

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 10, 2025

**NEW ISSUE
FULL BOOK-ENTRY - ONLY**

**RATINGS: S&P: []
Moody's: []**
(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law (1) assuming compliance by the City with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2025 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) interest on the 2025 Bonds is exempt from State of North Carolina income taxation. See "TAX TREATMENT" herein.

[LOGO]

**[\$AMOUNT]*
CITY OF WINSTON-SALEM, NORTH CAROLINA
WATER AND SEWER SYSTEM
REVENUE BONDS
SERIES 2025**

Dated: Date of Delivery

Due: As shown on the inside cover

The City of Winston-Salem, North Carolina Water and Sewer System Revenue Bonds, Series 2025 (the "2025 Bonds") are issuable as fully registered bonds.

The 2025 Bonds are being issued for the purpose of (1) financing the costs of extensions, additions and certain improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for the System, as further described herein, and (2) paying the costs of issuing the 2025 Bonds.

The 2025 Bonds will bear interest from their date payable on June 1, 2026, and semiannually thereafter on each June 1 and December 1.

The 2025 Bonds are subject to optional and mandatory redemption before their stated maturities as described herein.

THE 2025 BONDS ARE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE TRUST ESTATE DESCRIBED HEREIN, INCLUDING REVENUES OF THE CITY'S WATER AND SEWER UTILITIES SYSTEM. NEITHER THE GENERAL CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE OF NORTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE 2025 BONDS, NOR WILL THE 2025 BONDS BE OR BE DEEMED TO BE AN OBLIGATION OF THE CITY OR THE STATE OF NORTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN OF THE CITY TO THE EXTENT OF THE AFOREMENTIONED TRUST ESTATE.

The 2025 Bonds are offered when, as and if executed, delivered and issued by the City, subject to prior sale, modification or withdrawal of the offer without sale, and subject to the approval of validity and certain other matters by Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, as Bond Counsel, and certain other conditions. First Tryon Advisors, LLC, Annapolis, Maryland, serves as the City's municipal advisor. Certain legal matters will be passed upon for the City by its City Attorney, Camille French, Esq., Winston-Salem, North Carolina.

The 2025 Bonds will be sold on November 18, 2025 pursuant to sealed bids in accordance with the Notice of Sale. It is expected that the 2025 Bonds will be available for delivery through the facilities of DTC on or about December 3, 2025 against payment therefor.

Dated: November __, 2025

* Preliminary, subject to change.

MATURITY SCHEDULE*

DUE JUNE 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP ⁽¹⁾	DUE JUNE 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP ⁽¹⁾
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\$_____ % Term 2025 Bonds due June 1, 20__ Yield: _____% -- CUSIP _____⁽¹⁾

* Preliminary, subject to change.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. Copyright ©2025 CUSIP Global Services. All rights reserved. The City and the Commission do not take responsibility for the accuracy of such data. Also, investors should be aware that under certain circumstances the CUSIP identification number assigned to a maturity of the 2025 Bonds may be changed to a new replacement number.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the 2025 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the 2025 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the 2025 Bonds implies that the information herein is correct as of any date subsequent to the date thereof.

The information contained herein has been obtained from the City and other sources believed to be reliable. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

The Bank of New York Mellon Trust Company, N.A., as Trustee, has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement, and The Bank of New York Mellon Trust Company, N.A., as Trustee, makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the 2025 Bonds; or (iii) the tax-exempt status of the interest on the 2025 Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 ("*Rule 15c2-12*") promulgated by the Securities and Exchange Commission.

This Official Statement is deemed to be a final official statement with respect to the 2025 Bonds within the meaning of Rule 15c2-12, except, when it is in preliminary form, for the omission of certain pricing and other information authorized to be omitted by Rule 15c2-12.

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. These forward-looking statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

The 2025 Bonds have not been registered or qualified with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. The registration or qualification of the 2025 Bonds in accordance with applicable provisions of securities laws of the States in which the 2025 Bonds have been registered or qualified, if any, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2025 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

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STATE AND LOCAL GOVERNMENT FINANCE DIVISION
LOCAL GOVERNMENT COMMISSION

**OFFICIAL STATEMENT
OF THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION
CONCERNING**

**[\$[AMOUNT]]*
CITY OF WINSTON-SALEM, NORTH CAROLINA
WATER AND SEWER SYSTEM
REVENUE BONDS
SERIES 2025**

INTRODUCTION

This Official Statement, which includes the cover and the appendices, provides certain information relating to the [\$[AMOUNT]]* Water and Sewer System Revenue Bonds, Series 2025 (the “2025 Bonds”) of the City of Winston-Salem, North Carolina (the “City”).

This introduction provides certain limited information to serve as a guide to this Official Statement and is expressly qualified by this Official Statement as a whole.

The City has previously issued Bonds (as hereinafter defined) under an Amended and Restated General Trust Indenture, dated as of March 1, 2020 (the “*General Indenture*”), between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”), which amended and restated the General Trust Indenture, dated as of October 1, 1988, between the City and NCNB National Bank of North Carolina, the successor to which is the Trustee. The 2025 Bonds will be issued under the General Indenture and Series Indenture, Number 20, dated as of December 1, 2025 (the “*Series Indenture*” and together with the General Indenture, the “*Indenture*”), between the City and the Trustee.

The descriptions of the 2025 Bonds, the Indenture, and the other documents described in this Official Statement do not purport to be definitive or comprehensive. All references to those documents are qualified in their entirety by reference to the approved forms of those documents. Capitalized, undefined terms used herein will have the meanings given them in the Indenture. Certain terms used herein are defined in **Appendix G** to this Official Statement.

PURPOSE

The proceeds of the 2025 Bonds will be used to (1) finance the costs of extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for the System, as further described herein, and (2) paying the costs of issuing the 2025 Bonds. See “**THE PLAN OF FINANCE**” herein.

* Preliminary, subject to change.

THE 2025 BONDS

The 2025 Bonds will be dated the date of their delivery and will bear interest from their date payable on June 1, 2026, and semiannually thereafter on each June 1 and December 1, at the rates shown on the inside cover. Principal on the 2025 Bonds will be payable on June 1 in the years and amounts shown on the inside cover subject to redemption as described herein. The 2025 Bonds are offered in denominations of \$5,000 and integral multiples thereof (“*Authorized Denominations*”). The 2025 Bonds are subject to optional redemption before their stated maturities. See “**THE 2025 Bonds**” herein.

THE CITY

See the caption “**THE CITY**” herein and **Appendices A** and **B** hereto for certain information regarding the City.

THE SYSTEM

The City operates a water and sewer utilities system (as defined in the General Indenture, the “*System*”) which has the primary responsibility to collect, treat, and distribute water and wastewater. See “**THE SYSTEM**” herein.

SECURITY

The 2025 Bonds are special obligations of the City, payable solely from the Trust Estate pledged under the General Indenture and described under the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS - The Trust Estate; Pledge of Revenues**” herein. The principal of, premium, if any, and interest on the 2025 Bonds are not payable from the City’s general funds, nor do the 2025 Bonds constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of its property or upon any of its income, receipts, or revenues, except the Trust Estate pledged under the General Indenture. Neither the credit nor the taxing power of the City, the State of North Carolina, or any political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the 2025 Bonds. No Owner of 2025 Bonds has the right to compel the City to exercise its taxing power or to forfeit any of its property in connection with any default on the 2025 Bonds.

The 2025 Bonds will be payable solely from the Trust Estate on parity with all other Outstanding Bonds issued under the General Indenture. Upon issuance of the 2025 Bonds, there will be \$[REDACTED][†] aggregate principal amount of Outstanding Bonds under the General Indenture (including the 2025 Bonds), all secured equally and ratably.

ADDITIONAL BONDS

Under the circumstances described herein and in the General Indenture, the City may issue Additional Bonds payable from Revenues on parity with the 2025 Bonds and other Outstanding Bonds. See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS - Additional Bonds.**” The 2025 Bonds, other Outstanding Bonds, and any Additional Bonds are referred to collectively herein as the “*Bonds*.”

[†] Preliminary, subject to change.

TAX TREATMENT

In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law assuming compliance by the City with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the 2025 Bonds (a) is excludable from gross income for federal income tax purposes, (b) and is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Interest on the 2025 Bonds is exempt from State of North Carolina income taxation. See “**TAX TREATMENT**” herein.

PROFESSIONALS

Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, is serving as Bond Counsel to the City. First Tryon Advisors, LLC, Annapolis, Maryland, serves as the City’s municipal advisor. Camille French, Esq., Winston-Salem, North Carolina, is City Attorney. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, is serving as the Trustee, the Registrar, and the Paying Agent for the 2025 Bonds. Raftelis Financial Consultants, Inc., Charlotte, North Carolina, has prepared the financial feasibility report included in **Appendix D** hereto.

CONTINUING DISCLOSURE

The City has undertaken in the Series Indenture to provide continuing disclosure of annual financial information and operating data and material events. See “**CONTINUING DISCLOSURE.**”

THE 2025 BONDS

AUTHORIZATIONS

The 2025 Bonds are authorized by The State and Local Government Revenue Bond Act, Article 5 of Chapter 159, as amended, of the General Statutes of North Carolina (the “Act”), the General Indenture, a bond order adopted by the City Council of the City on October 6, 2025 and the Series Indenture.

The City’s issuance of the 2025 Bonds will be considered for the required approval of the North Carolina Local Government Commission (the “*Commission*”) on November 4, 2025. The Commission is a division of the North Carolina State Treasurer’s office charged with the general oversight of local government finance in the State of North Carolina (the “*State*”). Its approval is required for all local government bond issues and substantially all other local government financing arrangements in North Carolina. In determining whether to allow bonds to be issued under the Act, the Commission has been given wide statutory discretion to consider the need for and feasibility of the projects to be financed, the local government’s capability to repay the amount financed from the pledged revenue sources and the local government’s general compliance with State budget and finance laws. Under the Act, the Commission is also responsible, with the issuing unit’s approval, for selling bonds issued pursuant to the Act. See **Appendix E** hereto for further information about the Commission.

GENERAL

The 2025 Bonds are issuable solely as fully registered bonds without coupons in Authorized Denominations. The 2025 Bonds will mature on June 1 of the years and in the amounts and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) as shown on the inside cover

page of this Official Statement. The 2025 Bonds will be dated the date of their issuance. The initial Paying Agent for the 2025 Bonds will be The Bank of New York Mellon Trust Company, N.A.

BOOK-ENTRY ONLY SYSTEM

The 2025 Bonds will be issued initially in book-entry form, without physical delivery of the 2025 Bonds to beneficial owners of the 2025 Bonds (the “*Beneficial Owners*”). The Depository Trust Company (“*DTC*”), Jersey City, New Jersey, will act as securities depository for the 2025 Bonds. The 2025 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as an authorized representative of DTC may request. One fully registered 2025 Bond will be issued for each maturity of the 2025 Bonds in the aggregate principal amount of such maturity of such 2025 Bond and will be deposited with DTC. The Trustee will make principal and interest payments to DTC, which will in turn remit such payments to its participants for subsequent distribution to Beneficial Owners. See **Appendix H** hereto.

REDEMPTION PROVISIONS

Optional Redemption. The 2025 Bonds maturing on or before June 1, 2035, are not subject to call and redemption before their stated maturities. The 2025 Bonds maturing on or after June 1, 2036 may be redeemed prior to their stated maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part, on any date on or after June 1, 2035 at the Redemption Price of 100% of the principal amount of the 2025 Bonds to be redeemed plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Redemption. The 2025 Bonds maturing June 1, 20__ (the “*Term Bonds*”) are subject to mandatory sinking fund redemption before their scheduled maturity, without premium, at a Redemption Price equal to 100% of the principal amount so to be redeemed in the principal amounts and in the years as follows:

<u>JUNE 1</u>	<u>PRINCIPAL AMOUNT</u>
*	
*Maturity	

At its option, to be exercised on or before the 45th day next preceding any mandatory redemption date, the City may (a) deliver to the Trustee for cancellation, Term Bonds or portions thereof (in Authorized Denominations) in any aggregate principal amount desired, or (b) receive a credit in respect of its mandatory redemption obligation for the Term Bonds (in Authorized Denominations) which prior to said date have been purchased or redeemed (otherwise than through mandatory redemption pursuant to this paragraph) and cancelled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each such Term Bond or portion thereof so delivered or previously purchased or redeemed and cancelled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the City to redeem the Term Bonds on such mandatory redemption date, and any excess over such amount shall be credited against future mandatory redemption obligations in chronological order,

unless otherwise designated by the City, and the principal amount of the Term Bonds so to be redeemed shall be accordingly reduced.

The City will on or before the 45th day next preceding each such mandatory redemption date furnish the Trustee with its certificate indicating whether or not and to what extent the provisions of (a) and (b) of the preceding paragraph are to be availed of with respect to such mandatory redemption payment.

Notice of Redemption. The Trustee will provide notice of redemption not less than 30 days nor more than 60 days before the Redemption Date (1) to the Commission by Mail or Electronic Means, (2)(a) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or as otherwise permitted by DTC's rules and procedures or (b) if DTC or its nominee is no longer the Owner of the 2025 Bonds, by Mail or Electronic Means to the then-registered Owners of 2025 Bonds to be redeemed at the last address shown on the registration books kept by the Registrar, and (3) to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB.

Such notice must (1) specify the 2025 Bonds to be redeemed, the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Paying Agent) and if less than all of the 2025 Bonds are to be redeemed, the portions of 2025 Bonds to be redeemed, and (2) state that on the Redemption Date, the 2025 Bonds to be redeemed will cease to bear interest.

In the case of an optional redemption of the 2025 Bonds, the redemption notice may state (1) that it is conditioned upon the deposit of money with the Trustee on the Redemption Date at the time and in an amount equal to the amount necessary to effect the redemption and such notice will be of no effect unless such money is so deposited, and (2) that the City retains the right to rescind the redemption notice on or prior to the scheduled Redemption Date, and such notice and optional redemption shall be of no effect if such money is not so deposited or if the notice is rescinded as described below.

Notwithstanding the foregoing, (1) if notice is properly given, the failure to receive an appropriate notice shall not affect the validity of the proceedings for such redemption, (2) the failure to give any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of the 2025 Bonds or portions thereof with respect to which notice was correctly given, and (3) the failure to give any such notice to the LGC or the MSRB, or any defect therein, shall not affect the validity of any proceedings for the redemption of the 2025 Bonds.

Notwithstanding anything herein to the contrary, the only remedy for failure by the Trustee to post any notice with the MSRB via its electronic format is an action by the holders of the 2025 Bonds in mandamus for specific performance or similar remedy to compel performance.

General Redemption Provisions. If less than all of the 2025 Bonds are called for optional redemption, the City shall determine the maturities and amounts thereof to be redeemed. If a book-entry system through DTC is used for determining beneficial ownership of the 2025 Bonds and less than all the 2025 Bonds of any maturity are called for redemption, DTC shall select the 2025 Bonds to be redeemed pursuant to its rules and procedures or, if the book-entry system through DTC or any other securities depository for determining beneficial ownership of the 2025 Bonds has been discontinued, the Trustee shall select the 2025 Bonds to be redeemed by lot in such manner as the Trustee in its discretion may deem proper, but, in any event, the portion of any 2025 Bond to be redeemed must be in an Authorized Denomination.

Any scheduled redemption of 2025 Bonds or portions thereof may be rescinded in whole or in part at any time prior to the Redemption Date if the City delivers written notice to the Trustee instructing the

Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Owners of the 2025 Bonds. Any 2025 Bonds where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, the failure of the City to make funds available in part or in whole on or before the Redemption Date shall not constitute an Event of Default, and the Trustee shall give immediate notice to the affected Owners of the 2025 Bonds that the redemption did not occur and that the 2025 Bonds called for redemption and not so paid remain Outstanding.

If money is on deposit in the Debt Service Fund to pay the Redemption Price of the 2025 Bonds called for redemption and premium, if any, thereon on a Redemption Date, 2025 Bonds or portions thereof thus called and provided for as hereinabove specified will not bear interest after such Redemption Date and will not be considered to be Outstanding or to have any other rights under the General Indenture other than the right to receive payment. No payment of principal will be made by the Paying Agent on any 2025 Bonds or portions thereof called for redemption until such 2025 Bonds or portions thereof have been delivered for payment or cancellation or the Paying Agent has received the items required by the General Indenture with respect to any mutilated, lost, stolen or destroyed 2025 Bonds.

THE PLAN OF FINANCE

A portion of the proceeds of the 2025 Bonds will be used to finance the costs of extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for the System (as defined in the General Indenture) including, but not limited to, the following:

PROJECT	ESTIMATED COST
1. Upgrades and enhancements to its Advanced Metering Infrastructure (AMI) system	\$ 16,756,000
2. Modernization of the R.W. Nielson Water Treatment Plant (Phase II)	11,044,000
3. Water Distribution System Improvements	12,100,000
4. Repairs to a lagoon at the Archie Elledge Wastewater Treatment Plant	10,000,000
5. Replacement and capacity upgrades of sewer lines along Peters Creek Outfall within the Elledge Basin	7,000,000
6. Repairs and rehabilitation of sewer lines and manholes under the Collection System Improvement Program (CSIP)	4,000,000
7. Replacement of a force main near Tanglewood Park	4,000,000
8. Upgrades to the 15 th Street Pump Station	3,100,000
9. Repairs biosolids dryer facility at the Archie Elledge Wastewater Treatment Plant	2,000,000
TOTAL	\$ 70,000,000

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the 2025 Bonds are estimated below.

SOURCES:

Principal Amount of 2025 Bonds

[Plus/Less] [Net] Original Issue [Premium/Discount] _____

Total Sources of Funds

USES:

2025 Project Costs

Costs of Issuance ¹ _____

Total Uses of Funds

¹ Includes underwriter's discount, legal fees, printing costs, rating agency fees, fees and expenses of the municipal advisor, the Trustee, the financial feasibility consultant, and miscellaneous fees and expenses.

HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE

The following table presents historical financial information on the System including Net Revenues available for debt service and historical debt service coverage ratios for the five fiscal years from 2020 through 2024. For more detailed financial information, see **Appendix C** hereto. For a discussion on the calculation of the Rate Covenant, see **"SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS – The Rate Covenant"** herein.

HISTORICAL DEBT SERVICE COVERAGE FOR THE SYSTEM (THOUSANDS OF DOLLARS)

	FISCAL YEARS ENDED JUNE 30 (AUDITED)				
	2020	2021	2022	2023	2024
Net Revenues Available for Debt Service	\$69,477	\$70,611	\$79,217	\$76,403	\$77,277
12% of Liquid Assets	13,954	14,845	15,725	18,531	18,415
Net Revenues Available for Debt Service and 12% of Liquid Assets	<u>\$83,431</u>	<u>\$85,456</u>	<u>\$94,942</u>	<u>\$94,934</u>	<u>\$95,692</u>
Debt Service on Revenue Bonds	\$34,238	\$33,100	\$33,994	\$36,069	\$35,262
Debt Service on General Obligation Indebtedness, Subordinate Indebtedness, and Other Indebtedness	<u>7,442</u>	<u>8,900</u>	<u>7,928</u>	<u>8,347</u>	<u>7,900</u>
Total Debt Service on Revenue Bonds, Subordinate Indebtedness, General Obligation Indebtedness, and Other Indebtedness	<u>\$40,496</u>	<u>\$41,991</u>	<u>\$41,912</u>	<u>\$44,416</u>	<u>\$43,162</u>
Debt Service Coverage of Revenue Bonds Excluding any Liquid Assets	2.10x	2.13x	2.33x	2.12x	2.19x

	FISCAL YEARS ENDED JUNE 30 (AUDITED)				
	2020	2021	2022	2023	2024
Debt Service Coverage on Revenue Bonds, Including 12% Liquid Assets	2.52x	2.58x	2.79x	2.63x	2.71x
Debt Service Coverage on Revenue Bonds, Subordinate Indebtedness, General Obligation Indebtedness, and Other Indebtedness, Including 12% of Liquid Assets	2.06x	2.04x	2.27x	2.14x	2.22x
Debt Service Coverage of Revenue Bonds, Subordinate Indebtedness, General Obligation Indebtedness, and Other Indebtedness, Based on Net Revenues, Excluding any Liquid Assets	1.72x	1.68x	1.89x	1.72x	1.79x

PROJECTED FINANCIAL INFORMATION

The following table summarizes certain audited and projected financial information related to the future of the City's water and sewer utilities for the fiscal years ended June 30, 2025 through June 30, 20[29]. [For purposes of debt service on the 2025 Bonds, the preliminary numbers were used.] Certain assumptions were made in conjunction with such financial projections. These assumptions, as well as the financial projections, were reviewed by Raftelis Financial Consultants, Inc., an independent consultant experienced in the preparation of financial projections for public entities and were determined by such consultant to be reasonable, including:

- (1) Projected demand for water and wastewater services during the forecast period;
- (2) Projected payments and revenues from retail customers, with consideration to the contractual agreements maintained to provide service to customers in other service areas;
- (3) Projected operating costs for providing water and wastewater services to meet demand during the forecast period;
- (4) Projected water and wastewater rates during the forecast period; and
- (5) Projected future debt issues and the timing of additional debt service payments in order to meet capital investment needs. [to modify assumptions as necessary]

[Table to come from feasibility study.]

DEBT SERVICE REQUIREMENTS

The following table shows the debt service requirements with respect to the 2025 Bonds and other Outstanding Bonds. For purposes of calculating the principal payable in any year, the relevant maturity or

mandatory redemption amount is used. In some cases, totals in the following table may not foot due to rounding.

FISCAL YEAR ENDED JUNE 30	DEBT SERVICE ON OTHER OUTSTANDING BONDS¹	DEBT SERVICE ON 2025 BONDS		COMBINED PRINCIPAL AND INTEREST REQUIREMENTS
	PRINCIPAL	INTEREST		
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				
2054				
2055				
TOTAL	\$	\$	\$	\$

¹ Does not include Subordinate Indebtedness, General Obligation Indebtedness, and Other Indebtedness as defined in the General Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS -- Subordinate Indebtedness, General Obligation Indebtedness, and Other Indebtedness.”

SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS

THE TRUST ESTATE; PLEDGE OF REVENUES

Pursuant to the General Indenture, the City pledges the Revenues and certain other moneys held under the Indenture (the “*Trust Estate*”) to the Trustee for the equal and ratable benefit, protection, and security of all Owners of Bonds.

“Revenues” are defined in the General Indenture as all rates, fees, rentals or other charges or other income received by the City in connection with the ownership, management and operation of the System, and all parts thereof, including any amounts contributed by the City, all as calculated in accordance with generally accepted accounting principles except as otherwise provided in the General Indenture, but excluding (1) amounts received from the investment of money in any Fund or Account, (2) assessments restricted by their terms to capital improvements, (3) net proceeds of insurance or condemnation awards or other extraordinary items, (4) any amounts collected by the City representing sales or use taxes that may be required by law or agreement to be paid to the State or a governmental unit thereof, (5) refundable deposits made by customers of the System or (6) any interest rate subsidy received by the City from the United States Treasury pursuant to Section 54AA, 1400U-2 or 6431 of the Code (as such sections were added by the Recovery Act, pertaining to “*Recovery Zone Economic Development Bonds*” or “*Build America Bonds*”) or any other section of the Code.

The “System” is defined in the General Indenture as the complete water and sewer system of the City now operated by the Winston-Salem/Forsyth County Utility Commission (the “*Utility Commission*”), or subsequently constructed and acquired either from the proceeds of the Bonds or from any other sources at any time, and includes (1) all wells, pumping stations, purification plants and other sources of supply of water and all pipes, mains, and other parts of the facilities for the distribution of water and all equipment and property used in connection therewith, (2) all sanitary sewers, all waste water disposal and purification plants, and all equipment used in connection therewith, all facilities for the collection, treatment, and disposal of sewage and waste matter, including industrial wastes, and (3) all other facilities of any nature or description, real or personal, now or hereafter owned or used by the Utility Commission in the supply, distribution, and treatment of water or sewage by its municipally owned water and sewer system.

No real or personal property of the City will be mortgaged, assigned, or pledged for the benefit of the Owners of the Bonds, but under the General Indenture, the City has covenanted that the System will be transferred only under certain circumstances.

THE RATE COVENANT

The General Indenture provides that, before the commencement of each Fiscal Year, the City will fix, establish, and maintain or cause to be fixed, established, and maintained such rates and charges for the provision of services of the System, and revise or cause to be revised the same, as necessary, as will produce (1) Revenues, plus 12% of the Liquid Assets as shown in the most recent audited financial statements, at least equal in such Fiscal Year to the total of (a) the Operating Expenses budgeted for such Fiscal Year, as may be amended from time to time, plus (b) 125% of (1.25 times) the Debt Service on the Bonds to become due during that Fiscal Year, plus (c) 100% of (1.00 times) the Debt Service for Subordinate Indebtedness to become due in such Fiscal Year, plus (d) 100% of (1.00 times) the Debt Service for General Obligation Indebtedness to become due in such Fiscal Year, plus (e) 100% of (1.00 times) the Debt Service for Other Indebtedness to become due in such Fiscal Year, plus (f) 100% of (1.00 times) the amount required to reimburse the provider of a Qualified Reserve Fund Substitute for any amounts owing thereunder; and (2) Revenues at least equal in such Fiscal Year to the total of 110% of (1.10 times) the requirements therefor established in the General Indenture as described in the FIRST through NINTH paragraphs under “**FUNDS AND ACCOUNTS-Revenue Fund**” in **Appendix G**.

“*Operating Expenses*” is defined in the General Indenture as the current expenses, paid or accrued, of operation, maintenance, and current repair of the System, as calculated in accordance with sound accounting practice, and includes, without limiting the generality of the foregoing, insurance premiums, any Rebate Deposit, administrative expenses of the City relating solely to the System, labor, executive compensation, the cost of materials and supplies used for current operations, and charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as

may reasonably be expected to be incurred in accordance with sound accounting practice. “*Operating Expenses*” do not include any allowance for depreciation or replacements of capital assets of the System or contractual obligations relating to the System with a term greater than one year.

“*Debt Service*” is defined in the General Indenture as, with respect to any particular Fiscal Year, an amount equal to the sum of (i) all interest payable on the Bonds during such Fiscal Year, excluding (a) any capitalized interest payable from the proceeds of a Series of Bonds and (b) any interest rate subsidy receivable by the City from the United States Treasury pursuant to Section 54AA, 1400U-2 or 6431 of the Code (as such Sections were added by the Recovery Act, pertaining to Recovery Zone Economic Development Bonds or Build America Bonds) or any other section of the Code, plus (ii) any Principal Installments of the Bonds during such Fiscal Year.

For purposes of computing “*Debt Service*,” the rate of interest used to determine (i) above will be a rate per annum, after taking into account the exclusions in (i) above, equal to (1) with respect to Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (2) with respect to Bonds which bear interest at a variable or periodically determined rate of interest, the rate is equal to the greater of (A) the average of all the interest rates in effect on the Bonds (or which would have been in effect on the Bonds had such Bonds been Outstanding) during the immediately preceding twelve-month period or (B) the average of all interest rates in effect on the Bonds (or which would have been in effect on the Bonds had such Bonds been Outstanding) during the immediately preceding one month period.

If the City has entered into a Derivative Agreement under which it will receive payments calculated on a notional amount equal to all or a portion of the aggregate principal amount of a Series of the Bonds and will make payments calculated on the same notional amount, the interest used to calculate (1) above will be the amount to be paid by the City, and the amount to be received will be deducted; payments on a variable or periodic basis under such an agreement will be calculated in accordance with clause (2) above.

For purposes of computing “*Debt Service*,” the Principal Installments used to compute (ii) above will be: (1) with respect to Bonds or other obligations with a term in excess of one year, the amount equal to $(A - B) \div C$, where A is the outstanding principal amount of such Bonds or other obligations, B is the amount of unencumbered cash or other assets of the System on hand and available for the payment of such Bonds or other obligations, and C is the number of full years in the remaining term of such Bonds or other obligations; and (2) with respect to notes or other obligations with a term of less than one year which are issued in anticipation of the issuance of Bonds or other obligations described in (1) above (the “*Take Out Obligations*”), the amount equal to $(X - Y) \div Z$, where X is the outstanding principal amount of such notes or other obligations, Y is the amount of unencumbered cash or other assets of the System on hand and available for the payment of such notes or other obligations, and Z is the number of full years expected to be in the term of the Take Out Obligation as certified to the Trustee by the Chief Financial Officer.

“*Debt Service for General Obligation Indebtedness*” is defined in the General Indenture as, with respect to any particular Fiscal Year, an amount equal to the sum of (1) all interest payable on the General Obligation Indebtedness during such Fiscal Year excluding any capitalized interest payable from the proceeds of such General Obligation Indebtedness, plus (2) any principal of the General Obligation Indebtedness during such Fiscal Year. Principal and interest for purposes of this definition will be computed in the manner in which the principal of and interest on the Bonds is calculated under the definition of “*Debt Service*.”

“*Debt Service for Other Indebtedness*” is defined in the General Indenture as, with respect to any particular Fiscal Year, an amount equal to the sum of all payment obligations with respect to Other Indebtedness during such Fiscal Year excluding any capitalized interest payable from the proceeds of such Other Indebtedness. If the payment obligation under any Other Indebtedness is stated in terms of principal

and interest, such principal and interest will be computed for purposes of this definition in the manner in which the principal of and interest on the Bonds is calculated under the definition of “*Debt Service*.”

“*Debt Service for Subordinate Indebtedness*” is defined in the General Indenture as, with respect to any particular Fiscal Year, an amount equal to the sum of (1) all interest payable on Subordinate Indebtedness during such Fiscal Year excluding any capitalized interest payable from the proceeds of such Subordinate Indebtedness, plus (2) any principal of Subordinate Indebtedness during such Fiscal Year. Principal and interest for purposes of this definition will be computed in the manner in which the principal of and interest on the Bonds is calculated under the definition of “*Debt Service*.”

See **Appendix G** for definitions of other capitalized terms used above and not defined under this caption.

ADDITIONAL BONDS

After issuance of the 2025 Bonds, the City will have approximately \$[REDACTED][‡] aggregate principal amount of Bonds Outstanding under the General Indenture payable from the Revenues of the System. The City may issue Additional Bonds on parity with the 2025 Bonds and such other Outstanding Bonds payable from the Trust Estate under the conditions set forth in the General Indenture and described below.

(a) The City will not issue any other obligations, except on the conditions and in the manner provided in the General Indenture, payable from the Revenues, having priority to or being on a parity with the lien of the Bonds issued pursuant to the General Indenture, nor voluntarily create or cause to be or suffer to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien of the Bonds issued pursuant to the General Indenture.

(b) The City may issue Bonds to refund all or any principal amount of the Bonds; if, however, the Debt Service in any Fiscal Year on the Outstanding Bonds remaining Outstanding after the issuance of the refunding Bonds will increase as a result of such refunding or if the maximum annual Debt Service on the Bonds after the issuance of the refunding Bonds exceeds the maximum annual Debt Service on the Bonds before the issuance of the refunding Bonds, then the City must satisfy the requirements in paragraph (d) below.

(c) If the City has issued Bonds, the proceeds of which were used to acquire or construct any portion of the System and such proceeds are insufficient to pay the Costs of Construction, the City may issue a Series of Bonds in an amount equal to (1) the insufficiency, (2) any required deposit to the Reserve Fund with respect to such Series and (3) the Costs of Issuance related thereto.

(d) No Series of Bonds, other than the Bonds described in paragraph (b) and (c) above, will be issued under the General Indenture unless:

EITHER:

(1) the Net Revenues, plus amounts received from the investment of money in any Fund or Account, as shown in the most recent

[‡]Preliminary, subject to change.

audited financial statements, adjusted in the manner hereinafter provided, were at least equal to (A) 125% of (1.25 times) the maximum Debt Service on the Bonds, including the Series of Bonds to be issued, (B) 100% of (1.00 times) the Debt Service for Subordinate Indebtedness in that Fiscal Year, (C) 100% of (1.00 times) the Debt Service for General Obligation Indebtedness in that Fiscal Year, and (D) 100% of (1.00 times) the Debt Service for Other Indebtedness in that Fiscal Year;

OR

(2) (A) the Net Revenues, plus amounts received from the investment of money in any Fund or Account, as shown in the most recent audited financial statements, were at least equal to (a) 125% of (1.25 times) the Debt Service on the Bonds for such Fiscal Year, excluding the Series of Bonds to be issued, (b) 100% of (1.00 times) the Debt Service for Subordinate Indebtedness in such Fiscal Year, (c) 100% of (1.00 times) the Debt Service for General Obligation Indebtedness in such Fiscal Year and (d) 100% of (1.00 times) the Debt Service for Other Indebtedness in such Fiscal Year; and

(B) (i) the Net Revenues, plus amounts received from the investment of money in any Fund or Account, as projected by a report of a Consultant filed with the Trustee, for the first two Fiscal Years following (I) the date capitalized interest, if any, provided from the proceeds of the proposed Series of Bonds is expended in the case of the acquisition of assets for or construction of improvements to the System or (II) the date the proposed Series of Bonds is issued in any other case, are at least equal to (a) 125% of (1.25 times) the Debt Service on the Bonds, including the Series of Bonds to be issued, for such Fiscal Years, (b) 100% of (1.00 times) the Debt Service for Subordinate Indebtedness to become due in such Fiscal Years, (c) 100% of (1.00 times) the Debt Service for General Obligation Indebtedness to become due in such Fiscal Years and (d) 100% of (1.00 times) the Debt Service for Other Indebtedness to become due in such Fiscal Years and (ii) Revenues, as projected by a Consultant to be filed with the Trustee, for the two Fiscal Years following (I) the date capitalized interest, if any, provided from the proceeds of the proposed Series of Bonds is expended in the case of the acquisition of assets for or construction of improvements to the System or (II) the date the proposed Series of Bonds is issued in any other case, are at least equal in such Fiscal Years to the total of 110% (1.10 times) the requirements therefor established as described in the FIRST through NINTH paragraphs under **“FUNDS AND ACCOUNTS-*Revenue Fund*”** in **Appendix G**;

AND

(3) no Event of Default under the General Indenture has occurred and is continuing.

(e) For purposes of calculating Net Revenues in subparagraph (d)(1) above, (1) if any rates, fees or charges of the System have been increased since the date of such audited financial statements or will be increased on or before the date the proposed Series of Bonds is issued, the

Chief Financial Officer may add to the Net Revenues his estimate of the additional Revenues that would have been included in the calculation of Net Revenues if such rates, fees and charges had been in effect in such Fiscal Year and (2) if users of the System have been added as a result of an acquisition of assets from another provider of water or sewer services or as a result of a contract with another governmental unit, the Chief Financial Officer may add to the Net Revenues his estimate of the additional Revenues that would have been included in the calculation of Net Revenues if such users had been a part of the System as of the beginning of such Fiscal Year.

(f) An additional Series of Bonds issued after May 1, 2001, may be issued (1) with its own Account in the Reserve Fund, (2) without any right in the Reserve Fund or (3) with rights in the Parity Account of the Reserve Fund.

“*Consultant*” means a firm of engineers, accountants, or water and sewer consultants with recognized expertise for advising municipalities with respect to the setting of rates and charges for the use of water and sewer systems selected by the City.

“*Liquid Assets*” means unencumbered cash or marketable securities of the System, as shown in the audited financial statements of the City, and available for the payment of the Bonds or other obligations.

See **Appendix G** hereto for definitions of other capitalized terms used above and not defined under this caption.

SUBORDINATE INDEBTEDNESS, GENERAL OBLIGATION INDEBTEDNESS, AND OTHER INDEBTEDNESS

[City to revise/modify as necessary] The City has incurred multiple loans from the State through the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund payable from Net Revenues. The revolving loans constitute “Subordinate Indebtedness” under the General Indenture and are secured by Net Revenues on a basis subordinate to the Bonds after payment of the principal of and interest on the Bonds. These loans carry fixed interest rates of 0% to 2% and are payable over 20 years. The total approved loan amounts are approximately \$___ million. Final amounts for each loan will be determined when the project is completed. Principal payments of \$5,547,996 were made in the fiscal year ended June 30, 2024. At June 30, 2024, the City had \$139,462,574 outstanding on its revolving loans.

THE RESERVE FUND

None of the Bonds are secured by the Reserve Fund.

LIMITED LIABILITY

Neither the general credit nor the taxing power of the City, the State of North Carolina, or any political subdivision thereof is pledged to the payment of the 2025 Bonds. The 2025 Bonds are special obligations of the City payable solely from the Trust Estate.

THE UTILITY SYSTEM

Information about the System is contained in **Appendix A** to this Official Statement.

THE CITY

The City is a municipal corporation of the State located in the County of Forsyth (the “County”). The City, located in the northwestern section of North Carolina, is the fifth largest city in the State. Information about the City is presented in **Appendices B** and **C** hereto.

CONTINUING DISCLOSURE

In the Series Indenture, the City will undertake, in accordance with Rule 15c2-12 (“*Rule 15c2-12*”) promulgated by the Securities and Exchange Commission (the “SEC”) for the benefit of the Owners and Beneficial Owners of the 2025 Bonds, to provide to the Municipal Securities Rulemaking Board (the “MSRB”):

(a) by not later than seven months after the end of each fiscal year, beginning with the Fiscal Year ended June 30, 2025, the audited financial statements of the City for each such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the City for such Fiscal Year to be replaced subsequently by audited financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ended June 30, 2025, the financial and statistical data as of a date not earlier than the end of such Fiscal Year for the type of information included in this Official Statement (i) under “**HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE**” in the table entitled “**HISTORICAL DEBT SERVICE COVERAGE FOR THE SYSTEM,**” and (ii) under “**THE SYSTEM,**” the information shown under “**MAJOR USERS**” in the tables entitled “**TEN LARGEST WATER CUSTOMERS**” and “**TEN LARGEST SEWER CUSTOMERS,**” and a description of water and sewer rates as set forth under “**RATES AND CHARGES,**” in each case to the extent such items are not included in the audited financial statements referred to in paragraph (1) above;

(c) in a timely manner, notice of the occurrence of any of the following events with respect to the 2025 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (5) substitution of any 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 2025 Bonds or other material events affecting the tax status of the 2025 Bonds;

- (7) modification of the rights of the Beneficial Owners of the 2025 Bonds, if material;
 - (8) call of any of the 2025 Bonds for redemption, other than mandatory sinking fund redemption, if material, and tender offers;
 - (9) defeasance of any of the 2025 Bonds;
 - (10) release, substitution or sale of any property securing repayment of the 2025 Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the City;
 - (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect securities holders, if material; and
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.
- (d) in a timely manner, notice of a failure of the City to provide required annual financial information described in (a) or (b) above on or before the date specified.

For purposes of this undertaking, “financial obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

The City agreed to provide all the documents described above in an electronic format as prescribed by the MSRB and accompanied by all identifying information as prescribed by the MSRB.

At present, Section 159-34 of the General Statutes of North Carolina requires the City’s financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The Series Indenture also provides that if the City fails to comply with its Rule 15c2-12 undertakings described above, the Trustee or any Owner or beneficial owner may take action to protect and enforce the rights of all Owners and beneficial owners with respect to such undertaking, including an action

for specific performance of the City's obligations, but a failure by the City to comply with its Rule 15c2-12 undertakings will not be an event of default under the General Indenture and will not result in acceleration of the payment of the 2025 Bonds.

Pursuant to the Series Indenture, the City reserved the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the City, provided that:

(1) any such modification may only be 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;

(2) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(3) any such modification does not materially impair the interests of the Owners or the Beneficial Owners of the 2025 Bonds, as determined by Bond Counsel or by approving vote of the Owners of a majority in principal amount of the 2025 Bonds pursuant to the General Indenture.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertaking described above will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal and interest on all of the 2025 Bonds.

[to confirm] The City is not aware of any instances in the last five years in which it has failed to comply, in any material respect, with an undertaking made pursuant to Rule 15c2-12.

LEGAL MATTERS

LITIGATION

There is no litigation pending against the City or the System or, to the knowledge of its officers, threatened that in any way questions or affects the validity of the 2025 Bonds or any proceedings or transactions relating to its authorization, issuance, sale, or delivery. There is no litigation pending against the City or the System or, to the knowledge of its officers or counsel, threatened that, if successful, would, in the opinion of counsel to the City and the System, materially adversely affect the operation or financial condition of the City or the System.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, execution, sale and delivery of the 2025 Bonds are subject to the approval of Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, Bond Counsel. The form of Bond Counsel's approving legal opinion is included in **Appendix F**. Certain legal matters will be passed upon for the City by its City Attorney, Camille French, Esq., Winston-Salem, North Carolina.

TAX TREATMENT

GENERAL

On the date of issuance of the 2025 Bonds, Parker Poe Adams & Bernstein LLP (“*Bond Counsel*”) will render an opinion that, under existing law (1) assuming compliance by the City with certain provisions of the Code, interest on the 2025 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the 2025 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the City rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2025 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2025 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the City subsequent to issuance of the 2025 Bonds to maintain the excludability of the interest on the 2025 Bonds from gross income for federal income tax purposes. Bond Counsel’s opinion is given in reliance on certifications by representatives of the City as to certain facts material to the opinion and the requirements of the Code.

The City has covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2025 Bonds in order that the interest on the 2025 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the City with such covenants, and Bond Counsel has not been retained to monitor compliance by the City with such covenants subsequent to the date of issuance of the 2025 Bonds. Failure to comply with certain of such requirements may cause the interest on the 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2025 Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt, accrual or amount of interest with respect to, the 2025 Bonds.

If the interest on the 2025 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the City to comply with any requirements described above, the City is not required to redeem the 2025 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the 2025 Bonds. Prospective purchasers and owners of the 2025 Bonds are advised that, if the Internal Revenue Service does audit the 2025 Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the City as the taxpayer, and the owners of the 2025 Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the 2025 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the 2025 Bonds should be aware that ownership of the 2025 Bonds and the accrual or receipt of the interest on the 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty

insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2025 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the 2025 Bonds should consult their own tax advisors as to collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2025 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the 2025 Bonds to be subject directly or indirectly to federal, state or local income taxation, adversely affect the market price or marketability of the 2025 Bonds or otherwise prevent the owners of the 2025 Bonds from realizing the full current benefit of the status of the interest on the 2025 Bonds.

Bond Counsel is further of the opinion that under existing law, the interest on the 2025 Bonds is exempt from State of North Carolina income taxation.

Bond Counsel’s opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel’s opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the City, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ORIGINAL ISSUE DISCOUNT

As indicated on the inside cover page, the 2025 Bonds maturing on June 1, 20__ to 20__, inclusive (the “*OID Bonds*”), are being sold at initial offering prices which are less than the principal amount payable at maturity. Under the Code, the difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the *OID Bonds* is sold and (b) the principal amount payable at maturity of such *OID Bonds*, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such *OID Bonds* for federal income tax purposes.

In the case of an owner of an *OID Bond*, the amount of original issue discount on such *OID Bond* is treated as having accrued daily over the term of such *OID Bond* on the basis of a constant yield compounded at the end of each accrual period and is added to the owner’s cost basis of such *OID Bond* in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such *OID Bond* (including its sale, redemption or payment at maturity). Amounts received upon the sale, redemption or other disposition of an *OID Bond* which are attributable to accrued original issue discount on such *OID Bonds* will be treated as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes, and will not be a specific item of tax preference for purposes of the federal individual alternative minimum tax. However, it should be noted that the original issue discount

that accrues to an owner of an OID Bond may result in other collateral federal income tax consequences for certain taxpayers in the year of the accrual.

Original issue discount is treated as compounding semiannually (which yield is based on the initial public offering price of such OID Bond) at a rate determined by reference to the yield to maturity of each individual OID Bond. The amount treated as original issue discount on an OID Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of interest payable on such OID Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If an OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price different from the initial offering price during the initial offering of the 2025 Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state income tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of an OID Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

ORIGINAL ISSUE PREMIUM

As indicated on the inside cover page, the 2025 Bonds maturing on June 1, 20__ to 20__, inclusive (the “*Premium Bonds*”), are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner’s cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the “adjusted basis” of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

MISCELLANEOUS

RATINGS

Moody’s and S&P have assigned the 2025 Bonds the ratings shown on the cover. Such ratings reflect only the opinions of the rating agencies and are not recommendations to buy, sell, or hold the 2025 Bonds. Any explanation of the significance of such ratings may only be obtained from Moody’s or S&P. There is no assurance that any rating will remain the same for any given period of time or that any rating

will not be revised downward or withdrawn entirely by the relevant rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of either rating may have an adverse effect on the market price of the 2025 Bonds.

UNDERWRITING OF 2025 BONDS

The underwriters for the 2025 Bonds are _____ (the “Underwriters”).* Such underwriters have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all the 2025 Bonds. If all of the 2025 Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the underwriters anticipate total underwriters’ discount of \$_____.* The public offering prices or yields of the 2025 Bonds may be changed from time to time by such underwriters.

MUNICIPAL ADVISOR

First Tryon Advisors, LLC has served as municipal advisor (the “*Municipal Advisor*”) to the City with respect to the sale of the 2025 Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the 2025 Bonds is contingent on the issuance and delivery of the 2025 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices thereto.

AMENDMENTS

Notwithstanding anything in the General Indenture or the Series Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any 2025 Bonds or another series of the Bonds issued after the issuance of the 2025 Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental indenture as required or permitted by the General Indenture, including any amendment or supplemental indenture that adversely affects the interests of other Owners, and (2) any such holder providing its consent is not entitled to receive, nor is the City required to provide, any prior notice or other documentation regarding such amendment or supplemental indenture.

CITY FINANCIAL STATEMENTS

The City’s basic financial statements have been audited by independent certified public accountants for each fiscal year through June 30, 2024. The City’s basic financial statements and the notes thereto, drawn from the City’s annual comprehensive financial report for the fiscal year ended June 30, 2024, are included as **Appendix C**. The City has not requested nor obtained the consent of its auditor to the inclusion of these financial statements in this Official Statement.

* Information provided by the underwriters of the 2025 Bonds.

APPENDIX A
THE UTILITY SYSTEM

APPENDIX B
INFORMATION CONCERNING THE CITY

APPENDIX C
FINANCIAL STATEMENTS OF THE CITY

APPENDIX C

FINANCIAL STATEMENTS OF THE CITY

The City's basic financial statements have been audited by independent certified public accountants for each fiscal year through June 30, 2024.

The City has not requested nor obtained the consent of its auditor to the inclusion of these financial statements in this Official Statement.

NO RECOURSE MAY BE HAD AGAINST ANY FUNDS OR ACCOUNTS DISCLOSED IN THESE FINANCIAL STATEMENTS, EXCEPT THE WATER AND SEWER UTILITY FUND FOR THE PAYMENT OF THE 2025 BONDS.

APPENDIX D
FINANCIAL FEASIBILITY REPORT

APPENDIX E

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

APPENDIX E

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

The Local Government Commission (the “*Commission*”) is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale and delivery of substantially all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on-site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the proposed bond issue must be approved by the Commission. In determining whether to give such approval the Commission may consider, among other things, the unit’s debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act and its ability to service the proposed debt. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems and practices. The Commission’s staff also counsels the units of local government in treasury and cash management, budget preparation and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission in order to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his approval prior to the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the opinion of the Commission, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon such governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors in order to assist the unit in working out a plan for refinancing, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission will enter an order finding that the plan is fair, equitable and within the ability of the unit to meet and will advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such plan and may apply for a court order to enforce such order. When a refinancing plan has been put into effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary deems necessary and (b) to approve reject the unit's annual budget ordinance. The governing board of the unit of local government must also obtain the approval of the Secretary of the Commission before adopting any annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue with respect to a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed in accordance with such plan.

APPENDIX F
FORM OF BOND COUNSEL OPINION

APPENDIX G

SUMMARY OF THE GENERAL INDENTURE AND SERIES INDENTURE

APPENDIX H
BOOK-ENTRY-ONLY SYSTEM

APPENDIX H

BOOK-ENTRY ONLY SYSTEM

1. THE FOLLOWING DESCRIPTION OF DTC, OF PROCEDURES AND RECORD KEEPING ON BENEFICIAL OWNERSHIP INTERESTS IN THE 2025 BONDS, PAYMENT OF INTEREST AND OTHER PAYMENTS ON THE 2025 BONDS TO DTC PARTICIPANTS OR TO BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2025 BONDS, AND OR OTHER TRANSACTIONS BY AND BETWEEN DTC, DTC PARTICIPANTS AND BENEFICIAL OWNERS IS BASED ON INFORMATION FURNISHED BY DTC.

The Depository Trust Company
a subsidiary of The Depository Trust & Clearing Corporation

2. The Depository Trust Company (“DTC”) will act as securities depository for the 2025 Bonds. The 2025 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for the 2025 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2025 BONDS, AS DTC’S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE 2025 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE 2025 BONDS.

3. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of the 2025 Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

4. Purchases of 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC’s records. The ownership interest of each actual purchaser of the 2025 Bonds (“*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. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant

through which the Beneficial Owner entered into the transaction. Transfers of ownership interests with respect to the 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

5. To facilitate subsequent transfers, all 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

6. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

7. Redemption notices shall be sent to DTC. If less than all of the 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

8. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE 2025 BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE INDENTURE, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE CITY, TO DTC OR TO THE TRUSTEE, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE 2025 BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

9. Redemption proceeds, distributions, and dividend payments on the 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the 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, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, 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. THE CITY AND THE TRUSTEE CANNOT AND DO NOT GIVE ASSURANCE THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENTS TO BENEFICIAL OWNERS.

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

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2025 Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE CITY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, OR THE MAINTENANCE OF ANY RECORDS; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE 2025 BONDS, OR THE SENDING OF ANY TRANSACTION STATEMENTS; (3) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TRUST AGREEMENT TO BE GIVEN TO OWNERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENTS UPON ANY PARTIAL PREPAYMENT OF THE 2025 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2025 BONDS, INCLUDING ANY ACTION TAKEN PURSUANT TO AN OMNIBUS PROXY.