 and 2024 actuarial valuations was determined using the following actuarial assumptions and other inputs:

	<u>2025</u>	<u>2024</u>
Inflation	3.00%	3.00%
Annual salary increases	4.43%	4.28%
Healthcare cost trend rates	7.50% for 2025, decreased each year to an ultimate rate of 4.25% for 2032 and later	7.50% for 2024, decreased each year to an ultimate rate of 4.25% for 2033 and later

Mortality rates in the December 31, 2025 and 2024 actuarial valuation were based on the Pub-G 2010 Healthy Mortality Table, projected generationally with Scale MP 2019.

Discount Rate

The discount rate used to measure the total OPEB liability in the December 31, 2025 and 2024 actuarial valuations was 4.43% and 4.28%, 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, 2025 were as follows:

Balance at December 31, 2024	\$ 3,433,391
Changes for the year:	
Service cost	94,558
Interest on total OPEB liability	146,290
Differences between expected and actual experience	(66,827)
Effect of assumptions changes or inputs	(53,762)
Benefit payments	(125,337)
Net changes	(5,078)
Balance at December 31, 2025	<u>\$ 3,428,313</u>

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 9: POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (Continued)

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 4.43%, 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 (3.43%) or 1 percentage point higher (5.43%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>3.43%</u>	<u>4.43%</u>	<u>5.43%</u>
Total OPEB liability	\$ 3,632,877	\$ 3,428,313	\$ 3,240,789

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 Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,159,407	\$ 3,428,313	\$ 3,752,425

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

For the years ended December 31, 2025 and 2024, the Corporation recognized OPEB expense of \$33,789 and \$101,688 respectively. For the year ended December 31, 2025, 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	\$ 516,984	\$ 722,347
Changes of assumptions	196,014	603,551
Total	<u>\$ 712,998</u>	<u>\$ 1,325,898</u>

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 9: POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (Continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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,	
2026	\$ (81,722)
2027	\$ (83,747)
2028	\$ (101,954)
2029	\$ (101,952)
2030	\$ (114,939)
Thereafter	\$ (128,586)

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 \$487,548, \$187,378, \$100,762 and \$4,775, respectively, for the year ended December 31, 2025, and \$488,265, \$199,701, \$118,577 and \$14,371, respectively, for the year ended December 31, 2024.

NOTE 10: 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. 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, 2025 and 2024, the accrued liability for the self-insured health plan totaled approximately \$255,000 and \$267,000, respectively.

NOTE 11: INTERDEPARTMENTAL TRANSACTIONS

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, 2025 and 2024, was \$1,698,448 and \$1,114,471, respectively.

Conway Corporation Wastewater Department

Notes to Financial Statements December 31, 2025 and 2024

NOTE 11: INTERDEPARTMENTAL TRANSACTIONS (Continued)

The operating expenses of all departments of the Corporation are initially paid by the Electric Department. During the year ended December 31, 2024, the Department reimbursed the Electric Department for all amounts owed before year end. Amounts payable to the Electric Department at December 31, 2025, of \$536,980 were for the reimbursement of expenses paid or accrued by the Electric Department on behalf of the Wastewater Department, as well as electric services provided to the Wastewater department as necessary in the operation and maintenance of the wastewater collection and treatment system. No interest was charged on this interdepartmental receivable.

During the years ended December 31, 2025 and 2024, the Electric Department charged the Department \$987,284 and \$759,195, respectively, for electric services used in the operation and maintenance of the wastewater collection and treatment system, and the Water Department charged the Department \$234,868 and \$256,494, respectively, for water used in the operation and maintenance of the wastewater collection and treatment system.

NOTE 12: 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, 2025 and 2024. In addition, there have been no settlements in excess of the Corporation's coverage in any of the prior three fiscal years.

NOTE 13: TAX STATUS

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

NOTE 14: 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, certain ongoing geopolitical events have introduced additional uncertainties that could impact the Department's operations and financial results.



Supplemental Information



Conway Corporation Wastewater Department

Schedule of Wastewater Rates December 31, 2025

	Consumption Charges (by customer class)					
	Residential	Commercial	Industrial	Institutional	Municipal	Out-of-City Residential Out-of-City Commercial
Customer Charge	\$ 7.77	\$ 9.73	\$ 34.97	\$ 34.97	\$ 9.73	\$ 11.66 \$ 14.60
Per 1,000 gallons	\$ 8.86	n/a	n/a	n/a	n/a	\$ 13.29 n/a
First 25,000 gallons	n/a	\$ 8.86	\$ 8.86	\$ 8.86	\$ 8.86	n/a \$ 13.29
Next 75,000 gallons	n/a	\$ 9.66	\$ 9.66	\$ 9.66	\$ 9.66	n/a \$ 14.49
All over 100,000 gallons	n/a	\$ 8.86	\$ 8.86	\$ 8.86	\$ 8.86	n/a \$ 13.29
Minimum (2,000 gallons + customer charge)	\$ 25.49	\$ 27.45	\$ 52.69	\$ 52.69	\$ 27.45	\$ 38.24 \$ 41.18

See Independent Auditor's Report.

Conway Corporation Wastewater Department

Schedule of Water Rates December 31, 2025

Minimum Monthly Charges (all customers)	
Meter Size	Charge
5/8" or 3/4" meter	\$ 7.88
1" meter	\$ 17.80
1.5" meter	\$ 33.95
2" meter	\$ 52.36
3" meter	\$ 104.52
4" meter	\$ 169.63
6" meter	\$ 339.03
8" meter	\$ 423.90
Fire Hydrant meter	\$ 111.22
Institutional Customer Charge	\$ 423.90
5/8" or 3/4" meter multi-family	\$ 17.80
1" meter multi-family	\$ 26.66
1.5" meter multi-family	\$ 48.92
2" meter multi-family	\$ 77.85
Fire protection systems	\$ 19.47

Consumption Charges (by customer class)						
	Residential	Commercial	Industrial	Institutional	Multi-Family	Fire Hydrant
First 20,000 gallons	\$ 4.57	\$ 4.57	\$ 4.57	n/a	n/a	n/a
Next 30,000 gallons	\$ 4.57	\$ 4.25	\$ 4.25	n/a	n/a	n/a
Next 50,000 gallons	n/a	\$ 3.66	\$ 3.66	n/a	n/a	n/a
All over 100,000 gallons	n/a	\$ 3.40	\$ 3.40	n/a	n/a	n/a
All consumption	n/a	n/a	n/a	\$ 3.40	\$ 4.57	\$ 4.57

See Independent Auditor's Report.

Conway Corporation Wastewater Department

Schedule of Customers by Class Year Ended December 31, 2025

	<u>Wastewater</u>	<u>Water</u>
Residential	23,953	26,087
Commercial	2,057	2,610
Industrial	92	101
Institutional	3	5
Municipal	46	166
	<u>26,151</u>	<u>28,969</u>
Total Customers		

See Independent Auditor's Report.

Conway Corporation Wastewater Department

Schedule of Annual Billable Water by Customer Class Year Ended December 31, 2025

	<u>Wastewater</u>	<u>Water</u>
Residential	1,452,598	1,642,530
Commercial	290,631	424,088
Industrial	372,667	394,939
Institutional	103,858	149,854
Municipal	-	113,570
Wholesale	-	1,074
	<u>-</u>	<u>1,074</u>
Total Annual Billable Water	<u>2,219,754</u>	<u>2,726,055</u>

Amounts are in thousands of gallons

See Independent Auditor's Report.



**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 Wastewater Department** (the Department), as of and for the year ended December 31, 2025, 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 16, 2026.

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 16, 2026

APPENDIX B

Proposed Form of Bond Counsel Opinion

Kutak Rock LLP, Bond Counsel, will render an opinion with respect to the Series 2026 Bonds, dated the date of issuance and delivery thereof, in substantially the following form:

_____, 2026

City of Conway
Conway, Arkansas

Conway Corporation
Conway, Arkansas

First Security Bank, as Trustee
Searcy, Arkansas

Crews & Associates, Inc.
Little Rock, Arkansas

Stephens Inc.
Little Rock, Arkansas

\$8,610,000*
City of Conway, Arkansas
Wastewater Revenue Refunding Bonds
Series 2026

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Conway, Arkansas (the “City”), a city of the first class and political subdivision of the State of Arkansas, of its \$8,610,000* Wastewater Revenue Refunding Bonds, Series 2026 (the “Series 2026 Bonds”).

The Series 2026 Bonds are being issued pursuant to the provisions of the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 and Arkansas Code Annotated §§14-164-401 *et seq.* (the “Act”), and pursuant to Ordinance No. O-26-15 of the City, duly adopted and approved on March 24, 2026 (the “Bond Ordinance”).

The Series 2026 Bonds are issued under and secured and entitled to the protection given by a Trust Indenture dated as of April 1, 2004, as supplemented and amended by a First Supplemental Trust Indenture dated as of October 1, 2009, by a Second Supplemental Trust Indenture dated as of November 1, 2010, by a Third Supplemental Trust Indenture dated as of May 1, 2012, by a Fourth Supplemental Trust Indenture dated as of August 1, 2014, by a Fifth Supplemental Trust Indenture dated as of January 1, 2016, by a Sixth Supplemental Trust Indenture dated as of October 1, 2019, by a Seventh Supplemental Trust Indenture dated as of September 3, 2020, and by an Eighth Supplemental Trust Indenture dated as of May 1, 2026 (as supplemented and amended, the “Indenture”), each 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 wastewater system and electric system pursuant to exclusive franchises granted by the City (the “Corporation”), and First Security Bank, Searcy, Arkansas, as trustee (the “Trustee”). Reference is hereby made to the Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the conditions for the issuance of parity debt by the City, the nature and extent of the security for the Series 2026 Bonds, the rights, duties and obligations of the City, the Corporation, the Trustee and the holders of the Series 2026 Bonds, and the terms upon which the Series 2026 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 the City’s wastewater system and electric system (collectively, the “Rate Ordinances”), the power of the City to adopt the Bond Ordinance and to 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 laws, regulations, rulings and judicial decisions, as follows:

1. The City is duly created and validly existing as a municipal corporation of the State of Arkansas. Pursuant to the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 and the Act, 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 2026 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 2026 Bonds have been duly authorized, executed, issued and delivered by the City. The Series 2026 Bonds are not general obligations of the City, but are special obligations of the City payable solely from a pledge of the Wastewater Net Revenues (as defined in the Indenture) and Surplus Electric Revenues (as defined in the Indenture) of the City. The pledge of Wastewater Net Revenues securing the Series 2026 Bonds is made (i) on a parity basis with an existing pledge securing the City's Wastewater Revenue Improvement Bonds, Series 2019A (the "Series 2019A Bonds"), the City's Wastewater Revenue Refunding Bonds, Taxable Series 2019B (the "Series 2019B Bonds"), the City Wastewater Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), and any Additional Bonds (as defined in the Indenture) issued hereafter, and (ii) is prior and senior to the pledge of Wastewater Net Revenues securing the City's Wastewater Revenue Improvement Bond, Subordinate Series 2015B (the "Series 2015B Bond"), and the City's Wastewater Revenue Refunding Bond, Subordinate Series 2017 (the "Series 2017 Bond"). The pledge of Surplus Electric Revenues securing the Series 2026 Bonds is made on a parity basis with existing pledges securing (i) the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020 Bonds and any Additional Bonds and (ii) the City's Telecommunications Revenue Improvement Bonds, Tax-Exempt Series 2025, and is junior and subordinate to the permitted use of Electric System revenues for any purpose whatsoever required by any trust indenture securing indebtedness primarily secured by revenues or net revenues of the City's Electric System.

5. The Wastewater Net Revenues and Surplus Electric Revenues have been duly and validly assigned and pledged to the Trustee under the Indenture, and the Indenture creates, as security for the Series 2026 Bonds, a valid security interest in the Wastewater Net Revenues and Surplus Electric 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 Wastewater Net Revenues and Surplus Electric Revenues securing the Series 2026 Bonds is and shall be prior to any judicial lien hereafter imposed on said Wastewater Net Revenues or Surplus Electric 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 Wastewater Net Revenues and Surplus Electric Revenues.

6. Interest on the Series 2026 Bonds (including any original issue discount properly allocable to the owner of a Series 2026 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 2026 Bonds. Failure to comply with such requirements could cause interest on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 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 2026 Bonds.

7. Interest on the Series 2026 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

8. The Series 2026 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 2026 Bonds.

It is to be understood that the rights of the registered owners of the Series 2026 Bonds and the enforceability of the Series 2026 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,

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