PRELIMINARY OFFICIAL STATEMENT
Dated September 23, 2026

New Issue-Book-Entry Only	**Rating: S&P: AA/Stable(insured)** **S&P: A+ (underlying)** **See “RATINGS” herein**

Base CUSIP: 471305

JASPER WATER WORKS AND SEWER BOARD, INC.

$19,890,000*
UTILITY REVENUE BONDS
SERIES 2026

Source of Payment and Security

The Series 2026 Bonds are limited obligations of the Board payable solely from, and secured by a pledge of, the Trust Estate (referenced herein) on an equal and proportionate basis of payment and parity of lien with the Parity Bonds (referenced herein).

The scheduled payment of principal of and interest on the Series 2026 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2026 Bonds by Build America Mutual Assurance Company.

Terms of Payment

The principal of the Series 2026 Bonds will (a) mature in the amounts and years shown on the inside front cover, subject to prior redemption (in whole or in part) and (b) accrue interest from the date of delivery at the per annum rates shown on the inside front cover (based on a 360-day year of 12 consecutive 30-day months) payable semiannually in arrears on stated dates as set forth herein and on each date fixed for redemption thereof.

Authorized Denominations; Payment, Purchase and Transfer; Book-Entry System

The Series 2026 Bonds will be issued and transferred in denominations of $5,000, and any integral multiple thereof, for each maturity, and initially held pursuant to a Book-Entry System administered by The Depository Trust Company (or its assigns or successors) as Securities Depository.

The purchase and transfer of, and payment of the principal of and interest on, the Series 2026 Bonds will be made in accordance with the procedures and rules of the Securities Depository when the Book-Entry System is in effect and will be made in accordance with the within Indenture when the Book-Entry System is not in effect.

Trustee and Bond Registrar

The Board has approved the substitution of Regions Bank for The Bank of New York Mellon Trust Company, National Association, as Trustee, Paying Agent and Bond Registrar. See “CHANGE OF TRUSTEE” HEREIN.

Tax Status of Interest on the Bonds

Under existing law and as described herein, interest on the Series 2026 Bonds is (i) excludable from gross income for purposes of federal income taxation, subject to continuing compliance by the Board with the applicable provisions of the Internal Revenue Code therefor, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax, and (iii) is exempt from State of Alabama income taxation.

Investment Information

Prospective Owners of the Series 2026 Bonds must read this entire Official Statement to obtain information essential to an informed decision with respect to investment in the Series 2026 Bonds.

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FOR MATURITIES, AMOUNTS, INTEREST RATES, YIELDS, & CUSIP NUMBERS, SEE INSIDE FRONT COVER

.....

The Series 2026 Bonds are offered when, as and if issued by the Board, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of validity by Maynard Nexsen PC, Bond Counsel, and certain other conditions. The Board expects the Series 2026 Bonds will be available for delivery through The Depository Trust Company on or about October ____, 2026 against payment therefor.

***Preliminary, subject to change**

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JASPER WATER WORKS AND SEWER BOARD, INC.

Utility Revenue Bonds

Series 2026

Principal Due: June 1 | Interest Due: June 1 and December 1

Year	Principal *	Interest Rate	Yield	CUSIP[1]
2027	$ 65,000.00			
2028	65,000.00			
2029	70,000.00			
2030	75,000.00			
2031	35,000.00			
2032	35,000.00			
2033	1,280,000.00			
2034	1,020,000.00			
2035	1,075,000.00			
2036	1,130,000.00			
2037	1,190,000.00			
2038	1,250,000.00			
2039	1,315,000.00			
2040	1,380,000.00			
2041	1,450,000.00			
2042	1,525,000.00			
2043	1,605,000.00			
2044	1,685,000.00			
2045	1,775,000.00			
2046	1,865,000.00			

$___________ _______% Term Bonds due June 1, 20___, Yield _____%, CUSIP [1]

Price of All Bonds: as shown above for each maturity

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[1] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"). CGS is managed by S&P Global Market Intelligence on behalf of the American Bankers Association. Copyright © CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of the Board or the Underwriter or the agents or counsel thereof assume responsibility for the accuracy of such numbers.

***Preliminary, subject to change.**

Special Disclaimer by Build America Mutual Assurance Company

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and Appendix H-"Specimen Municipal Bond Insurance Policy"

JASPER WATER WORKS AND SEWER BOARD, INC.

Board of Directors

Bob Forbus
Robert Epps
Haig Wright III
Alan McAdams
Chris Maddox

General Manager

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Counsel

Jackson, Fikes & Brakefield
Jasper, Alabama

Bond Counsel

Maynard Nexsen PC

Underwriter

Raymond James & Associates, Inc.

TABLE OF CONTENTS

OFFICIAL STATEMENT

JASPER WATER WORKS AND SEWER BOARD, INC.

UTILITY REVENUE BONDS
SERIES 2026

PURPOSE AND USE OF OFFICIAL STATEMENT

Jasper Water Works and Sewer Board, Inc. (the "Board"), provides this Official Statement with respect to the offer and sale of the above-referenced Bonds (the "Series 2026 Bonds").

SPECIAL QUALIFICATIONS

Official Statement Not a Contractual Agreement

This Official Statement does not constitute, and shall not operate or be construed as, an agreement or contract between the Board and the Owners of any of the Bonds or of any beneficial interest therein.

No Qualification or Registration under Federal or State Securities Laws

The Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws.

The accuracy, completeness or adequacy of this Official Statement have not been, and will not be, approved or confirmed by the Securities and Exchange Commission, the Alabama Securities Commission, or any other Governmental Authority.

The within-referenced Indenture has not been qualified under the Trust Indenture Act of 1939, as amended. Any representation of any of the foregoing to the contrary may be a criminal offense.

Offering of Bonds

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

No dealer, broker, salesman or other person has been authorized by the Board to give any information or to make any representation other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Board or the Underwriter.

In connection with this offering the Underwriter may engage in transactions that stabilize, maintain or otherwise affect the price of the Bonds. Such transactions may include purchases of the Bonds for the purpose of maintaining the price of the Bonds. Such transactions, if commenced, may be discontinued at any time.

The initial public offering prices for the Bonds may be changed by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds in investment trusts) and others at prices lower than the public offering prices set forth on the inside cover page of this Official Statement.

Information in this Official Statement

This Official Statement and all appendices hereto constitute a single integrated document and may be used and relied upon, in bound printed format or electronic format, only in the entirety thereof without regard to the order and placement of any information herein.

The information in this Official Statement and in all appendices hereto (i) has been obtained from sources which are considered reliable, but no assurance is given or representation is made with respect to the accuracy or completeness of any thereof and (ii) is provided as of the date of this Official Statement and is subject to change thereafter.

All quotations from, and explanations and summaries of, documents and provisions of law in this Official Statement are intended only as such, are not thereby comprehensive or definitive, and are qualified by reference to such documents and provisions of law for the complete statement of the provisions thereof.

Forward-Looking Statements

Certain statements contained in this Official Statement including, without limitation, statements containing the words "estimates," “projects”, "believes," "anticipates," "expects," and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Board or other entities to which the forward-looking statements relate to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Board. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The Board disclaims any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

Statement of Underwriter

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

DEFINITIONS

Incorporation of Defined Terms in Indenture

Capitalized terms used in this Official Statement without definition will have the respective meanings assigned thereto in the Indenture and set forth in Appendix D.

Definition of Certain Terms

For purposes of this Official Statement the following terms have the following meanings:

Authorized Denominations means denominations of $5,000 or any integral multiple thereof for each maturity of the Series 2026 Bonds .

Beneficial Owner will have the meaning set forth in "BOOK-ENTRY ONLY SYSTEM" in Appendix F hereto.

Bond Register means the register for the registration and transfer of Bonds maintained by the Trustee for the Board under the Indenture.

Book-Entry System means a book-entry only system of evidence of purchase and transfer of beneficial ownership interests in the Series 2026 Bonds.

Direct Participant or Direct Participants means securities brokers and dealers, banks, trust companies and clearing corporations which have access to the Book-Entry System.

Enabling Law means Article 9 of Chapter 50 of Title 11 of the Code of Alabama 1975.

Federal Tax Code shall mean the Internal Revenue Code of 1986, as amended, and all references to specific sections of the Federal Tax Code shall be deemed to include any and all respective successor provisions to such sections.

Governing Law means the Constitution of Alabama of 1901, as amended, the general laws of the State of Alabama, and the Enabling Law.

Indenture means the Master Trust Indenture dated as of December 1, 2006, as amended and supplemented, by the Board and the Trustee.

Indirect Participant means a broker, dealer, bank or other financial institution for which the Securities Depository holds Bonds as securities depository through a Direct Participant.

Insurer shall mean Build America Mutual Assurance Company, as more particularly described under “BOND INSURANCE” herein, or any successor thereto.

Net Proceeds of the Bonds_means the amount of $_________________, being the principal amount of the Series 2026 Bonds of $XXX ______original issue _____________of $__________ and less underwriting discount of $______________.

Owner, when used with reference to any Bond, means (i) the Person in whose name the Bond is registered in the Bond Register and (ii) the Person or Persons who own beneficial interests in such Bond.

Parity Bonds means collectively:

(a) the Utility Revenue Bonds, Series 2018-A, and

(b) Utility Revenue Bonds, Series 2021-A, and

(c) all Bonds issued pursuant to the Indenture subsequent to the issuance of the Series 2026 Bonds and payable from and secured by the Trust Estate on an equal and proportionate basis with all Bonds then Outstanding under the Indenture.

Record Date means the 15th day of a calendar month (whether or not a Business Day) next preceding any interest payment date.

Securities Depository means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and the successors and assigns thereof, and any substitute securities depository therefor that maintains a Book-Entry System for the Series 2026 Bonds.

Securities Depository Nominee means the Securities Depository or the nominee of such Securities Depository in whose name there will be registered on the Bond Register the Series 2026 Bonds to be delivered to such Securities Depository during the period in which the Series 2026 Bonds are held pursuant to the Book-Entry System.

Series 2026 Bonds means the Utility Revenue Bonds, Series 2026, issued by the Board under the Indenture.

Sewer System means the entire sanitary sewer system of the Board, as now exists or may hereafter be extended.

System Revenues shall mean all revenues and income of whatever nature derived by the Board from the operation of the System, including without limitation tap and connection fees, cash, accounts receivable and contract rights; provided, however, that the following sources of revenue are not part of System Revenues: (1) grants or borrowed funds, (2) deposits or payments by contractors to offset the cost of extensions or new connections, and (3) customer deposits to ensure payment of utility services.

Systems means the Sewer System and the Water System.

Trust Estate shall have the meaning assigned in the Indenture and set forth and incorporated in this Official Statement in Appendix D.

Trustee means The Bank of New York Mellon Trust Company, National Association, until the effective date of the substitution of Regions Bank as trustee under the Indenture. See "CHANGE OF TRUSTEE" HEREIN.

Underwriter means Raymond James & Associates, Inc.

Water System means the entire water system of the Board, as now exists or may hereafter be extended.

CHANGE OF TRUSTEE

Owners of Bonds and Owners of beneficial interests in Bonds Approval of, and Consent to, the Substitution of Regions Bank as Trustee under the Indenture and the Amendment of the Rights and Duties of the Trustee under the Indenture

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Notice of Pending Substitution of Trustee

The Board has approved the substitution of Regions Bank as successor trustee (in this Section "Regions Bank") to The Bank of New York Mellon Trust Company, National Association (in this Section the "BNY") as Trustee under the Indenture.

Effective Date of Substitution of Trustee

Regions Bank will become the Trustee for all purposes of the Indenture effective upon (i) the compliance by the Board, Regions Bank and BNY with the Indenture and the applicable procedures and rules of the Securities Depository, (ii) the execution and delivery of the necessary agreements by Regions Bank and BNY, and (ii) the delivery of necessary documents and funds by BNY to Regions Bank.

Amendment of Rights and Duties of Trustee under the Indenture

The provisions of the Indenture respecting the Trustee, including without limitation the rights, duties, and limitations of liability, of the Trustee, are amended, effective upon the issuance of the Bonds, and are set forth in the entirety thereof under the heading "The Trustee" in the Summary of the Indenture in Appendix D.

Purchase of a Bond, or a beneficial interest therein, to Constitutive Consent to, and Approval of, the Substitution of Regions Bank and the Amendment of the Indenture

Each purchaser of a Bond, or of a beneficial interest in a Bond, solely by such purchase and acceptance of delivery of such Bond or acceptance of confirmation of the acquisition of a beneficial interest in such Bond, shall have conclusively and irrevocably agreed that such purchase and acceptance constitutes, for all purposes of the Indenture (including without limitation Sections 12.08, 12.09 and 13.02) the effective approval of, and consent and waiver of all rights of objection, to: (i) the qualification of Regions Bank to act as Trustee under the Indenture, (ii) the substitution of Regions Bank for BNY as Trustee under the Indenture, (iii) the service of Regions Bank as Trustee, Paying Agent, and Bond Registrar under the Indenture, and (iv) the provisions of the Indenture respecting the Trustee thereunder as set forth under the heading "The Trustee" in the Summary of the Indenture in Appendix D.

Notice of Effective Date of Substitution of Trustee

The Board will give notice of the effective date of the substitution of Regions Bank as Trustee under the Indenture, and the address and points of contact of Regions Bank, as Trustee, by the filing of a Material Event Notice on the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

THE SERIES 2026 BONDS

General

The Bonds shall be issued under and secured by the Indenture.

The Bonds shall be dated the date of delivery thereof and issued in certificated form as a single bond for each stated maturity thereof in integral multiples of an Authorized Denomination and numbered consecutively in order of such stated maturity.

Trustee

The Bank of New York Mellon Trust Company, National Association, will act as the Trustee, Bond Registrar and Paying Agent under the Indenture until the effective date of the substitution of Regions Bank as successor trustee. See "CHANGE OF TRUSTEE" hereinbefore.

Initial Issuance of Bonds under Book-Entry System

The Bonds shall be initially held pursuant to a Book-Entry System administered by the Securities Depository.

On the date of delivery of the Bonds, the certificated Bond for each stated maturity thereof shall be registered in the name of the Securities Depository Nominee and delivered to, and held in the custody of, the Securities Depository or the Trustee in accordance with the procedures and rules of the Securities Depository.

The Beneficial Owners shall not receive Bonds in certificated form in evidence of the beneficial ownership interests in the Indenture.

Dates of Payment

The principal of the Bonds (i) shall mature and become due and payable on June 1 in the years and principal amounts, and (ii) shall bear interest at the respective per annum rates of interest for the principal appearing opposite such rates, all as set forth on the inside front cover hereof, payable in arrears on each Stated Interest Payment Date and on each date fixed pursuant to the Indenture for the payment of principal of the Bonds upon acceleration or redemption thereof.

Accrual of Interest

The principal amount of each Bond shall accrue interest at the respective per annum rate of interest thereof determined on the basis of a 360-day year of 12 consecutive 30-day months for the period beginning on (and including) the date of delivery of and payment for such Bond and continuing thereafter until (but not including) the date on which the principal of such Bond is paid in full and retired; provided, however, that, anything in the Indenture to the contrary notwithstanding, interest on the outstanding principal amount of any Bond will cease to accrue from and after the stated maturity date of such Bond, or the date specified for redemption (in whole or in part) in advance of maturity of such Bond, if and to the extent that on any such date the Trustee holds in trust funds in an aggregate amount sufficient to pay in full the principal of and interest on such Bond becoming due and payable on such date.

Registration and Transfer

The Bonds are initially issued in Authorized Denominations pursuant to a Book-Entry Only System to be administered by the Securities Depository and registered in the name of and held by Cede & Co., as Securities Depository Nominee. During the period in which Cede & Co. is the registered Owner of the Bonds, purchases and transfers of Ownership of beneficial interests in the Bonds will be evidenced by book-entry only and all payments of principal of, premium (if any) and interest on the Bonds will be made by the Trustee to Cede & Co. (as registered Owner) for the Securities Depository for disbursement by the Securities Depository to the Direct Participants of the Securities Depository and for subsequent disbursement by the Direct Participants (and, where appropriate, by the Indirect Securities Depository Participants) to the Owners of beneficial interests in the Bonds, as more particularly provided in the Indenture and described herein in Appendix F – "BOOK-ENTRY ONLY SYSTEM".

In the event the Book-Entry Only System for the Bonds is discontinued, Bonds in certificated form in Authorized Denomination will be physically distributed to the Owners of beneficial interests in the Bonds, the Bonds will be registered in the names of the Owners thereof on the registration books of the Trustee pertaining thereto, the Trustee shall make payments of principal of, premium (if any) and interest on the Bonds to the Owners thereof as provided in the Bonds and the Indenture, and the provisions with respect to registration, transfer and exchange of the Bonds by the Owners thereof shall apply. See "SUMMARY OF INDENTURE"; " Registration, Exchange and Transfer of Bonds", in Appendix D.

Redemption Provisions

The Bonds are subject to redemption and retirement in advance of stated maturity, in whole, or in part in Authorized Denominations as selected therefor pursuant to the Indenture, upon the notice and in the manner as provided in the Indenture and set forth in "SUMMARY OF INDENTURE"; "Redemption of Bonds", in Appendix D, as follows:

Optional Redemption

The Bonds with stated maturities on June 1, 20____ and thereafter are subject to prior redemption in whole, or in such amounts (in Authorized Denominations) and order of maturities, as the Board shall direct on June 1, 20____, or on any Business Day thereafter, at a redemption price for each Bond (or portion thereof) to be redeemed equal to the principal amount thereof plus interest accrued thereon to the Redemption Date, without premium or penalty.

Scheduled Mandatory Redemption

The Bonds having a stated maturity on June 1, 20_____ (the "20 ___Term Bonds") are subject to scheduled mandatory redemption, by lot, on June 1 in each of the years and in the aggregate principal amounts set forth below (subject to a credit for the principal amount of the 20___ Term Bonds then cancelled or redeemed and not previously claimed as a credit), at a redemption price for each 20____ Term Bond to be redeemed equal to the principal amount thereof, plus accrued interest thereon to the redemption date, without premium or penalty:

Year	Principal Amount to Be Mandatorily Redeemed

$___________ principal amount of the 20___ Term Bonds is scheduled to be retired at maturity on June 1, 20____.

Sources and Uses of Proceeds of Series 2026 Bonds

The sources and uses for the Series 2026 Bonds are as follows:

Sources

Series 2026 Bonds	$19,890,000*
Net Original Issue ______________	
Total Sources	

Uses

Series 2026 Capital Improvements	
Issuance Expenses	
Total Uses	

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[1] The Series 2026 Capital Improvements consist of (a) acquisition and installation of a second single screw press, and a fixed grid diffuser with related blowers, to the wastewater treatment plant; (b) upgrade the electrical system at the wastewater treatment plant; (c) acquisition and installation of a clarifier to the water treatment plant to provide additional capacity for high wet weather flows; (d) capital improvement of lift stations and related force mains; (e) extension of water and sewer service to underserved areas around the Interstate 22 and Alabama Highway 78 interchange; and (f) permanent installation of the portable belt press and ancillary equipment for the water treatment plant.

[2] Issuance Expenses include underwriting discount and insurance premium.

***Preliminary, subject to change.**

SECURITY AND SOURCE OF PAYMENT FOR SERIES 2026 BONDS

General; Pledge of Net System Revenues

The obligations of the Board to pay the principal of and interest on the Bonds (a) do not constitute a general obligation of the Board or a charge on its general fund, (b) are not secured by a pledge of the full faith and credit and taxing powers of the Board, and (c) are payable solely from Net System Revenues as described herein.

The Series 2026 Bonds are not, and will not constitute, a direct, indirect, or contingent obligation, indebtedness, pecuniary liability, or charge against the general credit, assets, or taxing power of the State of Alabama, the City of Jasper, Alabama, or any other political subdivision in the State of Alabama.

The Bonds are special limited obligations of the Board payable solely from, and secured by a pledge of, the Net System Revenues and on an equal and proportionate basis and parity of lien with the Parity Bonds. See Appendix D - "Summary of the Indenture."

No Reserve Fund for Series 2026 Bonds

The Board will not provide or set aside, in any account or fund of the Board or the Trustee, any cash, cash equivalents, liquid assets, or Qualified Investments (as defined in the Indenture) as a reserve for the payment, or otherwise for the exclusive or pro-rata benefit, of the Series 2026 Bonds.

Special Considerations under the Indenture

In the Indenture the Board will covenant that, so long as the Bonds are outstanding, the Board will not make, or suffer to be made, any encumbrance or pledge of the Net System Revenues that is prior to, or, except with respect to the Series 2026 Bonds and Parity Bonds, on a parity with, the pledge of the Net System Revenues made in the Indenture for the benefit of all Bonds at any time outstanding under the Indenture.

In the Indenture the Board will specifically covenant and agree that the Board will not mortgage, pledge, or otherwise encumber the Net System Revenues or Trust Estate (other than by Permitted Encumbrances) or any part thereof unless such mortgage, pledge or other encumbrance is subordinate, junior and secondary in all respects to the pledge and lien of the Indenture and to the Series 2026 Bonds and the Parity Bonds.

The Indenture does not create or establish a mortgage on the System. Upon the occurrence of an Event of Default under the Indenture, the Indenture is not subject to foreclosure, and the System may not be foreclosed and sold.

The Board has no taxing power.

The Enabling Law provides that, upon default, the System may not be sold, and the Indenture is not a mortgage and may not be foreclosed.

No Recourse to Officers, Employees, Etc. of Board

The Indenture provides that no recourse under or upon any covenant or agreement of the Indenture or of the Series 2026 Bonds or any other Bond or series of Bonds under the Indenture, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future officer, employee or member of the governing body of the Board, or of any successor of any thereof, and all such liability of every name and nature, either at common law or in equity or by constitution or statute, and any and all such rights and claims against every such officer, employee or member of the governing body of the Board as such, are expressly waived and released as a condition of, and as a consideration for, the execution of the Indenture and the issuance of the Series 2026 Bonds.

Investment Risks

An investment in the Bonds is subject to certain risks. See "RISK FACTORS" hereinafter.

GENERAL FINANCIAL INFORMATION

General

The Board operates on a fiscal year ending on the last day in December.

The significant accounting practices of the Board are summarized in Note 1 to the audited financial statements attached to this Official Statement as Appendix C.

The Board is required pursuant to the Indenture to adopt a budget prior to the beginning of each fiscal year showing the estimated revenue to be derived from the System each month during such year, the operating expenses expected to be incurred each such month, and the amounts to be paid each month into the various funds created under the Indenture.

Changes in Net Position

There follows a summary of the Changes in Net Position of the Board for the immediately preceding five Fiscal Years, as set forth for the Fiscal Years ending December 31, 2021-2025, inclusive, on the audited financial statements of the Board prepared for the Fiscal Year ending December 31, 2021, and for the Fiscal Years ending December 31, 2022-2025, inclusive, as set forth on Appendix C:

	2025	2024	2023	2022	2021
Operating Revenues					
Water revenue	$11,414,201	$11,444,160	$10,932,779	$11,330,286	$11,138,786
Sewer revenue	6,363,602	6,445,323	6,084,541	5,427,246	4,891,105
Late fees and service charges	296,698	247,995	267,767	233,283	240,849
Tapping and drilling fees	54,469	67,361	54,138	72,302	30,674
Total Revenues	18,128,970	18,204,839	17,339,225	17,063,117	16,301,414
Operating Expenses	15,841,484	15,361,314	14,812,838	13,842,819	12,779,432
Operating Income (Loss)	2,287,486	2,843,525	2,526,387	3,220,298	3,521,982
Non-operating Income (Expenses)					
Debt Issuance Cost	--	--	--	--	(115,434)
Interest income	228,947	172,562	97,742	61,475	59,508
Bond administration fees	(4,000)	(8,000)	(8,000)	(8,000)	(8,000)
Gain (loss) on disposition of fixed assets	177,812	63,489	72,484	--	(22,531)
Miscellaneous	13,001	13,591	26,512	26,636	9,357
Total Non-operating Income (Expense)	415,760	241,642	188,738	80,111	(77,100)
Income (Loss) Before Contributions	2,703,246	3,085,167	2,715,125	3,300,409	3,444,882
Contributed Capital	107,024	592,615	111,837	158,951	43,890
Change in Net Position	2,810,270	3,677,782	2,826,962	3,459,360	3,488,772
Total Net Position - Beginning	47,774,872	44,097,090	41,270,128	37,810,768	34,321,996
Restatement for Accounting Change					
Prior Period Adjustment					
Total Net Position - Ending	$50,585,142	$47,774,872	$44,097,090	$41,270,128	$37,810,768

Indebtedness of Board

Authority for Issuance of Debt

The Board has authority under the Enabling Law and the certificate of incorporation of the Board to issue or incur long-term indebtedness without express limit as to aggregate principal amount.

In the Indenture the Board has reserved the right to issue, at any time and from time to time, Parity Bonds, for any lawful purpose, payable from and secured by a pledge of the Trust Estate on an equal and proportionate basis and parity of lien with the pledge of the Trust Estate for the benefit of the Series 2026 Bonds and any Parity Bonds then outstanding, upon compliance with law and the applicable provisions of the Indenture with respect thereto. See Appendix D – "SUMMARY OF THE INDENTURE"; "Additional Bonds"; " Certificate or Certificates as to Revenues".

The Board has no authorized but unissued debt.

Outstanding Long-Term Debt

The outstanding long-term indebtedness of the Board evidenced by the Series 2026 Bonds and the Parity Bonds, and the annual payments of principal of and interest thereon, is set forth under "Total Debt Service Requirements" hereinafter.

Outstanding Short-Term Debt

The Board does not have any short-term indebtedness or loans other than accounts payable and trade credit terms incurred in the Board's normal day-to-day business operations.

Future Expected Long-Term Indebtedness

The Board maintains a capital improvement plan which includes water meter replacements on a system-wide basis, acquisition and installation of water transmission and distribution lines, improvements to the water treatment plant, water storage tank repairs, sewage interceptors, and power system improvements.

The Board expects to incur additional long-term indebtedness (evidenced by Parity Bonds or contractual agreements) from time to time to finance the costs of capital improvements to the System and to refund existing debt. In connection with the issuance of any Parity Bonds, the Board will comply with the rate covenant of the Indenture. See Appendix D – "SUMMARY OF THE INDENTURE"; "Maintenance of Rates."

Total Debt Service Requirements

The total debt service requirements on the Series 2026 Bonds and the Parity Bonds, which will be the only long term debt obligations of the Board outstanding upon the issuance of the Series 2026 Bonds, are:

Fiscal Year Ending Dec. 31		Series 2026 Bonds*	Series 2021-A Bonds	Series 2018-A Bonds	Total*
2026		$ 168,512.50	$120,225	$1,432,998	$1,721,735.50
2027		1,057,875.00	122,000	1,431,348	2,611,223.00
2028		1,054,625.00	118,700	1,432,598	2,605,923.00
2029		1,056,250.00	120,325	1,434,048	2,610,623.00
2030		1,057,625.00	121,800	1,430,423	2,609,848.00
2031		1,014,875.00		1,593,198	2,608,073.00
2032		1,013,125.00		1,596,368	2,609,493.00
2033		2,225,250.00		381,094	2,606,344.00
2034		1,907,750.00			1,907,750.00
2035		1,910,375.00			1,910,375.00
2036		1,910,250.00			1,910,250.00
2037		1,912,250.00			1,912,250.00
2038		1,911,250.00			1,911,250.00
2039		1,912,125.00			1,912,125.00
2040		1,909,750.00			1,909,750.00
2041		1,909,000.00			1,909,000.00
2042		1,909,625.00			1,909,625.00
2043		1,911,375.00			1,911,375.00
2044		1,909,125.00			1,909,125.00
2045		1,912,625.00			1,912,625.00
2046		1,911,625.00			1,911,625.00
Total		**$33,485,262.50**	**$603,050**	**10,732,075**	**$44,820,387.50**

***Preliminary, subject to change**

Historical Debt Service Coverage

The ratio of Annual Net Income for the last five fiscal years to combined maximum annual debt service of the Parity Bonds and the Series 2026 Bonds is set forth as follows:

Fiscal Year Ending December 31[1]	Annual Net Income[2]	Maximum Annual Debt Service (2027)[3]*	Debt Service Coverage Ratio*
2025	$6,360,210	$2,611,223	2.435
2024	6,659,437	2,611,223	2.550
2023	6,266,559	2,611,223	2.399
2022	6,816,068	2,611,223	2.610
2021	7,170,890	2,611,223	2.746

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[1] The amounts for the Fiscal Years ending December 31, 2021-2025, inclusive, are determined on the basis of the audited financial statements of the Board prepared for each such Fiscal Year. See Appendix C for the audited financial statements for Fiscal Years ending December 31, 2022-2025, inclusive.

[2] Annual Net Income is determined in the same manner as provided in the Indenture for determining compliance with the covenant of the Board to maintain adequate rates and charges for water, sewer and other services supplied from the System, and includes Operating Income, Depreciation, Interest Expense, and Interest Income as set forth in the audited financial statements of the Board for the fiscal years shown. See Appendix D: Summary of the Indenture; Maintenance of Rates.

[3] See "Total" under "Total Debt Service Requirements" hereinbefore for Maximum Annual Deb Service.

***Preliminary, subject to change**

Bond Insurance Policy

Concurrently with the issuance of the Series 2026 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Series 2026 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Series 2026 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2026 Bonds , and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2026 Bonds . BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2026 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2026 Bonds , nor does it guarantee that the rating on the Series 2026 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.6 million, $295.6 million and $210.0 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2026 Bonds or the advisability of investing in the Series 2026 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/insights/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2026 Bonds , and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2026 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2026 Bonds, whether at the initial offer or otherwise.

SPECIAL PROVISIONS FOR THE BOND INSURER

The Series 2026 Bonds and the Indenture provide that, by purchase of a Series 2026 Bond, the Owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Indenture or the Series 2026 Bond, BAM shall be deemed to be the sole Owner of the Series 2026 Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Series 2026 Bonds or the Trustee for the benefit of such Owners under the Indenture, at laws or in equity.

See "Summary of the Indenture" in Appendix D.

RATING

S&P Global Ratings, Inc. (a business unit of Standard & Poor's Financial Services, LLC) has assigned to the Bonds:

(1) an insured rating of "AA (stable)" to the 2026 Bonds, with the understanding that upon delivery of the Series 2026 Bonds a municipal bond insurance policy guaranteeing the payment of the principal of and interest on the Series 2026 Bonds, when due, will be issued by BAM; see "BOND INSURANCE" herein; and

(2) an underlying rating of “A+”.

The referenced rating agency makes publicly available information regarding the analyses, meaning, methodology, process of review and revision, scope and significance of the credit rating assigned thereby, to which reference is made.

The Board makes no representation, and provides no assurance, with respect to whether such rating is appropriate, or will continue for any period of time, or will not be suspended, lowered, or withdrawn by the sole decision of the rating agency or a successor thereto.

The Board and the Underwriter have not undertaken and will not undertake any obligation or responsibility to assure the maintenance of any rating or to contest any revision or withdrawal thereof.

ENGAGEMENT AND ROLE OF UNDERWRITER

The Underwriter expects to purchase pursuant to a Bond Purchase Agreement by the Underwriter and the Board all of the Series 2026 Bonds at a price equal to the Net Proceeds of the Series 2026 Bonds. The initial public offering prices for the Series 2026 Bonds may be changed by the Underwriter. The Underwriter may offer and sell the Series 2026 Bonds to dealers (including dealers depositing Series 2026 Bonds in investment trusts) and others at prices lower than the public prices set forth on the inside cover page of this Official Statement.

The Underwriter and its affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advisory services, investment management, principal investment, hedging, and financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Board for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad portfolio of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities may involve securities and instruments of the Board.

OPINION AND ENGAGEMENT OF BOND COUNSEL

Maynard Nexsen PC has acted as Bond Counsel to the Board in connection with the issuance of the Bonds. On the date of delivery of and payment for the Series 2026 Bonds, Bond Counsel is expected to deliver the opinion thereof in substantially the form set forth on Appendix E, subject to amendment to comply with relevant facts and applicable law on such date.

The opinion of Bond Counsel (i) is given, and is effective, on the date thereof in reliance upon the certification by the Board of certain covenants, expectations and facts as of such date, upon review of state and federal law in effect on such date, and upon the assumption the Board will comply with the requirements of the Federal Tax Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes; (ii) must be read in the entirety thereof for an understanding of the scope thereof and the bases therefor, (iii) expresses the professional judgement of Bond Counsel with respect, and is limited, to the conclusions explicitly stated therein, but does not constitute a guarantee of such conclusions or of the outcome of any audit or legal dispute that may arise with respect to the Series 2026 Bonds, and (iv) is not binding upon any governmental authority, including without limitation the Internal Revenue Service.

Termination of Engagement of Bond Counsel upon Issuance of Series 2026 Bonds

The engagement of Bond Counsel by the Board with respect to the Series 2026 Bonds will terminate on the date of delivery of the opinion of Bond Counsel upon payment for, and delivery of, the Series 2026 Bonds, and, unless separately engaged, Bond Counsel will not undertake, and shall have no obligation or undertaking with respect to, any of the following subsequent to such date: (i) to advise the Board or any Owner of any changes in fact or law which may affect the opinion of Bond Counsel or the tax treatment, under federal or state law, of an Owner as a result of the receipt of interest on a Series 2026 Bond; (ii) to determine, monitor, or advise the Board or any Owner with respect to the compliance by the Board with the requirements of the Federal Tax Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes; (iii) to determine, monitor or advise the Board or any Owner of the occurrence or nonoccurrence of any action or event that may adversely affect the liquidity or market value of the Series 2026 Bonds; or (iv) to defend or represent the Board or any Owner, or otherwise participate, in any action or audit that may arise under federal or state law with respect to the Series 2026 Bonds.

TAX MATTERS

In the opinion of Maynard Nexsen PC, Bond Counsel, to be delivered on the date of issuance of the Series 2026 Bonds in substantially the form of Appendix E (subject to amendment to comply with facts and law on such date of delivery), under existing law and subject to certain assumptions and qualifications set forth in such opinion, interest on the Series 2026 Bonds is (i) excludable from gross income for purposes of federal income taxation, subject to continuing compliance by the Board with the applicable requirements of the Federal Tax Code therefor, as described below, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Series 2026 Bonds may be taken into account for purposes of computing the alternative minimum tax imposed on certain corporations, and (iii) exempt from present State of Alabama income taxation.

The continued exclusion of interest on the Series 2026 Bonds from gross income for purposes of federal income taxation, and the continued exemption of interest on the Series 2026 Bonds from Alabama income taxation, may be adversely affected, or terminated (in some cases retroactive in effect to the date of issuance of the Series 2026 Bonds), by events occurring subsequent to the issuance of the Series 2026 Bonds, including without limitation: (i) failure by the Board to comply with the requirements of the Federal Tax Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes; (ii) the enactment of tax legislation by the United States Congress or the Legislature of Alabama, or (iii) decisions rendered by federal or state courts, or (iv) the amendment, interpretation or enforcement of applicable regulations under the Federal Tax Code.

IRS Audit Program

The Internal Revenue Service conducts an audit program to examine compliance with the requirements of the Federal Tax Code for the continued exclusion of interest on governmental obligations, such as the Series 2026 Bonds, from gross income for purposes of federal income taxation. If the Series 2026 Bonds are examined, under current IRS procedures, in the initial stages of an audit with respect to the Series 2026 Bonds the Board would be treated as the taxpayer, and the Owners of the Series 2026 Bonds may have limited rights, if any, to participate in the audit process. The initiation of an audit with respect to the Bonds could adversely affect the market value and liquidity of the Series 2026 Bonds prior to any final determination as to whether interest on the Series 2026 Bonds is subject to federal income taxation. If an audit results in a final determination that the interest on the Series 2026 Bonds is not excludable from gross income for purposes of federal income taxation, such a determination may cause interest on the Series 2026 Bonds to be subject to federal income taxation retroactive in effect to the date of issuance of the Series 2026 Bonds.

No Redemption or Payment if Bonds are Taxable

The Indenture does not provide, and the Board will have no liability or obligation, for the redemption of any of the Series 2026 Bonds, or the payment of any additional interest, penalty, or premium, if a determination is made that the interest thereon is subject to federal income taxation, or if a subsequent change in law adversely affects the tax-exempt status of the Series 2026 Bonds or the market value or effect of investing in the Series 2026 Bonds.

Ancillary Tax Matters

Under the Federal Tax Code, (i) the exclusion of interest on the Series 2026 Bonds from gross income for purposes of federal income taxation may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit, and (ii) interest on the Series 2026 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain Sub-Chapter S corporations.

Consultation with Tax Advisors

Prospective purchasers of the Series 2026 Bonds should consult their own tax advisers regarding the federal and state tax consequences of Ownership of the Series 2026 Bonds, including without limitation the determination and treatment of original issue discount and original issue premium for federal income tax purposes.

Investment Information for Financial Institutions

The Board has not designated the Series 2026 Bonds as "qualified tax-exempt obligations" for purposes of paragraph (3) of subsection (b) of Section 265 of the Federal Tax Code regarding interest incurred to carry tax-exempt obligations.

LITIGATION

There is not now pending any litigation restraining, enjoining, or in any manner questioning or affecting: the creation, organization or existence of the Board; the title of the present members or officers of the Board to their respective offices; the title of the Board to the System or the Net System Revenues; the validity of the Series 2026 Bonds; the Indenture; the proceedings and authority under which the Series 2026 Bonds are to be issued; the pledge of the Trust Estate to the payment of the Series 2026 Bonds ; or the use of the proceeds of the Series 2026 Bonds.

In the normal course of business, the Board is a defendant in various litigation matters. While the outcome of litigation cannot be predicted, management of the Board, upon advice of counsel to the Board, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial ability of the Board to pay the principal of and interest on the Series 2026 Bonds when due.

The Board is subject to the requirements set forth in the Clean Water Act, 33 U.S.C. § 1251, et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f, et seq., the Alabama Water Pollution Control Act, Ala. Code § 22-22-1 et seq. (and the Alabama Department of Environmental Management ("ADEM") regulations promulgated thereto), the Alabama Safe Drinking Water Act, Ala. Code § 22-23-30 et seq. (and the ADEM regulations promulgated thereto) or any other plans, rules, regulations or ordinances adopted, or other criteria and guidelines promulgated pursuant to the preceding laws or other similar laws, regulations, rules or ordinances now or hereafter in effect. The Board is currently subject to an Order on Settlement Agreement by the Board and ADEM, entered on June 28, 2019 by the Circuit Court of Walker County, Alabama (the "2019 Consent Decree"), with respect to allegations by ADEM that the Board discharged certain pollutants into Town Creek, a water of the State of Alabama, located in Walker County, Alabama. The Board has undertaken and completed the corrective and remedial actions and measures required by, and is in compliance with, the 2019 Consent Decree. The Board will continue to make periodic reports to ADEM as required by the 2019 Consent Decree. Except with respect to the 2019 Consent Decree, there is not now any litigation or other enforcement action pending, or advised in writing , against the Board pursuant to any of the foregoing acts, rules, or regulations.

CONTINUING DISCLOSURE UNDERTAKING

Delivery of Continuing Disclosure Agreement by the Board

In accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Board will enter into a continuing disclosure agreement (the "Series 2026 Disclosure Agreement ") for the benefit of the Owners of the Bonds, meeting the requirements for such agreements set forth in the Rule. The proposed form of the Series 2026 Disclosure Agreement is attached as part of Appendix G. The Series 2026 Disclosure Agreement will require the Board to provide only limited information at specified times, and such information may not constitute all information necessary to determine the value at any time of the Bonds. The terms under which the Series 2026 Disclosure Agreement may be amended are set forth therein. The Board may, in its discretion, file additional information, but it is not obligated to provide such additional information for the benefit of the Owners of the Bonds. The Board expects that the information filed pursuant to the Series 2026 Disclosure Agreement will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA").

Failure of the Board to comply with the Series 2026 Disclosure Agreement does not constitute an event of default, but the Series 2026 Disclosure Agreement does provide that in the event of a failure to perform the Series 2026 Disclosure Agreement, the Owners and Beneficial Owners of the Bonds have the right to seek a court order directing the Board to perform its obligations thereunder.

Compliance with Existing Disclosure Agreements by the Board

The Board has delivered the following continuing disclosure agreements (the "Existing Disclosure Agreements"), which are in effect (i) Continuing Disclosure Agreement dated April 4, 2018 with respect to the Series 2018 Bonds and (ii) Continuing Disclosure Agreement dated January 7, 2021 with respect to the Series 2021 Bonds.

During the past five years, the Board has failed to comply with the Existing Disclosure Agreements as the Board (i) has failed to file, or failed to timely post, certain audited financial statements, and financial information and operating data, of the Board within the period required by the Existing Disclosure Agreements, and (ii) has failed to file or failed to timely post, for any fiscal year, notice of the failure to file the audited financial statements and the financial information required by the Existing Disclosure Agreements.

Agreement with Raymond James & Associates, Inc.

The Board has entered into an agreement with Raymond James & Associates, Inc. to assist the Board in compliance with the Rule and the undertakings of the Board pursuant to the Series 2026 Disclosure Agreement and the Existing Disclosure Agreements.

RISK FACTORS

General

An investment in the Series 2026 Bonds involves certain risks which should be carefully considered by investors. Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Series 2026 Bonds are an appropriate investment for them.

Sufficiency of Net System Revenues

General

The sufficiency of Net System Revenues to pay debt service on the Series 2026 Bonds may be affected by future events and conditions relating generally to, among other things, loss of sources of water, reduction of customers of the system, use of alternative sources of water, water conservation methods, drought conditions, population trends and economic development in the service area of the Board, including without limitation, casualties, litigation, federal and state environmental regulations and circumstances, the exact nature and extent of which are not presently determinable.

The Board currently provides water to approximately 9,856 customers within its service area and sells wholesale water to nine adjacent water systems that have a combined customer base similar to that of the Board.

The retail and wholesale customer base of the Board is primarily residential.

The volume of water sales, and sanitary sewer services, of the Board in the current and succeeding fiscal years will depend primarily on the financial condition of its residential customer base, and not on the financial condition or economic activity of any major commercial or industrial customer. To the extent suppressed economic activity in the service and trade area of the Board increases unemployment in such area, and unemployment benefits are not available or sufficient to maintain standards of living, for a significant period of time, the Board may experience loss of revenues from loss of water sales and sewer services. The Board is aware that over the past years the volume of water sales in a fiscal year is not always correlative with the unemployment rates in Walker County for the same fiscal year. For some fiscal years the total sales of water have either increased or decreased as the unemployment rates for such fiscal years have decreased; for some fiscal years the total sales of water have either increased or decreased as the unemployment rates for such fiscal years have increased.

The Board can give no assurance that Net System Revenues will be sufficient to pay the principal of and interest on the Series 2026 Bonds and Parity Bonds.

Prospective purchasers of the Series 2026 Bonds must read and understand the information set forth under "SECURITY AND SOURCE OF PAYMENT FOR SERIES 2026 BONDS."

No Taxing Power

The Board has no taxing power.

Costs of Regulatory Requirements

More stringent standards of water quality and testing to assure such standards are maintained than have heretofore been applicable may impose additional costs on the Board in the treatment of water prior to its sale to customers and reduce the amount of revenues of the Board available for debt service to the extent it is not able to pass those increased costs on to its customers through increases in its rates.

Damage and Interruption of Service; Availability and Costs of Insurance

The occurrence of natural disasters, including floods and tornadoes, might damage the System, interrupt service to customers, or otherwise impair the operation and ability of the Board to produce revenues.

It should be realized that the ability of governmental bodies to obtain insurance protection is becoming increasingly difficult and expensive and that such insurance may not be commercially available to the Board in the future.

Competitive Water Sources

The Board is not the only water supplier in the areas in which its wholesale customers are located and each of those customers is free to purchase water from other sources, both during the duration of its contract with the Board or, should it deem it in its best interests to do so, upon termination of that contract prior to its stated termination date. The effect of any such purchases of water from sources competing with the Board would be to reduce the Board's ability to make such charges for water as might be required to enable it to pay the principal of and interest on the Series 2026 Bonds and any Parity Bonds.

Wholesale Customers

The validity of contracts requiring any public bodies who may be, at any time, wholesale customers of the Board, to pay a guaranteed minimum amount per month or to take or pay for a guaranteed minimum quantity of water per month in the absence of express statutory authority has never been approved by the Supreme Court of Alabama. There is no such express statutory authority respecting the water sales contracts of the Board. In some other jurisdictions, such contracts have been approved and in some jurisdictions, they have been held to be contrary to public policy or beyond the powers of the public body involved and hence unenforceable. Neither the Board, its counsel, nor Bond Counsel can express any opinion on the enforceability of the minimum monthly requirements of water or minimum monthly payments for water required under any of the Board's contracts pursuant to which it will supply water to other public water systems.

The wholesale water contracts of the Board provide significant revenue to the Board and are generally terminable at the option of either party upon notice given six months prior to termination, therefore the term of such contracts is indeterminable.

On the basis of the foregoing, the Board makes no representation or provides any assurance that the income of the Board from the sale of water at wholesale to private and public water systems can be sustained or will be realized for the entire term of the Series 2026 Bonds.

Enforceability of Remedies; No Foreclosure of Indenture or System

The remedies available to the Trustee and the Owners of the Series 2026 Bonds upon the occurrence of an Event of Default under the Indenture are in many respects dependent upon regulatory and judicial actions and enforcement thereof may be limited or restricted by laws relating to bankruptcy and rights of creditors and by application of general principles of equity applicable to the availability of specific performance. Under existing law and judicial decisions, the remedies provided for under the Indenture may not be readily available, or may be limited, or may be substantially delayed in the event of litigation or statutory remedy procedures.

The Enabling Law and the Indenture provide that, upon an Event of Default under the Indenture, the Indenture may not be foreclosed and the System may not be sold in satisfaction of any indebtedness under the Indenture.

Tax Status of Series 2026 Bonds

See "TAX MATTERS" hereinbefore for information regarding certain federal and state tax consequences of Ownership of the Series 2026 Bonds.

Downgrade or Withdrawal of Rating

The downgrade or withdrawal of the rating of the Series 2026 Bonds may have an adverse effect on the market value of the Series 2026 Bonds.

Cybersecurity

The Board is cognizant that the Board is subject to impairment or invasion of its information technology system by various means, including, without limitation, ransomware attacks. In such an event, certain public services provided by the Board may be adversely affected, and certain personal or proprietary information with respect to private citizens and enterprises which is confidential and protected from disclosure by applicable law, and which is obtained and held by the Board in the lawful course of its public activities (such as employment and revenue collection and disbursement) may be subject to unlawful disclosure or use for harmful or illegal purposes. The

Board maintains the cybersecurity of its information systems but cannot represent or make any assurance that the occurrence of an impairment or invasion of such systems would not create a pecuniary liability or otherwise have a material and adverse effect on the financial condition of the Board.

The United States Bankruptcy Code

The rights and remedies of the Owners of the Series 2026 Bonds are subject to the provisions of Title 11 of the United States Code (Bankruptcy) (the "Federal Bankruptcy Code").

The Federal Bankruptcy Code currently permits, under certain specific circumstances (and in some circumstances only after authorization by the legislature of a state, or by a governmental officer or organization empowered by state law to give such authorization), a political subdivision or public corporation of a state, such as the Board, to file a petition for relief in the U.S. District Court for the district in which such political subdivision or public corporation is located if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts (provided a District Court may refer the bankruptcy to the U.S. Bankruptcy Court within such district). Under the Federal Bankruptcy Code, the filing of such a petition operates as an "automatic stay" of the commencement or the continuation of any judicial or other proceeding against the petitioner, its property or any officer or inhabitant of the petitioner.

Prospective purchasers of the Series 2026 Bonds should note:

(a) there is no legislation currently in effect in Alabama authorizing public corporations, which operate water treatment and supply systems, and sanitary sewer systems, such as the Board, to file petitions for relief under the Federal Bankruptcy Code, nor, to the knowledge of the Board as of the date of this Official Statement, has any governmental officer or organization been empowered under Alabama law to authorize the filing of such a petition by such a public corporation under the Federal Bankruptcy Code; and

(b) the Alabama Legislature may at some time enact legislation that authorizes public corporations, which operate water treatment and supply systems, and sanitary sewer systems, such as the Board, to file a petition for reorganization under Chapter 9 of the Federal Bankruptcy Code; and

(c) federal bankruptcy law may permit governmental water treatment and supply systems such as the Board to file a petition for (i) liquidation under Chapter 7 of the Federal Bankruptcy Code or (ii) reorganization under Chapter 11 of the Federal Bankruptcy Code.

The applicability of the Federal Bankruptcy Code to public corporations and political subdivisions, such as the Board, has not been fully developed in federal and state law and is subject to continuing judicial interpretation.

Bankruptcy proceedings by the Board could have adverse effects on Owners of the Series 2026 Bonds, including (i) delay in the enforcement of their remedies; (ii) subordination of their claims to the claims of those supplying goods and services to the Board after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings or to other claims of creditors of the Board; (iii) subordination of liens; (iv) avoidance of liens or preferential transfers; (v) the issuance, with the approval of the Court, of certificates of indebtedness having priority over pre-existing obligations; and (vi) imposition without their consent of a reorganization plan reducing or delaying or extinguishing payment on the Series 2026 Bonds. The Federal Bankruptcy Code contains provisions intended to insure that, in any reorganization plan not accepted by the Owners of at least a majority in aggregate principal amount of any issue of securities, the Owners of such securities will have the benefit of their original claim or charge on any tax proceeds specially pledged therefor or the "indubitable equivalent." The effect of these and related provisions of the Federal Bankruptcy Code cannot be predicted with any certainty and may be significantly affected by judicial interpretation.

The Federal Bankruptcy Code also contains a provision relating to the post-petition effect of a security interest in utility revenues of a petitioner under Chapter 9 of the Federal Bankruptcy Code. The effect of this provision is that for "special revenues," the filing of a proceeding under Chapter 9 of the Federal Bankruptcy Code, if applicable, does not terminate the pledge of such special revenues. However, the pledge of such special revenues will be subject to payment of the necessary expenses of operation and maintenance of the petitioner.

"Special revenues," the pledge of which survives the filing of a bankruptcy petition under Chapter 9 of the Federal Bankruptcy Code, are defined as including:

> "(A) receipts derived from the Ownership, operation, or disposition of projects or systems of the debtor that are primarily used or intended to be used primarily to provide transportation, utility, or other services, including the proceeds of borrowings to finance the projects or systems;"

Tort Liability

Public corporations in Alabama may be liable for damages for injuries to persons and property resulting from their negligence in the performance of governmental functions.

Chapter 93 of Title 11 of the Code of Alabama 1975, as amended, prescribes certain maximum limits on the liability of local governmental units for bodily injury, sickness, disease or death sustained by a person, and for injury or destruction of tangible property, in the present amounts of (i) $100,000 in the case of bodily injury or death of one person in any single occurrence, (ii) $300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and (iii) $100,000 in the case of property damage arising out of a single occurrence. The Alabama Supreme Court has held the limitations upon liability under Chapter 93 are valid under the Constitution of Alabama of 1901, as amended.

Prospective purchasers of the Series 2026 Bonds should assume, however, that the liability limitations of Chapter 93 are not applicable to causes of action under Section 1983 of Title 42 of the United States Code for alleged denials of civil rights under the provisions of Section 1983.

Communication with, and Payments to, the Beneficial Owners When Book-Entry System is in Effect

The Board, the Trustee and the Underwriter cannot and do not give any assurances that any Direct Participant or Indirect Participant will distribute to the Beneficial Owners of the Series 2026 Bonds (1) payments of principal or redemption price, premium, if any, or interest on, the Series 2026 Bonds , (2) certificates representing an Ownership interest or other confirmation of beneficial ownership interests in the Series 2026 Bonds , or (3) redemption or other notices sent to Securities Depository or Cede & Co., as the registered Owner of the Series 2026 Bonds , or that they will do so on a timely basis, or that Securities Depository or Cede & Co., or any Direct Participant or Indirect Participant will serve and act in the manner described in this Official Statement. All such payments to Securities Depository or Cede & Co. of principal, interest, or redemption price on behalf of the Board and the Trustee will be valid and effectual to satisfy and discharge the liability of the Board and the Trustee to the extent of the amounts so paid, and the Board and the Trustee will not be responsible or liable for payment to any Beneficial Owner by Securities Depository or any Direct Participant or Indirect Participant.

The Board, the Trustee and the Underwriter will not have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by Securities Depository or any Direct Participant or Indirect Participant; (2) the payment by Securities Depository, any Direct Participant or Indirect Participant, of any amount due to any Beneficial Owner in respect of the principal or redemption price, premium, if any, and interest on the Series 2026 Bonds ; (3) the delivery or timeliness of delivery by Securities Depository, any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to Beneficial Owners; or (4) any consent given or other action taken by Securities Depository or Cede & Co., as Owner.

CERTIFICATE

This Official Statement has been approved and deemed "final" by the Board within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, to the best of its knowledge and belief and upon the opinion of bond counsel.

JASPER WATER WORKS AND SEWER BOARD, INC.

By /s/

Chairman

APPENDIX A

The Board and the Systems

and

General Information about the City of Jasper, Alabama, Walker County, Alabama

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THE BOARD AND THE SYSTEMS

General

The Board is a public corporation incorporated under the laws of Alabama and now existing under the provisions of the Enabling Law (Article 9 of Chapter 50 of Title 11 of the CODE OF ALABAMA 1975). The Board was incorporated in 1942 pursuant to the authority granted by the governing body of the City. The Certificate of Incorporation of the Board has never been revoked, and the Board has never been dissolved.

The Board owns and operates the Water System and the Sewer System. The creation of the Board, its certificate of incorporation and amendments thereto have, as required by the applicable statutes, been consented to by the governing body of the City.

The Board has no taxing power.

Governing Body

Control of the Board is vested in a five-member board of directors appointed by the City Council of the City for six-year, staggered terms. The current members of the Board of Directors of the Board and the date of the end of their respective terms are set forth below:

Name and Office	End of Term
Bob Forbus Chairman	October 1, 2026
Robert Epps Vice-Chairman	October 1, 2030
W. Haig Wright III Member	October 1, 2027
Alan McAdams Member	October 1, 2028
Chris Maddox Member	October 1, 2029

Management

The general manager of the Board is appointed by the Board of Directors and is responsible for the day-to-day operation of the Systems. The present general manager, Michael Williams, was appointed to this position by the Board of Directors in 2020.

Franchises

The City of Jasper has granted to the Board franchises to operate those portions of the Systems located within the boundaries of the City, which franchise extends to 2046 with a renewal period thereafter of five years. The Town of Sipsey (population approximately 360) has granted to the Board a franchise to operate the portion of the Water System located within the boundaries of the Town, which franchise extends to the maturity of the Series 2026 Bonds.

Personnel

The Board currently employs 53 persons, who are paid from the revenues of the Systems.

The benefits and compensation for all employees of the Board are established by the Board of Directors of the Board. No employees of the Board are represented by labor unions or similar employee organizations. The Board does not bargain collectively with any labor union or employee organization and has never been subject to a work stoppage.

Rate Making Authority

The Board of Directors has sole jurisdiction to set the rates for water and sewer service to the customers of the Systems. The rates charged by the Board are reviewed by the Board of Directors annually. These rates are not currently subject to regulation by any federal, state or local agency, but are subject to judicial review as to reasonableness.

Debt Limitation

The Board has full power under the applicable statutes and its certificate of incorporation to incur indebtedness in accordance with the provisions of the Enabling Law without limitation as to aggregate principal amount. The Board is not subject to any general constitutional or statutory debt limitation.

Employee Pension Plan and Other Postemployment Benefit Plan

The Board participates in the Alabama Employees Retirement System (the "State System"). The State System is operated by the State of Alabama for certain of its employees and employees of participating local governments and public bodies such as the Board.

The State System does not undertake to fund the retirement plans of participating public bodies and acts only in an administrative capacity, and then only upon the election of public bodies. The statute permitting such election provides that:

> "[T]he retirement system will not be liable for the payment of any pensions or other benefits on account of the employees or pensioners of any employers under the section, for which reserves have not been previously created from funds contributed by such employers or its employees for such benefits."

The statute further provides that the agreement of public bodies to contribute to the State System on account of their employees is irrevocable, but should the public body become financially unable to make the normal and accrued liability contribution, it would be deemed to be in default under the State System.

In the event any participating public body elects to withdraw from the State System by mutual agreement with employees, the statute provides that the rights and privileges of existing beneficiaries will not, as a result of such withdrawal, be diminished or impaired. Upon any such withdrawal, the statute provides that the public body will agree to appropriate such amounts as may be necessary to maintain existing benefits.

The Pension Plan of the Board is described in Note 9 of the audited financial statements of the Board attached hereto as Appendix C.

Regulation

Federal

The System is subject to the jurisdiction of the United States Environmental Protection Agency ("EPA"), and the Alabama Department of Environmental Management ("ADEM"). The federal Safe Drinking Water Act (Public Health Services Act), 42 U.S.C. §§ 300f et seq., the Alabama Safe Drinking Water Act of 1977, Ala. Code §§ 22-23-30 et seq., (together, the "Drinking Water Acts"), and the corresponding implementing regulations in the Code of Federal Regulations and the ADEM Administrative Code, regulate public drinking water systems and set standards for drinking water quality supplied by public water systems in the State of Alabama. The System is subject to the requirements of the Drinking Water Acts and the corresponding EPA and ADEM implementing regulations.

State of Alabama

The Alabama Water Resources Act (Chapter 10B of Title 9 of the Code of Alabama 1975; herein the "Act") establishes the Alabama Office of Water Resources, as a division of the Alabama Department of Economic and Community Affairs, and the Alabama Water Resources Commission (the "Commission"). The Commission, in consultation with the Office of Water Resources, has the authority under the Act to adopt rules and regulations governing declarations of beneficial use, and certificates of use, under the Act, with respect to the diversion, withdrawal or consumption of waters of the State of Alabama by any person, public or private. The Act provides that each public water system, such as the Board, that regularly serves more than 10,000 households, and each person who diverts, withdraws, or consumes more than 100,000 gallons of water on any day, submit a declaration of beneficial use to, and receive a certificate of use with respect thereto from, the Office of Water Resources in accordance with the Act and the rules and regulations promulgated thereunder. The Act further provides that each Owner of a certificate of use must file certain reports with the Office of Water Resources with respect to amounts of water diverted, withdrawn or consumed thereby.

The Office of Water Resources has the authority under the Act to conduct a critical use study of any area of the State of Alabama to determine if such area should be designated a capacity stress area. The Commission has the authority under the Act to designate such area a capacity stress area upon completion of such critical use study by the Office of Water Resources. A "capacity stress area" is an area of the State of Alabama with respect to which the Commission will have determined that the use of the waters of the State of Alabama (whether ground, surface, or both) in such area requires coordination, management and regulation for the protection of the interests and rights of the people of the State of Alabama. The Commission has the authority under the Act to impose water use restrictions, which restrictions may limit or reduce the quantity of water available to a person holding a certificate of use, in a capacity stress area. Upon designation by the Commission of an area of the State of Alabama as a capacity stress area wherein the Commission will have found the implementation of a water use restriction is necessary, the Commission will initiate rule-making procedures, in accordance with applicable administrative law of the State of Alabama, to consider appropriate conditions or limitations applicable to all certificates of use within such area.

Reference is made to the Act, and all rules and regulations in effect with respect thereto, for the exact terms and provisions thereof.

The Board will, in a timely manner, file all required declarations of beneficial use and all amendments thereto and all annual reports in connection therewith which may be required by any statute, rule or regulation with respect to the Commission or the Office of Water Resources or any other body regulating the withdrawal and sale of water in the State of Alabama and having jurisdiction over the Board. The Board will participate in all public hearings which may be held which might have the result of restricting the withdrawal or sale of water in the Board's service area.

THE WATER SYSTEM

General

The Water System is comprised of a water treatment plant and raw water intake; transmission mains; water storage facilities; distribution mains; and appurtenances such as valves, meters, service installations and fire hydrants.

The water treatment plant is situated on a 36-acre tract of land located on the Mulberry Fork of the Black Warrior River. The original plant was built with a capacity of up to 8 M.G.D. at advanced rate and was placed in service on May 1, 1977. The plant was renovated in 1986 to increase the capacity to 12 M.G.D. and in 2000, was renovated to increase the capacity to 18 M.G.D.

Finished water is delivered from the water treatment plant through a 24" transmission main and a 36" transmission main (both approximately 4.6 miles in length) to the first reservoir in the Water System and from there through water transmission mains of various sizes (20",18", 16" and 12") into the distribution system.

The water transmission and distribution system is comprised of approximately 357.5 miles of pipe consisting of quantities of pipe of various sizes: 171 miles of cast/ductile iron (36 inch to 2.75 inch) and 186.5 miles of PVC (12 inch to 2 inch).

The Board is in the process of completing capital improvements to the water treatment plant (electrical panels and motor control centers), laboratory, and chemical storage and water tanks.

The water storage facilities of the Water System are as follows:

Description/Location	Type	Capacity in Millions of Gallons (MG)
Farmstead	Elevated Steel	0.300 MG
Oakman	Elevated Steel	0.300 MG
Sipsey	Elevated Steel	0.150 MG
Coon Creek	Elevated Steel	0.200 MG
Piney Woods #1	Ground Level Steel	0.100 MG
Piney Woods #2	Ground Level Steel	1.500 MG
Bevill Industrial Park	Elevated Composite	1.000 MG
Total		3.550 MG

The Board's five pumping facilities, all with standby capability, are as follows:

Description-Location	Number of Pumps	Pumping Capacity Per Pump Per Day
Highway 195	2	2400 GPM
Oakman	2	300 GPM
Walston Bridge	2	800 GPM
Coon Creek	2	300 GPM
Highway 69 – Piney Woods	2	300 GPM

Retail Water Customers

The Board is the principal producer of potable water in Walker County. Water is sold at retail within the Board's two retail service areas (primarily in the City of Jasper and the Town of Sipsey, located approximately 12 miles east of Jasper) and is also sold wholesale.

The following chart indicates the number of retail customers in the Jasper and Sipsey Divisions:

Year	Jasper Division	Sipsey	Total
2025	7,499	2,357	9,856
2024	7,497	2,356	9,853
2023	7,434	2,356	9,790
2022	7,372	2,377	9,749
2021	7,313	2,359	9,672
2020	7,141	2,346	9,487
2019	7,110	2,304	9,414
2018	7,068	2,311	9,379
2017	7,128	2,341	9,469
2016	7,152	2,359	9,511
2015	7,145	2,374	9,519
2014	7,147	2,386	9,533
2013	7,207	2,391	9,598
2012	7,243	2,394	9,637
2011	7,290	2,396	9,686
2010	7,289	2,447	9,736
2009	7,280	2,402	9,682
2008	7,327	2,452	9,779

The largest retail water customers of the Board for the fiscal years shown, together with their billing amounts for those fiscal years, have been:

			Billings		
Customers	2025	2024	2023	2022	2021
Jasper Housing Authority	$136,331	$213,981	$207,084	$140,802	$117,884
Yorozu Automotive Alabama, Inc.	103,547	90,443	68,623	61,241	54,048
Walker Baptist Medical Center	110,464	83,979	94,171	73,420	84,110
City of Jasper	86,052	67,485	75,215	64,037	53,989
Love's Truck Stop	70,380	59,328	68,638	43,766	27,158
Heiche US Surface Technologies (AL) LLC	38,045	31,528	45,220	18,902	1,065
Walker County Jail	29,795	26,315	35,189	35,373	40,113

Wholesale Water Customers

The Board sells water wholesale to the following wholesale customers (the "Wholesale Customers"). All wholesale water contracts generally cover remaining periods of 1 to 30 years. Minimum contract provisions are on a "take or pay" basis. The Wholesale Customers, the minimum monthly contract amounts, the average usage per month and the approximate number of customer accounts served are as follows for the fiscal year ending December 31, 2025:

Customer	Minimum Monthly Contract Amounts (Millions of Gallons)	Average Usage Per Month (Gallons)	Approx. Number of Customer Accounts Served
Boldo Water Authority	8.00	18,908,000	1,622
Carbon Hill Utilities Bd.	5.00	5,495,917	1,060
Cordova Water & Gas Bd.	0.00	5,391,250	1,325
Dora Water & Gas Bd.	7.00	10,597,833	1,356
Oakman Water Works	4.00	7,539,750	1,067
Parrish Water & Sewer Bd.	10.0	28,761,500	1,900
Providence Water Authority	1.75	2,958,333	440
City of Sumiton	7.50	12,655,917	2,008
Townley Water Authority	3.50	4,255,667	810

The largest wholesale water customers of the Board for the fiscal years shown, together with their billing amounts for those fiscal years, have been:

			Billings		
Customers	2025	2024	2023	2022	2021
Parrish Water & Sewer Board	$681,012	$667,844	$656,672	$595,959	$639,548
Cordova Water & Gas Board	567,960	517,853	522,632	514,011	413,325
City of Boldo	449,915	512,303	438,988	422,583	351,076
City of Sumiton	528,511	512,056	426,857	473,357	423,445

THE SEWER SYSTEM

General

The Sewer System is comprised of a wastewater treatment plant; interceptor sewers; collector sewers; lateral sewers (sewage collection lines); wastewater pumping stations and force mains; and manholes and appurtenances.

The wastewater treatment plant is situated on a 49-acre tract of land located within the corporate limits of the City and adjacent to Town Creek, into which treated effluent from the plant is discharged. The plant has a permitted discharge capacity of 4.8 M.G.D. (in dry weather) with storm water facilities capable of reaching maximum plant capacity of 18 M.G.D. (in wet weather).

The plant is a variation of the conventional activated sludge secondary treatment type and is commonly referred to as an extended aeration process. There have been several upgrades over last few years including new Clarifier, UV System, RAS station, and additional aeration.

The Town Creek intercepting sewer is tributary to the plant, running up the Town Creek drainage area to junction with the Tanyard Creek interceptor, and continuing northward through the approximate middle of the City to a point on the north side of U.S. Highway 78. The Tanyard Creek interceptor, from junction with the Town Creek interceptor at a point approximately 500 feet north of the Frisco Railroad, runs in a northwesterly direction up the Tanyard Creek drainage area to a point on the north side of Frank Evans Road.

The Bates Creek drainage area, in which the eastern section of the City lies, is separated from the Town Creek drainage area by a ridge. Wastewater from this area is transported to a pumping station through the Bates Creek interceptor, and is then lifted over the divide through 4,450 LF of cast-iron force main into the Town Creek drainage area. The lift station is equipped with three pumps, two having capacity of 900 gallons per minute ("G.P.M."), and the third pump having capacity of 2 M.G.D.

The Board has 12 sewer lift stations, as follows:

Description-Location	Number of Pumps
Poley Creek	2
Industrial Park	2
Bates Creek	3
Oak Hill	2
Industrial S	2
Industrial N	2
Yorozu	2
Hwy 78 E	2
East Gate	2
Dialysis	2
Hwy269 N	2
Hwy 269 S	2

The wastewater intercepting and collecting system is comprised of approximately 107 miles of pipe with the following approximate quantities of pipe of various sizes: 36" - 2,527 LF; 30" - 6,000 LF; 27" - 755 LF; 18" - 13,520 LF; 15" - 29,823 LF; 12" - 39,260 LF; 10" -55,640 LF; 8" and smaller - 296,376 LF.

Sewer Customers

The following chart indicates the number of sewer customers for the fiscal years listed:

Year	Number of Sewer Customers
2025	3,737
2024	3,744
2023	3,700
2022	3,667
2021	3,601
2020	3,528
2019	3,525
2018	3,503
2017	3,489
2016	3,512
2015	3,524
2014	3,517
2013	3,550
2012	3,578
2011	3,607
2010	3,592
2009	3,617
2008	3,640
2007	3,662
2006	3,649

The following sets forth the largest sewer customers of the Board for the fiscal years shown together with their billing amounts for those fiscal years:

	Billings				
Customers	2025	2024	2023	2022	2021
Jasper Housing Authority	$240,915	$379,717	$359,351	$249,505	$117,884
Yorozu Automotive Alabama, Inc.	183,501	161,542	119,449	109,478	96,559
Walker Baptist Medical Center	144,579	113,998	127,923	94,555	71,121
Love's Truck Stop	113,993	105,930	120,136	78,215	50,457
Jasper City Board	68,093	76,716	50,677	48,224	36,709
Heiche US Surface Technologies (AL) LLC	67,806	56,165	78,741	33,370	--
Walker County Jail	53,158	46,936	60,956	63,197	44,880
City of Jasper Department of Education	34,967	30,994	27,237	31,220	29,089

GENERAL INFORMATION ABOUT THE CITY OF JASPER AND WALKER COUNTY

The following general information with respect to the City of Jasper and Walker County is provided for an understanding of demographic and economic factors affecting the Board. The Series 2026 Bonds are special limited obligations of the Board secured by a pledge of the revenues derived from the operation of the Board's combined water works and sanitary sewer system remaining after payment of the costs of operating and maintaining the same. The Series 2026 Bonds are not in any respect an obligation of the City or the County.

General

Walker County was established on December 26, 1823 under the Constitution and laws of the State of Alabama and is located in the northwestern section of the State of Alabama. Walker County is the 20th largest in size in Alabama, containing 805 square miles.

The City of Jasper is the county seat and the primary manufacturing and trade area of Walker County, and is located approximately 41 miles northwest, along Interstate 22 and U.S. Highway 78, from the City of Birmingham, Alabama. Jasper was founded in 1815 by Dr. Edward G. Musgrove and named for a Revolutionary War soldier, Sergeant William Jasper. The City of Jasper was officially incorporated on August 18, 1886 and since that time has grown and prospered with its wealth of natural resources in the surrounding area.

The City of Jasper is governed by a Mayor and five council members elected on a district basis. The Mayor is a full-time position.

Walker County is located within the Sand Mountain major land resource area. The land surface is highly dissected and contains narrow valleys and broad plateaus. Smith Dam, located on the Sipsey Fork of the Black Warrior River, creates more than 8,000 acres of surface water for wildlife habitat and recreation. Coal and timber are major resources of Walker County. The oak and pine forests of Walker County include loblolly, longleaf, slash and shortleaf pines, red and white oak, sweetgum and yellow poplar. The County lies within the state's Upper Plains climatological region, which has a moist, subtropical climate, mild winters, warm summers and ample precipitation throughout the year.

The major agricultural products of Walker County are poultry and egg, cattle, greenhouse, nursery and floriculture. The major mineral products of Walker County are common clay, coal, natural gas and sandstone. The major manufactured products are poultry processing, automotive supplies, wood products, mining, machine and welding, metal components and cabinets. Walker County is among the leading coal-producing counties in the State of Alabama, although the coal industry in Alabama has been in a decline during the last several years.

Population

The population trends of Walker County and the City of Jasper have been as follows:

Census Year	Walker County	Jasper
2025 (Estimate)	65,140	14,585
2020	65,342	14,572
2010	67,023	14,352
2000	70,713	14,052
1990	67,670	13,553
1980	68,660	11,894
1970	56,246	10,798

Source: U.S. Census Bureau.

Combined Assessed Valuations

The combined assessed valuations of taxable property for Walker County for the years shown have been as follows:

Tax Year Ending 9/30	Real and Personal Property Assessed Value	Motor Vehicles Assessed Value	Total Assessed Value
2025	$779,463,380	$146,422,760	$925,886,140
2024	746,864,790	137,921,280	884,786,070
2023	714,140,130	133,371,500	847,511,630
2022	648,584,700	116,291,640	764,876,340
2021	633,627,856	105,123,780	738,751,636

Sources: Walker County Revenue Commissioner and Walker County Judge of Probate.

Employment

The following table sets forth the largest employers in Walker County (including the City of Jasper):

Employer	Product or Service	Approximate Employment
Mar-Jac	Poultry Processing	1,050
Walker County Board of Education	Education	1,000
Baptist Health Walker Hospital	Health Care	630
Walmart, Jasper	Retail	475
Alabama Power Company	Electrical Utility	285
Yorozu Automotive	Automotive Supplier	280
Jasper Board of Education	Education	270
Walmart, Sumiton	Retail	250
Walker County	Government	192
City of Jasper	Government	169
Bevill State Community College	Education	166
Jasper Lumber	Forest Products	159
Central States Manufacturing	Metal Building Components	145
HTNA	Automotive Supplier	130
Nitto Denko	Automotive - Seals/Gaskets	95

Source: Walker County Development Authority; Economic Development Partnership of Alabama.

Comparative Unemployment Rates

Comparative average annual unemployment figures for calendar years 2013-2026 for Walker County (including the City of Jasper), the State of Alabama, and the U.S. national average according to the U.S. Bureau of Labor Statistics have been as follows:

Calendar Year	Walker County	State of Alabama	National Average
2026 (June)	3.8%	3.9%	4.4%
2025	2.8%	2.9%	4.3%
2024	2.9%	3.0%	4.0%
2023	2.4%	2.5%	3.6%
2022	2.5%	2.5%	3.6%
2021	3.4%	3.4%	5.3%
2020	6.1%	6.4%	8.1%
2019	3.3%	3.2%	3.7%
2018	4.0%	3.9%	3.9%
2017	4.9%	4.5%	4.4%
2016	7.0%	5.8%	4.9%
2015	7.2%	6.1%	5.3%
2014	7.9%	6.8%	6.2%
2013	8.6%	7.4%	7.4%

Source: U.S. Bureau of Labor Statistics.

Income Levels

There are two basic methods of measuring annual income: per capita income, which is the total income of all families and individuals in a given area divided by the total population of the area and median family income above and below which there are an equal number of family incomes.

The following tables present comparative information regarding income levels in Walker County, the City of Jasper and the State of Alabama:

Per Capita Income

Year	Walker County	Jasper	State of Alabama
2024*	$29,460	$33,377	$36,087
2020	$25,330	$29,618	$28,934
2010	$20,516	$27,927	$22,984
2000	$15,546	$19,491	$18,189
1990	$10,105	$12,641	$11,486

Source: 1990, 2000, 2010 and 2020 U.S. Census of Population and Housing; 2024 American Community Survey.

*Five-year Estimates (2020-2024)

Median Family Income

Year	Walker County	Jasper	State of Alabama
2024*	$72,343	$81,406	$83,032
2020	$59,531	$68,850	$66,772
2010	$45,788	$54,059	$52,863
2000	$35,221	$43,674	$41,657
1990	$25,322	$31,201	$28,688

Source: 1990, 2000, 2010 and 2020 U.S. Census of Population and Housing; 2024 American Community Survey.

*Five-year Estimates (2020-2024)

General Housing Characteristics for Walker County

The following table presents general housing characteristics for housing units in Walker County, as shown by the 1990 U.S. Census, the 2000 U.S. Census, the 2010 U.S. Census, the 2020 U.S. Census, and the 2024 American Community Survey:

	1990	2000	2010	2020	2024*
Total Housing Units	28,427	32,417	31,293	31,238	30,366
Total Occupied Units	25,554	28,364	25,800	25,440	25,388
Total Owner Occupied Units	20,258	22,699	20,036	19,824	19,330
Median Value of Owner Occupied Units	$42,100	$66,700	$83,600	$109,600	$135,900

General Housing Characteristics for City of Jasper

The following table presents general housing characteristics for housing units in the City of Jasper:

	1990	2000	2010	2020	2024*
Total Housing Units	5,815	6,473	6,678	5,962	6,162
Total Occupied Units	5,360	5,728	5,689	5,129	5,265
Total Owner Occupied Units	3,624	4,001	4,113	3,488	3,496
Median Value of Owner Occupied Units	$55,100	$85,700	$135,400	$158,600	$215,700

Source: 1990, 2000, 2010 and 2020 U.S. Census of Population and Housing; 2024 American Community Survey.
*Five-year Estimates (2020-2024)

Education Levels

The percentage of the population of Walker County and the City of Jasper of the age of 25 or older who have completed high school is as follows for the years shown:

Percent of High School Graduates

Year	Walker County	Jasper
2024*	84.2%	90.3%
2020	81.7%	88.8%
2010	75.5%	82.4%
2000	67.2%	74.0%
1990	56.0%	64.9%

Source: 1990, 2000, 2010 and 2020 U.S. Census of Population and Housing; 2024 American Community Survey.

*Five-year Estimates (2020-2024)

Education

The Walker County Board of Education serves all of Walker County with the exception of the City of Jasper and consists of 17 schools with an enrollment of approximately 6,490 students. The Jasper City School District consists of 5 schools. In addition, the County has 2 private schools with an enrollment of approximately 411 students consisting of grades ranging from pre-kindergarten through high school.

Higher education is available at Bevill State Community College located near downtown Jasper and at Bevill State located in Sumiton.

Transportation

Highways. Jasper is served by U.S. Highway 78 and State Highways 5, 69, 118, 195, 257 and 269. The Corridor X highway (Interstate 22) project was completed and opened on June 20, 2016. This project is a four-lane limited access highway linking Birmingham, Alabama to Memphis, Tennessee. There's a six-lane stretch between Jasper and Birmingham that has reduced travel and commute times significantly. There are four exits for the Jasper area.

Bus and Rail. The County is served by Greyhound bus service and two railroads, BNSF Railway and Norfolk Southern Railway.

Water. The State Docks on the Warrior River at Cordova are located 15 miles south of Jasper. The channel is navigable to the Port of Mobile, thereby connecting Jasper and Walker County with all major ports.

Air. The County has one public airport, Walker County Airport (Bevill Field), located 5 miles northwest of the City of Jasper. The airport is owned by the Walker County Commission and covers an area of 297 acres, which includes a 5,003-foot lighted runway. The airport provides service for personal and business aircraft. Scheduled commercial airline service is available in Birmingham at the Birmingham-Shuttlesworth International Airport.

Health Care Services

Health care services in Walker County are provided by Baptist Health Walker Hospital, a 267-bed acute care facility in Jasper, with more than 630 employees. The hospital offers a comprehensive range of clinical services, including bariatrics, behavioral health, cardiac care, emergency room care, gynecology, neurology, obstetrics, orthopedics, physical therapy, advanced stroke treatment, surgical care and urology. Baptist Health Walker Hospital serves an area covering Walker, Winston, Marion and Fayette counties, and was the first hospital built in Alabama with all private rooms.

Utilities

Electricity is supplied and distributed to the residents of the City by Alabama Power Company. Natural gas is supplied and distributed by Spire (formerly, Alabama Gas Corporation). Water and sewer services are provided by the Jasper Waterworks and Sewer Board.

APPENDIX B

The Birmingham Metropolitan Statistical Area

General

Walker County, Alabama, including the City of Jasper, Alabama, is included within the Birmingham Metropolitan Statistical Area (the "Birmingham MSA").

The City of Birmingham (the "City") is the principal city located within the Birmingham MSA. The City is the third most populous city in Alabama, with an estimated 2025 population of 195,400. The City is the county seat of Jefferson County (estimated 2025 population 665,742) and is located in north central Alabama within 200 miles of Atlanta, Nashville, Memphis and Montgomery. The Birmingham MSA includes Bibb, Blount, Chilton, Jefferson, St. Clair, Shelby and Walker Counties, and encompasses a total land area of 5,280 square miles. Many economic and demographic characteristics of the City are separately measured or are included within the same for the Birmingham MSA, presented hereinafter.

The Birmingham Standard Metropolitan Statistical Area (the "SMSA") was established in 1967, and originally included Jefferson, Shelby and Walker Counties. St. Clair County was added to the SMSA in 1973. Blount County was added in 1983, at which time the official federal government designation became the Birmingham Metropolitan Statistical Area (MSA). Walker County was removed from the Birmingham MSA in 1993. Bibb, Chilton and Walker Counties were added in 2003, at which time the official federal government designation became the Birmingham-Hoover Metropolitan Statistical Area (the "Birmingham-Hoover MSA"). In 2018, Walker County, which was previously part of the Birmingham-Hoover MSA, was promoted to the separate Jasper Micropolitan Statistical Area. The Birmingham-Hoover MSA was a United States Census-designated area in use from 2003 to 2023, as determined by the U.S. Office of Management and Budget. In 2024, the Birmingham-Hoover MSA was renamed as the Birmingham MSA.

The Birmingham Metropolitan Area is a major population center located in the foothills of the Appalachian Mountains. The seven county metropolitan region has a 2025 population of 1,197,766 and is the midpoint between the highest peaks of the Appalachian Mountains and the Gulf of Mexico beaches. The region experiences an average annual temperature of 61.8 degrees with an average annual snowfall amount of 1.4 inches.

The Birmingham MSA is among the most economically diversified areas in the nation. Healthcare, banking and professional services have replaced steel production as the leading economic sectors. The City is the Southeast's largest banking center outside of Charlotte, North Carolina.

The region's healthcare sector is among the best in the Southeast and includes the world-renowned University of Alabama Medical School, which is ranked among the top three Southeastern medical schools in NIH (National Institutes of Health) allocations. The City is the principal health care, financial, transportation, distribution and wholesale and retail center of the State. The Medical Center of the University of Alabama at Birmingham and the facilities of the City's other hospitals serve as a State and regional center for health care. Southern Research has opened a new $98 million biotechnology center in downtown Birmingham, aiming to solidify the city's position as a leading hub for life sciences research. The 150,000 square foot facility will double the organization's lab capacity and is designed to accelerate breakthroughs in areas like cancer, chronic illness, and infectious disease research. This expansion is expected to create new jobs and drive significant economic growth in the region.

The Birmingham MSA is the center of the nation's fastest developing automotive manufacturing region. Mercedes Benz, Honda and Hyundai have major manufacturing facilities within an eighty-five mile radius of downtown Birmingham. The region's economic base has benefited from its proximity to these major manufacturing facilities with the location of several automotive suppliers.

The economic and demographic information included in this section demonstrates generally that the population of the City is declining but that population in surrounding areas is growing and that other economic statistics for the City and adjacent areas indicate a stable economy. In the early to mid-1980s, the City conducted an aggressive annexation campaign, increasing the area of the City from approximately 101 to 160 square miles, which added approximately 1,500 new residents. Much of the land annexed by the City was undeveloped or commercial. Currently, however, there is no proactive pursuit of annexation.

Population

The Birmingham MSA has experienced steady population growth over the years. Although the City of Birmingham experienced a 19.3 percent loss in population between 2000 and 2025, the Birmingham MSA grew 13.8 percent from 2000 to 2025. The suburban counties of Blount, Chilton, Shelby and St. Clair experienced some of the fastest growth in population in the State. It is anticipated that most of the population growth in the Birmingham MSA will continue to occur outside the present corporate limits of the City and that the City will continue to serve as an employment, service and cultural center for residents of the suburban areas. The following table summarizes historical population trends for the City of Birmingham, Jefferson County, the Birmingham MSA and the State of Alabama.

Population Trends

Year	Birmingham	Jefferson County	Birmingham MSA	State of Alabama
2025*	195,893	665,742	1,197,766	5,193,088
2020	200,733	674,721	1,180,631	5,024,279
2010	212,237	658,466	1,128,047	4,779,736
2000	242,840	662,047	1,052,238	4,447,100
1990	265,968	651,525	956,844	4,040,587
1980	284,413	671,371	930,328	3,893,888
1970	300,910	644,991	833,075	3,444,165
1960	340,887	634,864	812,094	3,266,740
1950	326,037	558,928	558,928	3,061,743

Source: U.S. Census Bureau.
*Estimated

Employment Statistics

In the past, the Birmingham area economy has (along with the economies of other industrial urban areas) been adversely affected by the nationwide reduction in activity and employment in the industrial sector. However, the local economy has become increasingly diversified. The following table presents comparative employment statistics:

COMPARATIVE EMPLOYMENT TRENDS
Annual Averages
(In thousands)

	2026*	2025	2024	2023	2022	2021	2020	2019	2018	2017
Birmingham Employed	89.2	90.9	90.4	90.3	89.6	88.3	86.8	91.1	90.2	88.6
Unemployed	4.3	3.3	3.4	2.8	3.0	4.4	8.8	3.4	4.1	4.9
Unemployment Rate	4.6%	3.5%	3.6%	3.0%	3.2%	4.7%	9.2%	3.6%	4.4%	5.2%
Birmingham MSA Employed	550.4	560.5	557.4	552.9	546.3	536.4	520.2	541.0	531.2	518.5
Unemployed	21.0	15.4	15.9	12.8	13.0	17.2	33.0	16.1	19.4	22.5
Unemployment Rate	3.7%	2.7%	2.8%	2.3%	2.3%	3.1%	6.0%	2.9%	3.5%	4.2%
Jefferson County Employed	306.3	312.2	310.4	309.3	307.4	303.7	296.7	309.9	305.3	298.5
Unemployed	12.6	9.3	9.6	7.8	8.0	11.3	21.6	9.8	11.8	13.7
Unemployment Rate	3.9%	2.9%	3.0%	2.5%	2.5%	3.6%	6.8%	3.1%	3.7%	4.4%
Shelby County Employed	119.6	121.8	121.1	119.5	116.9	113.4	108.3	111.2	108.5	105.2
Unemployed	3.9	2.8	2.9	2.3	2.2	2.5	4.9	2.7	3.2	3.7
Unemployment Rate	3.2%	2.2%	2.3%	1.8%	1.8%	2.2%	4.3%	2.4%	2.9%	3.4%
State of Alabama Employed	2,276.6	2,312.4	2,289.1	2,257.8	2,220.1	2,175.9	2,113.8	2,192.0	2,148.8	2,107.7
Unemployed	92.4	67.9	70.3	57.2	57.7	75.8	144.5	72.3	87.3	99.6
Unemployment Rate	3.9%	2.9%	3.0%	2.5%	2.5%	3.4%	6.4%	3.2%	3.9%	4.5%
United States Employed	162,722	163,493	161,346	161,037	158,291	152,581	147,795	157,538	155,761	153,337
Unemployed	7,476	7,314	6,761	6,080	5,996	8,623	12,947	6,001	6,314	6,982
Unemployment Rate	4.4%	4.3%	4.0%	3.6%	3.6%	5.3%	8.1%	3.7%	3.9%	4.4%

Source: U.S. Bureau of Labor Statistics
*Estimates as of June, 2026.

Note: Unemployment rates computed using unrounded data; not seasonally adjusted.

The following table lists the thirty largest employers in the Birmingham MSA:

BIRMINGHAM MSA*
LARGEST EMPLOYERS

Employee	Service or Product	Number of Employees
UAB (University)	Higher Education	13,800
UAB (Hospital)	Healthcare	13,400
Encompass Health	Healthcare	10,000
Regions Bank (Jefferson County)	Banking & Financial Services	6,000
Amazon	Distribution	5,800
UAB St. Vincent's Health System	Healthcare Facilities	5,100
Honda Manufacturing of Alabama*	Automobiles/V-6 Engines	5,000
Children's of Alabama	Healthcare (Pediatric Hospital)	4,500
AT&T Alabama	Regional Telecommunications	4,500
Mercedes-Benz U.S. International, Inc.**	Automobile Manufacturing	4,500
Jefferson County Board of Education	Public Education	4,500
Baptist Health Brookwood Hospital	Health Care Services	4,459
City of Birmingham	Government Services	4,200
Alabama Power Company	Energy/Utility	3,500
Blue Cross-Blue Shield of Alabama	Financial Services, Insurance	3,100
Regions Bank (Shelby County)	Banking & Financial Services	3,020
Shelby County Board of Education	Public Education	2,818
Grandview Medical Center	Health Care Services	2,784
Jefferson County Commission	Government Services	2,500
Birmingham Veterans Affairs Medical Center	Regional Health Care Services	2,440
Birmingham Board of Education	Public Education	2,100
U.S. Postal Service	Government, Mail Processing and Delivery	2,000
Wells Fargo Bank	Financial Services, Banking	1,978
Hoover Board of Education	Education	1,900
Southern Company Services	Utility Services	1,881
Social Security Administration	Government, Financial Services	1,800
Protective Life	Insurance	1,700
Walmart	Retail	1,520
American Cast Iron Pipe Company	Industrial Valve Manufacturing	1,500
Publix Supermarkets	Retail	1,228

Source: Birmingham Business Alliance; Birmingham Business Journal; Economic Development Partnership of Alabama.

*Honda Manufacturing of Alabama is located in the consolidated metropolitan Birmingham Region.

**Mercedes-Benz U.S. International, Inc. is located in Vance, metropolitan Tuscaloosa, less than ten miles from metropolitan Birmingham (Jefferson County).

The following chart presents comparative employment statistics by type of employment in the Birmingham MSA. The data includes all full and part-time non-agricultural wage and salary employees, but excludes proprietors, self-employed persons, workers in private households and unpaid family workers.

BIRMINGHAM MSA
HISTORIC DISTRIBUTION OF NON-AGRICULTURAL EMPLOYMENT
(Jobs in Thousands)

Sector	1980	1990	2000	2010	2020	2026*
Goods-Producing	96.5	87.2	88.7	61.8	67.9	74.7
Service-Providing	260.5	344.1	431.0	434.8	458.2	498.8
Mining and Logging	9.9	2.9	3.2	3.0	2.5	2.6
Construction	20.4	27.4	32.3	24.2	28.5	32.0
Manufacturing	66.2	56.9	53.2	34.7	37.0	40.1
Durable Goods	48.9	36.6	35.4	24.4	26.2	28.4
Nondurable Goods	17.3	20.2	17.8	10.3	10.8	11.7
Trade	83.7	77.3	93.1	84.7	81.6	85.9
Transportation & Utilities	29.3	34.9	35.3	30.2	36.4	35.9
Finance & Insurance	23.0	26.1	33.1	33.3	35.6	34.5
Services	67.1	130.9	186.2	195.9	213.0	236.6
Government	57.4	68.0	75.5	84.5	84.5	97.8

Source: U.S. Bureau of Labor Statistics.
*Estimates as of June, 2026.

The following table shows employment data for occupation and industry for the Birmingham MSA from the 2020-2024 American Community Survey 5-Year Estimates:

	Number Employed	Percentage
Occupation		
Management, business, science, and arts occupations	229,943	41.7%
Service occupations	82,013	14.9
Sales and office occupations	115,508	20.9
Natural resources, construction, and maintenance occupations	48,306	8.8
Production, transportation, and material moving occupations	76,075	13.8
Industry		
Agriculture, forestry, fishing and hunting, and mining	5,491	1.0%
Construction	38,398	7.0
Manufacturing	53,541	9.7
Wholesale trade	14,261	2.6
Retail trade	62,236	11.3
Transportation and warehousing, and utilities	36,503	6.6
Information	9,007	1.6
Finance and insurance, and real estate and rental and leasing	46,125	8.4
Professional, scientific, and management, and administrative and waste management services	56,393	10.2
Educational services, and health care and social assistance	133,993	24.3
Arts, entertainment, and recreation, and accommodation and food services	43,153	7.8
Other services, except public administration	28,353	5.1
Public administration	24,391	4.4

Source: U.S. Census Bureau, 2020-2024 American Community Survey 5-year Estimates.

Since 1970, Jefferson County has undergone restructuring from a manufacturing-based to a service-based economy. Nationwide recessions in 1973-74, 1980 and 1982-83 caused significant declines in durable goods manufacturing, particularly in the steel industry. The local economy, however, became more diversified as a result of significant growth in fields such as health services and health sciences research.

The area's hospitals and numerous specialized health care facilities have turned Birmingham and the surrounding area into a major medical center. The University of Alabama at Birmingham ("UAB"), the area's largest employer, is home to a world-known patient care and research medical center. The Kirklin Clinic, opened in June 1992 by the University of Alabama Health Services Foundation, has enhanced Birmingham's reputation in healthcare. The UAB Health System acquired Ascension St. Vincent's Health System for $450 million in October 2024. The acquisition encompassed all five Ascension St. Vincent's Hospitals, including the Trussville Freestanding Emergency Department, imaging centers, and other clinics that were part of the Ascension Medical Group. As a result of the acquisition, all facilities were rebranded as UAB St. Vincent's. Other UAB affiliates include UAB Callahan Eye Clinic, UAB Center for Psychiatric Medicine, Children's Hospital of Alabama, Cooper Green Mercy Health Services Authority, Hazelrig-Salter Radiation Oncology Center, UAB O'Neal Comprehensive Cancer Center, Spain Rehabilitation Center, and UAB Women & Infants Center. Brookwood Baptist Health, the joint venture uniting Brookwood Medical Center, Baptist Health System and Tenet Healthcare Corporation, finalized its merger in October 2015. Orlando Health purchased a 70% majority Ownership interest in all five

Birmingham area Baptist Health hospitals from Tenet Healthcare in October 2024. As a result of the $910 million joint venture, all five hospitals were rebranded as Baptist Health, and represent Central Alabama's largest health care network with 5 hospitals and 70 additional care sites. Other area hospitals and clinics include Birmingham VA Medical Center, Complete Health (formerly, Norwood Clinic), Encompass Health Lakeshore Rehabilitation Hospital, Grandview Medical Center, Hill Crest Behavioral Health Services, and Noland Health Services.

Birmingham is Alabama's center for advanced technology, with high-technology firms involved in industries such as telecommunications, engineering, aerospace design and computer services, in addition to health care. Southern Research Institute, located on Birmingham's Southside, is the largest nonprofit independent research laboratory located in the Southeast.

Per Capita Personal Income

Per Capita Personal Income is defined as the current income from all sources received by one resident in an area. It is measured before deduction of income and other personal taxes, but after deduction of personal contributions for social security, government retirement, and other social insurance programs. Per capita personal incomes in Jefferson County and Shelby County are above average for the State. Per capita personal incomes in Jefferson County are at, or slightly above the national average, while per capita personal incomes in Shelby County are slightly above the national average.

The following chart provides a comparison of per capita personal income among Jefferson County, Shelby County, the State of Alabama and the United States:

	Jefferson County*		Shelby County*		State of Alabama**		United States**	
	Income	% of National Average	Income	% of National Average	Income	% of National Average	Income	% of National Average
2025	$--------	-----	$--------	-----	$59,677	78	$76,393	100
2024	75,312	103	74,513	102	57,251	78	73,227	100
2023	72,313	103	71,510	102	54,610	78	70,013	100
2022	67,540	102	67,471	102	51,690	78	66,303	100
2021	65,321	101	65,375	101	50,630	78	64,692	100
2020	57,966	98	59,916	101	45,873	78	59,151	100
2019	54,561	98	57,402	103	42,998	77	55,567	100
2018	53,065	100	54,529	102	41,324	78	53,311	100
2017	51,073	100	52,316	103	39,968	78	51,006	100
2016	48,490	99	50,745	104	38,704	79	48,974	100
2015	47,836	100	50,217	105	38,189	80	48,062	100
2014	45,628	99	48,325	104	36,722	79	46,289	100
2013	44,206	100	46,700	105	35,706	80	44,402	100
2012	44,940	102	46,284	105	35,559	80	44,238	100
2011	43,235	101	44,615	105	34,884	82	42,650	100
2010	42,087	104	42,241	104	33,848	84	40,557	100

Source: U.S. Department of Commerce, Bureau of Economic Analysis.
2025 statistics are not available for Jefferson County and Shelby County.
*Last updated: February 5, 2026--new statistics for 2024; revised statistics for 2020-2023.
**Last updated: April 9, 2026--new statistics for 2025; revised statistics for 2020-2024.

Median Family Income

Median Family Income is defined by the U.S. Census as the amount which divides the income distribution of families into two equal groups, half having incomes above the median, half having incomes below the median.

The following table presents the median family income for the United States, the State of Alabama and the Birmingham MSA for the years indicated:

	2018	2019	2020	2021	2022	2023	2024	2025	2026*
United States	$71,900	$75,500	$78,500	$79,900	$90,000	$96,200	$97,800	$104,200	$106,800
Alabama	60,200	63,500	65,300	66,700	73,600	79,600	82,500	86,400	89,500
Birmingham MSA	71,000	74,400	73,100	78,000	84,800	90,400	94,400	95,900	104,100

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research.
*Estimated

Information regarding household and family income in the City of Birmingham for 2024 is as follows:

	Number	Percent
Households	88,788	100.0
Less than $10,000	8,117	9.1
$10,000 to $14,999	6,078	6.8
$15,000 to $24,999	10,301	11.6
$25,000 to $34,999	10,434	11.8
$35,000 to $49,999	12,123	13.7
$50,000 to $74,999	15,514	17.5
$75,000 to $99,999	8,712	9.8
$100,000 to $149,999	9,713	10.9
$150,000 to $199,999	3,531	4.0
$200,000 or more	4,265	4.8
Median household income (dollars)	46,051	(X)
Families	42,178	100.0
Less than $10,000	2,907	6.9
$10,000 to $14,999	1,615	3.8
$15,000 to $24,999	3,462	8.2
$25,000 to $34,999	5,027	11.9
$35,000 to $49,999	5,462	12.9
$50,000 to $74,999	7,472	17.7
$75,000 to $99,999	4,767	11.3
$100,000 to $149,999	5,970	14.2
$150,000 to $199,999	2,313	5.5
$200,000 or more	3,183	7.5
Median family income (dollars)	58,445	(X)
Per capita income (dollars)	32,216	(X)
Median earnings for workers (dollars):		
Male full-time, year-round workers	49,013	(X)
Female full-time, year-round workers	43,321	(X)

Source: U.S. Census Bureau, 2020-2024 American Community Survey 5-year Estimates.

Education

The Birmingham public school system included approximately 19,525 students in approximately 43 schools as of the academic year 2025-2026.

Jefferson County is the home of five colleges and universities, and seven junior colleges, business schools and trade schools. These schools have a combined enrollment of over 45,446. The largest institution is the University of Alabama at Birmingham (UAB), which includes University College, the Graduate School and UAB Hospital. The UAB complex, featuring a wide range of undergraduate, graduate and professional programs, is the third largest educational institution in Alabama, with a total enrollment of approximately 20,876. UAB Hospital consists of the schools of medicine, dentistry, joint health sciences, nursing, optometry and public health, and the School of Health Professions. UAB has an annual payroll exceeding $1.8 billion and is the largest employer in the County.

Institutions of Higher Education
Jefferson County

Name	Type	Approximate Enrollment
Four-Year		
Birmingham School of Law	Private	365
Herzing University (Birmingham)	Private	446
Highlands College	Private	500+
Miles College	Private	1,151
Samford University	Private	6,324
Strayer University (Alabama)	Private	1,473
University of Alabama at Birmingham*	State Supported	20,876
Two-Year		
Fortis Institute (Birmingham)	Private	339
Jefferson State Community College	State Supported	10,195
Lawson State Community College (Birmingham)	State Supported	3,531
Paul Mitchell the School (Birmingham)	Private	128
Southeastern School of Cosmetology	Private	118

*Includes advanced professional degree students, such as resident and interns.
Source: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics; Alabama Commission on Higher Education.

Educational Levels

The following table demonstrates the percentage of the population who are high school graduates and who have completed bachelor's degrees for the City of Birmingham, the Birmingham MSA, the State of Alabama and the United States for 2024.

	Percent of Population High School Graduates	Percent of Population With Completed Bachelor's Degree or More*
City of Birmingham	89.0	31.1
Birmingham MSA	90.4	33.7
State of Alabama	88.6	28.4
United States	89.6	35.7

*25 years old or older.
Sources: U.S. Census Bureau, 2020-2024 American Community Survey 5-year Estimates.

Housing and Construction

The City of Birmingham has aggressively promoted renovation and construction of housing within the city. Programs which have stimulated housing are as follows: The City Grant plus 2356 Housing Assistance Program, for construction of single-family units; the City Rebate Grant Program, for home maintenance and improvements; and the city Rental Rebate Assistance Program, for multifamily housing improvements for low- and moderate-income persons.

The following table provides comparative information on housing units in the City of Birmingham, Jefferson County, Shelby County and the Birmingham MSA in 1990, 2000, 2010, 2020 and 2024.

BIRMINGHAM MSA HOUSING UNITS

	Housing Units					Percent Change		
	2024*	2020	2010	2000	1990	2010-2020	2000-2010	1990-2000
Birmingham	109,349	114,135	111,375	112,229	117,691	2.5	(0.8)	(4.6)
Jefferson County	310,789	308,825	300,183	288,162	273,097	2.9	4.2	5.5
Shelby County	91,995	88,090	78,760	59,302	39,201	11.8	32.8	51.3
Birmingham MSA	526,287	487,435	496,159	395,925	376,897	(1.8)	25.3	5.0

Source: U.S. Census Bureau, 2020-2024 American Community Survey 5-year Estimates.

Recent residential construction activities in the City of Birmingham and the Birmingham MSA are summarized in the following tables.

NEW PRIVATELY-OWNED RESIDENTIAL BUILDING PERMITS
CITY OF BIRMINGHAM

	Single-Family		Multi-Family (Two or more families)		
Year	Permits Issued	Construction Cost	Permits Issued	Units	Construction Cost
2008	132	$24,723,795	18	312	$23,204,909
2009	75	13,541,203	21	62	6,108,792
2010	110	18,861,792	7	347	35,716,750
2011	121	21,706,831	2	105	7,151,833
2012	88	17,220,866	31	857	64,275,126
2013	80	19,852,216	36	471	48,288,233
2014	76	17,203,631	54	898	87,808,445
2015	36	10,457,536	7	742	71,120,558
2016	90	18,870,980	27	508	69,937,273
2017	97	18,372,312	4	4	982,950
2018	66	15,213,201	51	160	19,102,304
2019	78	16,494,611	36	100	12,309,932
2020	86	18,528,971	42	102	12,758,941
2021	90	22,307,333	10	544	43,965,559
2022	111	25,791,157	180	992	202,910,995
2023	93	23,318,822	52	324	62,590,587
2024	95	23,021,808	54	556	116,573,215
2025	91	22,245,791	48	468	96,611,451
2026*	49	11,929,641	25	188	41,272,706

Source: U.S. Census Bureau.
*YTD June, 2026

NEW PRIVATELY-OWNED RESIDENTIAL BUILDING PERMITS
BIRMINGHAM MSA

	Single-Family		Multi-Family	
Year	Permits Issued	Construction Cost (000s)	Permits Issued	Construction Cost (000s)
2008	2,325	$415,270	1,034	$110,242
2009	1,683	282,759	124	10,473
2010	1,563	275,049	361	37,360
2011	1,795	346,975	567	41,806
2012	1,847	410,574	1,454	97,756
2013	2,016	486,654	760	72,138
2014	2,337	524,212	1,046	94,882
2015	2,414	585,974	1,319	118,064
2016	2,730	645,696	582	79,772
2017	2,677	653,095	12	1,633
2018	2,698	733,902	327	31,801
2019	3,063	851,189	139	14,313
2020	3,512	1,002,010	333	34,603
2021	3,433	1,005,077	551	46,789
2022	3,045	983,895	1,102	203,071
2023	3,042	986,990	350	62,815
2024	3,165	962,933	581	116,574
2025	3,116	1,001,023	1,103	205,657
2026*	1,664	549,247	695	128,997

Source: U.S. Census Bureau.
*YTD June, 2026

Bank Deposits

The following table shows deposits in FDIC-insured institutions between 2020 and 2025 in the State of Alabama, Jefferson County, Shelby County and the Birmingham MSA.

DEPOSITS IN FDIC-INSURED COMMERCIAL BANKS
(As of June 30 of each year, in thousands)

	2020	2021	2022	2023	2024	2025
Alabama	$129,015,000	$140,867,000	$139,665,000	$134,712,000	$136,791,000	$141,787,000
Jefferson County	45,621,000	47,380,000	42,427,000	39,878,000	41,276,000	44,068,000
Shelby County	4,021,000	4,417,000	4,766,000	4,232,000	4,219,000	4,392,000
Birmingham MSA	52,028,000	54,527,000	50,115,000	48,167,000	49,707,000	52,931,000

Source: Federal Deposit Insurance Corporation.

Airport Traffic

The following table provides current and historical information regarding Birmingham-Shuttlesworth International Airport traffic:

BIRMINGHAM-SHUTTLEWORTH INTERNATIONAL AIRPORT
PASSENGERS ARRIVING & DEPARTING

Year	Number of Passengers
1998	2,853,333
1999	3,046,220
2000	3,067,777
2001	3,012,729
2002	2,810,990
2003	2,672,637
2004	2,890,091
2005	3,138,429
2006	3,052,058
2007	3,222,869
2008	3,110,767
2009	2,934,317
2010	2,950,429
2011	2,902,086
2012	2,864,058
2013	2,686,393
2014	2,624,662
2015	2,695,520
2016	2,652,233
2017	2,705,014
2018	2,972,776
2019	3,090,604
2020	1,278,600
2021	2,193,604
2022	2,689,679
2023	3,056,215
2024	3,243,023
2025	3,283,164
2026*	1,546,460

Source: Birmingham-Shuttlesworth International Airport Authority.
*YTD June, 2026

APPENDIX C

Audited Financial Statements

JASPER WATER WORKS
AND SEWER BOARD, INC.

AUDITED FINANCIAL STATEMENTS

December 31, 2025, 2024, 2023, and 2022

KELLUM, WILSON & ASSOCIATES, P.C.
Certified Public Accountants
600 OAK HILL ROAD
JASPER, ALABAMA 35504

JASPER WATER WORKS AND SEWER BOARD, INC.
Audited Financial Statements and Additional Information
Table of Contents
December 31, 2025, 2024, 2023, and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jasper Water Works and Sewer Board, Inc.
Jasper, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Jasper Water Works and Sewer Board, Inc., (the "Board") as of and for the years ended December 31, 2025, 2024, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Board, as of December 31, 2025, 2024, 2023, and 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with 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. 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 Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Board'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.

Auditors' 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 auditors' report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Board'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 Board'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the schedule of changes in net pension liability and employer contributions on pages 35 and 36 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 an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying actual to budget, schedule of operating expenses, and annual financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 statements 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 actual to budget, schedule of operating expenses, and annual financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2026, on our consideration of the Board'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 the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Kellum, Wilson & Associates, P.C.

Kellum, Wilson & Associates, P.C.
July 27, 2026

This section of Jasper Water Works and Sewer Board, Inc.'s annual financial report presents our discussion and analysis of the Board's financial performance during the fiscal year that ended on December 31, 2025.

Composite Financial Information

	2025	2024
Assets		
Capital Related Assets (Net)	$ 45,743,264	$ 43,839,196
Other	20,390,433	20,900,069
Total Assets	$ 66,133,697	$ 64,739,265
Deferred Outflows of Resources	$ 1,612,389	$ 1,581,165
Liabilities		
Long-Term Liabilities	$ 14,149,660	$ 15,925,312
Other Liabilities	2,038,044	2,231,516
Total Liabilities	$ 16,187,704	$ 18,156,828
Deferred Inflow of Resources	$ 973,240	$ 388,730
Net Position		
Invested in Capital Assets	$ 35,534,140	$ 32,412,471
Restricted for Debt Service	766,893	733,777
Designated for Construction	11,135,342	7,917,702
Unrestricted	3,148,767	6,710,922
Total Net Position	$ 50,585,142	$ 47,774,872
Total Water Operating Revenue	$ 11,725,393	$ 11,719,882
Total Sewer Operating Revenue	$ 6,403,577	$ 6,484,957
Total Water Operating Expenses	$ 10,706,092	$ 10,331,833
Total Sewer Operating Expenses	$ 5,135,392	$ 5,029,481
Operating Income – Water	$ 1,019,301	$ 1,388,049
Operating Income – Sewer	$ 1,268,185	$ 1,455,476
Other Income (Expense)	$ 415,760	$ 241,642
Contributed Capital	$ 107,024	$ 592,615
Change in Net Position	$ 2,810,270	$ 3,677,782

Overview of Financial Statements

This annual report consists of three parts – *management's discussion and analysis (this section), the basic financial statements, and required and selected supplementary information* (both part of the footnotes and included in *Additional Information).*

The Jasper Water Works and Sewer Board, Inc., is a proprietary fund. As such the activities of this fund are much the same as a business and are presented as such. The Board's activities center on providing water and sewer service to Jasper, Alabama, as well as providing wholesale water service to predominantly all of Walker County, Alabama.

The financial statements also include notes that explain some of the information included in the financial statements and provide more detailed data. The basic financial statements include the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. The statements are presented on the accrual basis of accounting wherein revenues are recorded when earned and expenses are recorded when the liability is determined. This method allows these statements to focus on the Board's economic resources.

Financial Position and Results of Operations

The Board provides service to approximately 9,856 retail water customers, 9 wholesale water customers, 1 industrial customer, and 3,737 sewer customers. Our wholesale water customer base, which constitutes approximately 43% of the water pumped from our surface water plant on the Warrior River, are set up on take-or-pay contracts with expiration dates ranging from 2027 to 2052. Contract provisions include cost-based rate escalations annually, as computed.

The water plant has treatment capacity sufficient to handle projected growth through 2030. Plant capacity was increased from 12 million gallons per day (MGD) to 18 MGD twenty-four years ago. This expansion of approximately $6.9 million was financed from cash reserves and internally generated capital.

The Board has followed a policy of having annual Cost of Service Studies completed to ascertain appropriate rates for each customer class. The annual study is performed in accordance with American Water Works Standards using the audited financial statements and other usage data generated by the various systems in place. As a result of the studies, the Board adjusts rates as necessary on an annual basis.

The Board issued the Series 2021-A and 2021-B Utility Revenue Bonds. These bonds were used to refund the 2010 and 2016 bonds.

The construction in progress is made up of unclosed project expenditures to date mostly on the water treatment plant, Bates Creek sanitary sewer TVI project, Town Creek waste water treatment plant, and Poley Creek lift station.

The Board purchased property for a new location for $1,500,600 in July 2025.

The Board did not make any changes between the original and final budget.

Prospective Outlook

The Board plans to use existing designated construction funds to meet any immediate construction needs. The Board will continue to adjust rates as needed based upon cost of service studies which the Board feels will generate adequate internal capital for ongoing normal improvements to both water and sewer systems.

The current rate structure will allow for major infrastructure replacement into the future to maintain reliable service and provide for continued growth for the Jasper and Walker County areas. Continued financial viability with annual rate adjustments will afford the Board further bonding capability should such be considered necessary.

In 2020, Standard & Poor's updated its underlying rating (sometimes referred to as the "SPUR") on the outstanding obligations of the Board and changed from an "AA" to an "A+" rating.

As quoted by Standard & Poor's Ratings Services publication dated December 4, 2020:

The rating reflects the board's adequate enterprise risk profile and very strong financial risk profile.

The enterprise risk profile reflects our view of the utility system's:

- Weak economic indicators, with a below-average median household effective buying income (MHHEBI) that has declined to 69% of the national average; further decline could pressure the rating in the future. In addition, the system has customer concentration;

- Rates that we generally view as affordable when benchmarked against Jasper City's MHHEBI of $36,324 (or 69% of the national average) and Walker County's high poverty rate of 17.4%, with a combined water and sewer bill of $78.60 assuming 6,000 gallons of usage; and

- Operational management policies and practices we view as good, which includes sufficient water supply and treatment capacities for both systems, succession and drought management plans, and annual rate review by the board of directors.

The financial risk profile reflects our view of the utility system's:

- Historical DSC we view as extremely strong. Based on our calculations, DSC was 3.1x at year end fiscal 2019. Using management's budget scenario of $1.5 million less in revenue and $260,000 less in expenses should Curry Water Authority stop purchasing water from the board, projected revenues will generate DSC above 2x in 2021;

- Historical liquidity we view as consistent with this rating level. At year-end fiscal 2019, available reserves for operating expenses totaled $6.4 million, which translates to 266 days' cash for operations;

- Limited capital needs of about $2.1 million funded by cash in 2021 and no additional debt plans in the foreseeable future. Management estimates the board will spend $2 million annually on capital improvements over the next few years, and intends to continue to dedicate cash for the budgeted years' CIP requirements;

- Moderate debt-to capitalization ratio of 37% and debt outstanding of $19.2 million as of fiscal year end 2019; and

- Financial management policies that we view as standard and include the formation of the budget based on historical trends with annual adjustments as needed, an annual capital budget, and audits based on generally accepted accounting principles.

JASPER WATER WORKS AND SEWER BOARD, INC.
Statements of Net Position
December 31, 2025, 2024, 2023, and 2022

	2025	2024	2023	2022
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 5,869,074	$ 9,572,821	$ 8,315,450	$ 8,756,081
Accounts Receivable – Utility Customers	1,744,720	1,826,482	1,782,756	1,625,228
Inventory	798,970	776,780	890,622	826,448
Prepaid Expenses	75,433	72,507	55,340	49,753
TOTAL CURRENT ASSETS	8,488,197	12,248,590	11,044,168	11,257,510
FUNDS HELD IN RESERVE	11,902,236	8,651,479	7,474,149	6,023,209
UTILITY PROPERTY AND EQUIPMENT				
Land	2,217,775	716,364	675,364	675,364
Water System	65,756,468	64,560,562	62,567,497	62,113,291
Sewer System	50,519,332	50,279,249	49,122,864	47,442,826
Buildings and Improvements	3,630,255	3,630,255	3,603,609	3,600,378
Machinery and Equipment	13,573,245	12,825,890	11,367,717	10,617,829
Office Furniture and Equipment	1,138,222	1,138,222	1,126,574	1,116,086
Construction in Progress	2,123,301	725,398	2,206,878	1,334,421
	138,958,598	133,875,940	130,670,503	126,900,195
Accumulated Depreciation	(93,215,334)	(90,036,744)	(86,863,348)	(83,789,927)
TOTAL UTILITY PROPERTY AND EQUIPMENT	45,743,264	43,839,196	43,807,155	43,110,268
TOTAL ASSETS	66,133,697	64,739,265	62,325,472	60,390,987
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Bond Refunding Cost	-	-	1,128	4,369
Pension Deferrals	1,612,389	1,581,165	1,778,372	813,578
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,612,389	1,581,165	1,779,500	817,947

The accompanying notes are an integral part of these financial statements.

JASPER WATER WORKS AND SEWER BOARD, INC.
Statements of Net Position (Continued)
December 31, 2025, 2024, 2023, and 2022

	2025	2024	2023	2022
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	$ 1,225,000	$ 1,217,600	$ 1,634,175	$ 1,623,971
Accounts Payable – Trade	450,456	695,017	417,971	281,625
Accrued Liabilities	172,934	134,031	364,848	80,173
Accrued Interest Payable	30,937	39,814	42,225	39,427
Accrued Compensated Absences	158,717	145,054	164,016	95,235
TOTAL CURRENT LIABILITIES	2,038,044	2,231,516	2,623,235	2,120,431
LONG-TERM LIABILITIES				
Customer Advance Payments	817,068	787,479	744,171	709,890
Accrued Compensated Absences	491,140	475,627	442,208	363,066
Net Pension Liability	3,857,328	4,453,081	4,209,159	2,165,420
Long-Term Debt	8,984,124	10,209,125	11,426,724	13,060,899
TOTAL LONG-TERM LIABILITIES	14,149,660	15,925,312	16,822,262	16,299,275
TOTAL LIABILITIES	16,187,704	18,156,828	19,445,497	18,419,706
DEFERRED INFLOWS OF RESOURCES				
Pension Deferrals	973,240	388,730	562,385	1,519,100
NET POSITION				
Invested in Capital Assets	35,534,140	32,412,471	30,746,256	28,425,398
Restricted for:				
Debt Service	766,893	733,777	961,289	950,310
Designated for Construction	11,135,342	7,917,702	6,512,861	5,072,898
Unrestricted	3,148,767	6,710,922	5,876,684	6,821,522
TOTAL NET POSITION	$ 50,585,142	$ 47,774,872	$ 44,097,090	$ 41,270,128

The accompanying notes are an integral part of these financial statements.

JASPER WATER WORKS AND SEWER BOARD, INC.
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2025, 2024, 2023, and 2022

	2025	2024	2023	2022
OPERATING REVENUES				
Water Revenue	$ 11,414,201	$ 11,444,160	$ 10,932,779	$ 11,330,286
Sewer Revenue	6,363,602	6,445,323	6,084,541	5,427,246
Late Fees and Service Charges	296,698	247,995	267,767	233,283
Tapping and Drilling Fees	54,469	67,361	54,138	72,302
TOTAL OPERATING REVENUES	18,128,970	18,204,839	17,339,225	17,063,117
OPERATING EXPENSES	15,841,484	15,361,314	14,812,838	13,842,819
OPERATING INCOME	2,287,486	2,843,525	2,526,387	3,220,298
NONOPERATING INCOME (EXPENSES)				
Interest Income	228,947	172,562	97,742	61,475
Bond Administration Fees	(4,000)	(8,000)	(8,000)	(8,000)
Gain (Loss) on Disposition of Fixed Assets	177,812	63,489	72,484	-
Miscellaneous	13,001	13,591	26,512	26,636
TOTAL NONOPERATING INCOME (EXPENSES)	415,760	241,642	188,738	80,111
INCOME BEFORE CONTRIBUTIONS	2,703,246	3,085,167	2,715,125	3,300,409
CONTRIBUTED CAPITAL	107,024	592,615	111,837	158,951
CHANGE IN NET POSITION	2,810,270	3,677,782	2,826,962	3,459,360
TOTAL NET POSITION – BEGINNING	47,774,872	44,097,090	41,270,128	37,810,768
TOTAL NET POSITION – ENDING	$ 50,585,142	$ 47,774,872	$ 44,097,090	$ 41,270,128

The accompanying notes are an integral part of these financial statements.

JASPER WATER WORKS AND SEWER BOARD, INC.
Statements of Cash Flows
Years Ended December 31, 2025, 2024, 2023, and 2022

	2025	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	$ 18,253,322	$ 18,218,012	$ 17,242,491	$ 17,124,163
Cash Payments to and on Behalf of Employees for Services	(5,062,564)	(5,638,961)	(6,386,233)	(2,920,651)
Cash Payments for Goods and Services	(7,179,208)	(5,654,168)	(4,162,762)	(7,524,909)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,011,550	6,924,883	6,693,496	6,678,603
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Reserved Funds Utilized (Invested)	(3,250,757)	(1,177,330)	(1,485,222)	(1,144,268)
Principal Payments on Debt, Net	(1,185,000)	(1,570,000)	(1,560,000)	(1,560,000)
Interest Payments on Debt	(373,275)	(398,876)	(424,684)	(425,047)
Proceeds from Sale of Assets	244,564	93,580	169,375	-
Bond Administration Fees	(4,000)	(8,000)	(8,000)	(8,000)
Cash Used to Purchase Fixed Assets and Fund Construction	(5,455,039)	(3,372,063)	(4,035,175)	(2,099,504)
Cash Contributions Received in Aid of Construction	107,024	592,615	111,837	158,951
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(9,916,483)	(5,840,074)	(7,231,869)	(5,077,868)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income Received	201,186	172,562	97,742	61,475
NET CASH PROVIDED BY INVESTING ACTIVITIES	201,186	172,562	97,742	61,475
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,703,747)	1,257,371	(440,631)	1,662,210
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,572,821	8,315,450	8,756,081	7,093,871
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 5,869,074	$ 9,572,821	$ 8,315,450	$ 8,756,081

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	2025	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	$ 2,287,486	$ 2,843,525	$ 2,526,387	$ 3,220,298
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	3,511,979	3,306,965	3,283,396	3,164,570
Interest Expense	331,798	336,385	359,034	369,725
Bad Debts Written Off	47,172	60,975	29,726	47,631
Decrease (Increase) in Accounts Receivable	34,590	(104,701)	(187,254)	(52,230)
Decrease (Increase) in Inventory	(22,190)	113,842	(64,174)	(213,349)
Decrease (Increase) in Prepaid Expenses	(2,926)	(17,167)	(5,587)	78,446
Increase in Customer Advance Payments	29,589	43,308	34,282	39,009
Increase (Decrease) in Accounts Payable - Trade	(244,561)	277,046	136,346	11,998
Increase (Decrease) in Accrued Liabilities	38,903	(230,817)	284,675	2,118
Increase (Decrease) in Compensated Absences	29,176	14,457	147,923	72,323
Increase (Decrease) in Pension Liability	(595,753)	243,922	2,043,739	(1,203,473)
Increase (Decrease) in Deferred Inflows/Outflows	553,286	23,552	(1,921,509)	1,114,901
Miscellaneous Income	13,001	13,591	26,512	26,636
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 6,011,550	$ 6,924,883	$ 6,693,496	$ 6,678,603

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies

Business Environment: Jasper Water Works and Sewer Board, Inc. (the "Board") is the sole retail provider of water service to the Jasper and Sipsey, Alabama areas, as well as the sole retail provider of sewer service to Jasper, Alabama. The Board also provides wholesale water to most of Walker County. The Board has approximately 9,856 retail water customers and 3,737 retail sewer customers. There are nine wholesale water customers comprised of independent and municipal water utilities throughout the county and one industrial customer. The Board keeps its books on the accrual basis of accounting whereby revenues are recognized when earned and expenses recorded when incurred.

The Board has five members who serve six-year staggered terms and are appointed by the city council of the City of Jasper, Alabama. The Board is financially and operationally independent from the City of Jasper and, as such, is not considered a component unit.

Proprietary Fund Type: The Board is accounted for as a proprietary fund type. The accounting under a proprietary fund is similar to that found in the private sector. The measurement focus is upon determination of net income, financial position, contributed capital, and cash flows using the accrual basis of accounting.

The Board applies all Government Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Use Estimates: The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Accounts Receivable: Accounts receivable are presented at net realizable value. No allowance for bad debts has been established; however, past experience indicates that due to the Board's collection of advance payments upon connection of service and its policy of discontinuance of service for nonpayment, collection of accounts receivable is virtually assured.

Unbilled revenue (the revenue for the period between meter reading and period end) of $418,203, $423,199 $385,143, and $314,308 is included in Accounts Receivable - Utility Customers at December 31, 2025, 2024, 2023, and 2022, respectively.

Inventory: Inventory consists of system parts and supplies and is valued at replacement cost.

Property and Equipment: All property acquired or constructed by the Board is recorded at original cost. The Board has a capitalization threshold of $3,000. Property and equipment donated or contributed to the Board is recorded at the original cost to the contributor or donor, when such cost is determinable. Interest costs related to construction in progress are capitalized as part of the cost of construction, either by identification of specific debt related to the construction or by use of a composite rate on all borrowings. There was no capitalized interest during 2025, 2024, 2023, and 2022.

The cost and related accumulated depreciation of property and equipment retired or otherwise disposed of is removed from the related asset accounts, and any resulting gain or loss is reflected in other income or expense for the period in which the retirement occurred.

Depreciation of property and equipment is calculated using the straight-line method and established useful lives from 3 to 50 years.

Note 1 - Summary of Significant Accounting Policies - Continued

The cost of recurring maintenance and repairs to property and equipment is charged to expense as incurred except that major renewals or betterments that significantly increase the life of an asset are capitalized and depreciated over the remaining life of the related asset.

Construction in progress includes projects of a long-term nature that when completed, will be reclassified into water or sewer system property accounts and depreciated over their useful lives.

Presentation of State Gross Receipts Utility Tax: The Board collects state utility taxes from customers and remits these amounts to applicable taxing authorities. The Board's accounting policy is to exclude these taxes from revenues.

Operating Income and Expenses: Operating income reported in the financial statements includes revenues and expenses related to the primary continuing operation. Principal operating revenues are charges to customers for sales and services. Principal operating expenses are the costs of providing goods and services including administrative expenses. Other revenues and expenses are classified as nonoperating in the financial statements.

Income Taxes: The Jasper Water Works and Sewer Board, Inc., is a public corporation and is exempt from both state and federal income taxes.

Subsequent Events: Management has evaluated subsequent events and their potential effects on these financial statements through the date of the auditors' report, which is the date these financial statements were available to be issued.

Restricted Assets: When both restricted and unrestricted resources are available for use, the Board's policy is to use restricted resources first, then unrestricted as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and liabilities in the financial statements.

Presentation: The financial statements for prior years have been reformatted and presented to be comparable to the new presentation methods required by the Governmental Accounting Standards Board.

Economic Dependency: The Board receives approximately 22.51% of its revenues from one of its customers.

Pensions: The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting (see Note 8). Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB) Statement No. 68, which requires the recording of any liability or asset which is created by the actuarial determination of net unfunded or overfunded pension liabilities. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

Note 1 - Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has only two items that qualify for reporting in this category. The items are the contributions made to the pension plan in the fiscal year and the deferred loss on refunding. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has only one type of item that qualifies for reporting in this category. It is the deferrals of pension expense that results from the implementation of GASB Statement 68.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents at year-end consist of cash on hand and in bank accounts. At December 31, 2025, the carrying amount of the Board's demand deposits was $17,002,367 and the bank balance was $17,209,102. All of the bank balance was covered by federal depository insurance or by the State of Alabama's SAFE Program. The SAFE Program requires all covered public entities to deposit their funds with financial institutions that meet the requirements of the SAFE Program and that have been designated as Qualified Public Depositories ("QPD's"). These funds are protected by a collateral pool administered by the State Treasurer. In the event of a failure of a QPD, securities pledged by that QPD would be liquidated by the State Treasurer to replace the public deposits not covered by the FDIC. For purposes of the statement of cash flows, the Board considers all cash on hand and with maturities of three months or less to be cash and cash equivalents.

Note 3 - Funds Held in Reserve - Restricted and Designated

Funds held in reserve at each year-end presented are as follows:

	2025	2024	2023	2022
Construction Funds	$ 11,135,342	$ 7,917,702	$ 6,512,860	$ 5,072,898
Bond Sinking Funds	766,894	733,777	961,289	950,311
	$ 11,902,236	$ 8,651,479	$ 7,474,149	$ 6,023,209

Funds held in reserve for construction and rehabilitation are placed in trust by the Board and designated by the Board for capital improvements. In accordance with the bond agreements, sinking fund reserve requirements are held in trust for payment of principal maturities and interest. All funds are covered under the SAFE Program as discussed at Note 2 except for $766,894 in account balances held at the Bank of New York.

The Board 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 to exposure from any one issuer. Investments with the Bank of Walker County are 38% of Board designated construction fund investments.

Note 4 - Utility Property and Equipment

Changes in utility property and equipment during the year are as follows:

	12/31/24	Additions	Reductions	12/31/25
Land	$ 716,364	$ 1,501,411	$ -	$ 2,217,775
Water System	64,560,562	1,195,906	-	65,756,468
Sewer System	50,279,249	240,083	-	50,519,332
Buildings	3,630,255	-	-	3,630,255
Machinery and Equipment	12,825,890	1,119,737	372,382	13,573,245
Office Furniture and Equipment	1,138,222	-	-	1,138,222
Construction in Progress	725,398	2,419,067	1,021,164	2,123,301
Total Cost	$ 133,875,940	$ 6,476,204	$ 1,393,546	$ 138,958,598
Accumulated Depreciation	$ (90,036,744)	$(3,511,979)	$ (333,389)	$ (93,215,334)

The provision for depreciation in operating expenses for the years ended December 31, 2025, 2024, 2023, and 2022, is $3,511,979, $3,306,965, $3,283,396, and $3,164,570, respectively.

Note 5 - Long-Term Debt

All bond issues require the Board to make monthly payments, up to maturity, into deferred investments sinking funds. These monies are invested by the trustee in U.S. Treasury Bonds Mutual Funds to provide for retirement of bond principal and interest. During the forthcoming year, sinking fund deposits approximately equal to the debt service requirements illustrated in the table at the end of this footnote will be required. The reserve deposits in the sinking funds at each fiscal year-end presented are referred to in Note 3. The master trust indenture also includes certain financial covenants; among them a 1.2x net available income for debt service referred to in the Bond Indenture as the debt service coverage ratio.

In April 2018, the Board issued the 2018 Utility Revenue Bonds, Series 2018-A and 2018-B (collectively, the "Series 2018 Bonds"). The issue resulted in the issuance of $10,273,420 ($9,985,000 principal amount, plus a $345,834 premium, less an underwriting discount of $57,414) for the Series 2018-A Utility Revenue Bonds and $626,377 for the Series 2018-B Utility Revenue Bonds ($630,000 principal amount, less an underwriting discount of $3,623), respectively. The 2018-A bonds bear interest from 3.25% to 4.00% per annum and mature from 2025 through 2033. The 2018-B bonds bear interest at 3.375% per annum and matured in 2025.

Proceeds of the Series 2018 bonds were used to refund all of the 2008 Bond Series SRF issue. The net proceeds of $10,899,797 (after payment of underwriting fees of $61,037, plus a premium amount of $345,834) were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the advanced refunded bonds. In addition, the proceeds that were in excess of the advanced refunded bonds were placed in an escrow agent to finance the construction and improvements of the water treatment and waste water treatment plants.

Note 5 - Long-Term Debt - Continued

In January 2021, the Board issued the Utility Revenue Bond Series 2021-A and 2021-B in the amounts of $990,000 and $4,495,000 to refund the Series 2010 and 2016 bonds. The net proceeds of $5,737,084 were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 2010 and 2016 bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. Interest rates for the 2021 Series range from .28% to 3.00%. Interest is paid semi-annually on June 1 and December 1 while principal is paid each June 1.

Principal maturities and required interest payments of all outstanding bond issues are outlined in the following table:

Fiscal Year Ending	Series 2018-A and B Bonds			Series 2021-A and Bonds			Total Actual Debt Service
12/31	Principal	Interest	Total	Principal	Interest	Total	Payments
2026	$ 1,120,000	$ 312,998	$ 1,432,998	$ 105,000	$ 15,000	$ 120,000	$ 1,552,998
2027	1,170,000	261,348	1,431,348	110,000	12,000	122,000	1,553,348
2028	1,225,000	207,598	1,432,598	110,000	9,000	119,000	1,551,598
2029	1,270,000	164,048	1,434,048	115,000	6,000	121,000	1,555,048
2030	1,305,000	125,423	1,430,423	120,000	3,000	123,000	1,553,423
2031	1,510,000	83,198	1,593,198	-	-	-	1,593,198
2032	1,560,000	36,368	1,596,368	-	-	-	1,596,368
2033	375,000	6,094	381,094	-	-	-	381,094
	$ 9,535,000	$ 1,197,075	$ 10,732,075	$ 560,000	$ 45,000	$ 605,000	$ 11,337,075

Total long-term debt at December 31, 2025, is summarized as follows:

Series 2018-A Bonds	$ 9,535,000
Series 2021-A Bonds	560,000
Total Long-Term Debt	10,095,000
Current Portion of Long-Term Debt	(1,225,000)
	$ 8,870,000

Changes in total long-term debt for 2025 are shown as follows:

	12/31/24	Additions	Reductions	12/31/25	Current
Series 2018-A Bonds	$ 9,985,000	$ -	$ 450,000	$ 9,535,000	$ 1,120,000
Series 2018-B Bonds	630,000	-	630,000	-	-
Series 2021-A Bonds	665,000	-	105,000	560,000	105,000
Premium – 2018 Bonds	133,157	-	30,458	102,699	26,852
Premium – 2021 Bonds	13,568	-	2,142	11,426	2,142
Total	$ 11,426,725	$ -	$ 1,217,600	$ 10,209,125	$ 1,253,994

Note 6 - Net Position

Net position of the Board is made up of assets restricted by creditors, contributors, and laws and regulations of the federal government in addition to funds designated by the Board for planned future construction projects. The remainder of the Board's net position is invested in the equity of capital assets the Board owns less related debt or is considered unrestricted as to use.

Note 7 - Contributed Capital

Contributed capital represents amounts received from state or federal grants and developers and customers of the Board for construction and capital improvements.

Note 8 - Compensated Absences

Effective for the fiscal year ended December 31, 2025, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB Statement No. 101 establishes new standards for the recognition, measurement, and disclosure of compensated absences, including vacation, sick leave, paid time off, holidays, parental leave, bereavement leave, and certain types of sabbatical leave.

In accordance with the transition provisions of GASB Statement No. 101, the Board applied the new guidance prospectively as restatement of prior periods was not practical. The implementation of this Statement did not result in a cumulative effect to the beginning net position as the total amount reported for compensated absences in the prior period did not change.

The liability for compensated absences as of December 31, 2025 was $649,857. The net increase in the liability for the year ended December 31, 2025 was $29,175. The portion of the compensated absences liability estimated to be due within one year as of December 31, 2025, is $158,717.

Note 9 - Pension Plan

Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

General Information about the Pension Plan

Plan Description. The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945, under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 15 trustees. Effective October 1, 2021, Act 390 of the Legislature of 2021 created two additional representatives and changed the composure of representatives within the ERS Board of Control. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36, Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Note 9 - Pension Plan - Continued

General Information about the Pension Plan (Continued)

The ERS Board of Control consists of 15 trustees as follows:

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
   a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
   b. Two vested active state employees.
   c. One vested active employee of a participating municipality or city in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
   d. One vested active employee of a participating county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
   e. One vested active employee or retiree of a participating employer in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.
   f. One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the Code of Alabama 1975, Section 36-27-6.

Benefits Provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375 % for each year of State Police service in computing the formula method.

Note 9 - Pension Plan - Continued

General Information about the Pension Plan (Continued)

Act 351 of the Legislature of 2022 provides that any Tier 2 member who withdraw from service after the completion of at least 30 years of service is entitled to an annual retirement benefit.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 618 employers adopted Act 2019-132 as of September 30, 2024.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 890 local participating employers and one state employer. The ERS membership includes approximately 117,309 participants. As of September 30, 2024, membership consisted of:

	ERS	Board
Retirees and beneficiaries currently receiving benefits	32,477	35
Terminated employees entitled to but not yet receiving benefits	2,425	2
Terminated employees not entitled to a benefit	22,097	5
Active Members	60,279	52
Post-DROP participants still in active service	31	-
Total	117,309	94

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Note 9 - Pension Plan - Continued

General Information about the Pension Plan (Continued)

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS (except State Police and certified law enforcement, correctional officers, and firefighters) contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2025, the Board's active employee contribution rate was 10.71% of covered employee payroll, and the Board's average contribution rate to fund the normal and accrued liability costs was 10.35% of pensionable payroll.

The Board's contractually required contribution rate for the year ended September 30, 2025, was 11.69% of pensionable pay for Tier 1 employees, and 9.55% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2022, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan were $428,589 for the year ended December 31, 2025.

Net Pension Liability

The Board's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2023, rolled forward to September 30, 2024, using standard roll-forward techniques as shown in the following table:

Note 9 - Pension Plan - Continued

Net Pension Liability (Continued)

	Expected	Actual Before Plan Changes	Actual After Plan Changes
Total Pension Liability (TPL) As of September 30, 2023 (a)	$ 14,294,385	$ 14,964,928	$ 14,964,928
Discount Rate (b)	7.45%	7.45%	7.45%
Entry Age Normal Cost for October 1, 2023 – September 30, 2024 (c)	314,031	314,031	314,031
Transfers Among Employers (d)	-	-	-
Actual Benefit Payments and Refunds for October 1, 2023 – September 30, 2024 (e)	(923,848)	(923,848)	(923,848)
TPL As of September 30, 2023 [(a)x(1+(b))]+(c)+(d)+[(e)*(1+0.5*(b))] (f)	$ 14,715,086	$ 15,435,585	$ 15,435,585
Difference between Expected and Actual (g)		$ 720,499	
Less Liability Transferred for Immediate Recognition (h)		$ -	
Difference between Expected and Actual – Experience (Gain)/Loss = (g) - (h)		$ 720,499	
Difference between Actual TPL Before and After Plan Changes – Benefit Change (Gain)/Loss (i)			$ -

Actuarial Assumptions. The total pension liability as of September 30, 2024, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2023. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary Increases	3.25% – 6.00% for State and Local Employees 4.00% – 7.75% for State Police, including inflation
Investment Rate of Return*	7.45%, including inflation

*Net of pension plan investment expense

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Note 9 - Pension Plan - Continued

Net Pension Liability (Continued)

Group	Membership Table	Set forward (+)/Setback(-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male:90% ages < 65, 96% ages >= 65 female: 96% all ages
FLC/State Police Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male:+2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the actuarial valuation as of September 30, 2022, were based on the results of actuarial experience study for the period October 1, 2015, through September 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%.

Note 9 - Pension Plan - Continued

Net Pension Liability (Continued)

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. 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 Net Pension Liability

		Increase(Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 9/30/2023	$ 14,294,385	$ 9,841,304	$ 4,453,081
Changes for the year:			
Service Cost	314,031	-	314,031
Interest	1,030,518	-	1,030,518
Changes in Benefit Terms	-	-	-
Changes in Assumptions	-	-	-
Differences Between Expected and Actual Experience	720,499	-	720,499
Contributions – Employer	-	369,242	(369,242)
Contributions – Employee	-	245,898	(245,898)
Net Investment Income	-	2,045,661	(2,045,661)
Benefit Payments, Including Refunds of Employee Contributions	(923,848)	(923,848)	-
Administrative Expenses	-	-	-
Transfers Among Employers	-	-	-
Net Changes	1,141,200	1,736,953	(595,753)
Balances at 9/30/2024	$ 15,435,585	$ 11,578,257	$ 3,857,328

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the Board's net pension liability calculated using the discount rate of 7.45%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
Board's Net Pension Liability	$ 5,622,353	$ 3,857,328	$ 2,369,763

Note 9 - Pension Plan - Continued

Net Pension Liability (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2024. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

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

For the year ended September 30, 2025, the Board recognized pension expense of $376,885. At September 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to pension of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,083,748	$ 215,075
Changes of Assumptions	114,578	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	758,165
Employer Contributions Subsequent to the Measurement Date	414,063	-
Total	$ 1,612,389	$ 973,240

Employer contributions subsequent to the measurement date of $414,063 are reported as deferred outflows of resources related to pensions will be recognized as a reduction of net pension liability in the year ended September 30, 2026.

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

Year Ended September 30:	
2026	$ (49,842)
2027	284,390
2028	(135,024)
2029	(37,104)
2030	150,857
Thereafter	11,809
Total	$ 225,086

Note 10 - Segment Information

As required by Governmental Generally Accepted Accounting Principles the following Divisional Schedules of Revenue and Expenses for both the water and sewer systems are presented on the following pages.

DIVISIONAL SCHEDULES OF REVENUES AND EXPENSES
Year Ended December 31, 2025

	Water	Sewer	Combined
Operating Revenue			
Retail – Jasper System	$ 4,637,039	$ 4,053,624	$ 8,690,663
Retail – Sipsey System	1,358,657	-	1,358,657
Wholesale	3,525,926	-	3,525,926
Industrial	1,892,579	2,309,978	4,202,557
Late Fees and Service Charges	264,823	31,875	296,698
Tapping and Drilling Fees	46,369	8,100	54,469
	11,725,393	6,403,577	18,128,970
Operating Expenses			
Depreciation	1,986,599	1,525,380	3,511,979
Salaries	2,752,062	1,380,640	4,132,702
Interest Expense	120,744	211,054	331,798
Utilities	917,698	457,756	1,375,454
Repairs and Maintenance	840,425	156,317	996,742
Group Health and Life Insurance	467,478	323,791	791,269
Insurance – General	240,197	174,104	414,301
Treatment Chemicals	1,586,428	7,007	1,593,435
Retirement Expense	275,333	139,298	414,631
Payroll Taxes	203,156	103,268	306,424
Professional Expenses – Engineering	110,599	184,110	294,709
Professional Expenses – Audit and Accounting	21,447	-	21,447
Professional Expenses – Legal	73,259	-	73,259
Professional Expenses – ADEM, Testing and Other	57,791	16,437	74,228
Professional Expenses – Consulting	-	-	-
Truck and Equipment Expense	119,920	49,061	168,981
Utility Taxes – Cities	179,858	-	179,858
Sludge Hauling Expense	211,681	308,064	519,745
Printing and Office Supplies	14,640	-	14,640
Billing Expenses	69,414	18,204	87,618
Training and Education	13,792	1,600	15,392
Laboratory Supplies	31,632	18,933	50,565

Note 10 - Segment Information - Continued

DIVISIONAL SCHEDULES OF REVENUES AND EXPENSES
Year Ended December 31, 2025

	Water	Sewer	Combined
Uniform and Clothing Allowance	$ 11,698	$ 3,872	$ 15,570
Janitorial Expenses	17,400	7,422	24,822
Directors' Fees	8,550	-	8,550
Travel Expense	7,954	-	7,954
Bad Debts	35,553	11,619	47,172
Miscellaneous Expenses	330,784	37,455	368,239
	10,706,092	5,135,392	15,841,484
Operating Income	1,019,301	1,268,185	2,287,486
Nonoperating Income (Expenses)			
Interest Income	217,219	11,728	228,947
Bond Administration Fees	(4,000)	-	(4,000)
Gain (Loss) on Retirement of Fixed Assets	138,875	38,937	177,812
Miscellaneous	11,366	1,635	13,001
	363,460	52,300	415,760
Income Before Contributions	1,382,761	1,320,485	2,703,246
Contributed Capital	90,724	16,300	107,024
Change in Net Position	$ 1,473,485	$ 1,336,785	$ 2,810,270

Note 10 - Segment Information - Continued

DIVISIONAL SCHEDULES OF REVENUES AND EXPENSES
Year Ended December 31, 2024

	Water	Sewer	Combined
Operating Revenue			
Retail – Jasper System	$ 4,709,987	$ 4,103,361	$ 8,813,348
Retail – Sipsey System	1,311,314	-	1,311,314
Wholesale	3,450,163	-	3,450,163
Industrial	1,972,696	2,341,962	4,314,658
Late Fees and Service Charges	216,561	31,434	247,995
Tapping and Drilling Fees	59,161	8,200	67,361
	11,719,882	6,484,957	18,204,839
Operating Expenses			
Depreciation	1,857,633	1,449,332	3,306,965
Salaries	2,642,323	1,280,154	3,922,477
Interest Expense	111,493	224,892	336,385
Utilities	934,822	417,870	1,352,692
Repairs and Maintenance	871,454	215,522	1,086,976
Group Health and Life Insurance	448,106	342,481	790,587
Insurance – General	246,144	164,300	410,444
Treatment Chemicals	1,435,229	15,098	1,450,327
Retirement Expense	437,176	210,932	648,108
Payroll Taxes	213,949	101,849	315,798
Professional Expenses – Engineering	55,776	176,545	232,321
Professional Expenses – Audit and Accounting	23,240	-	23,240
Professional Expenses – Legal	47,535	1,965	49,500
Professional Expenses – ADEM, Testing and Other	38,504	45,265	83,769
Professional Expenses – Consulting	18,647	-	18,647
Truck and Equipment Expense	103,950	48,053	152,003
Utility Taxes – Cities	170,373	2,922	173,295
Sludge Hauling Expense	226,752	243,782	470,534
Printing and Office Supplies	14,416	553	14,969
Billing Expenses	60,284	14,160	74,444
Training and Education	4,189	2,321	6,510
Laboratory Supplies	40,377	14,202	54,579

Note 10 - Segment Information - Continued

DIVISIONAL SCHEDULES OF REVENUES AND EXPENSES
Year Ended December 31, 2024

	Water	Sewer	Combined
Uniform and Clothing Allowance	$ 12,098	$ 3,746	$ 15,844
Janitorial Expenses	13,973	3,169	17,142
Directors' Fees	8,950	-	8,950
Travel Expense	8,459	-	8,459
Bad Debts	40,474	20,501	60,975
Miscellaneous Expenses	245,507	29,867	275,374
	10,331,833	5,029,481	15,361,314
Operating Income	1,388,049	1,455,476	2,843,525
Nonoperating Income (Expenses)			
Interest Income	167,694	4,868	172,562
Bond Administration Fees	(4,600)	(3,400)	(8,000)
Gain (Loss) on Retirement of Fixed Assets	47,544	15,945	63,489
Miscellaneous	6,118	7,473	13,591
	216,756	24,886	241,642
Income Before Contributions	1,604,805	1,480,362	3,085,167
Contributed Capital	578,915	13,700	592,615
Change in Net Position	$ 2,183,720	$ 1,494,062	$ 3,677,782

Note 10 - Segment Information - Continued

DIVISIONAL SCHEDULES OF REVENUES AND EXPENSES
Year Ended December 31, 2023

	Water	Sewer	Combined
Operating Revenue			
Retail – Jasper System	$ 4,358,881	$ 3,834,358	$ 8,193,239
Retail – Sipsey System	1,227,745	-	1,227,745
Wholesale	3,381,998	-	3,381,998
Industrial	1,964,155	2,250,183	4,214,338
Late Fees and Service Charges	236,356	31,411	267,767
Tapping and Drilling Fees	45,038	9,100	54,138
	11,214,173	6,125,052	17,339,225
Operating Expenses			
Depreciation	1,907,251	1,376,145	3,283,396
Salaries	2,910,198	1,228,426	4,138,624
Interest Expense	133,752	225,282	359,034
Utilities	896,909	424,651	1,321,560
Repairs and Maintenance	627,877	279,530	907,407
Group Health and Life Insurance	394,452	306,680	701,132
Insurance – General	193,111	127,728	320,839
Treatment Chemicals	1,445,961	18,702	1,464,663
Retirement Expense	320,816	140,677	461,493
Payroll Taxes	198,091	86,420	284,511
Professional Expenses – Engineering	44,222	103,357	147,579
Professional Expenses – Audit and Accounting	21,659	-	21,659
Professional Expenses – Legal	43,373	7,324	50,697
Professional Expenses – ADEM, Testing and Other	27,959	46,842	74,801
Professional Expenses – Consulting	-	-	-
Truck and Equipment Expense	80,508	28,491	108,999
Utility Taxes – Cities	166,180	-	166,180
Sludge Hauling Expense	296,832	198,042	494,874
Printing and Office Supplies	11,446	758	12,204
Billing Expenses	59,198	14,181	73,379
Training and Education	9,782	1,957	11,739
Laboratory Supplies	31,415	15,019	46,434

Note 10 - Segment Information - Continued

DIVISIONAL SCHEDULES OF REVENUES AND EXPENSES
Year Ended December 31, 2023

	Water	Sewer	Combined
Uniform and Clothing Allowance	$ 13,532	$ 4,609	$ 18,141
Janitorial Expenses	15,540	5,020	20,560
Directors' Fees	9,450	-	9,450
Travel Expense	8,567	-	8,567
Bad Debts	22,419	7,307	29,726
Miscellaneous Expenses	239,874	35,316	275,190
	10,130,374	4,682,464	14,812,838
Operating Income	1,083,799	1,442,588	2,526,387
Nonoperating Income (Expenses)			
Interest Income	95,085	2,657	97,742
Bond Administration Fees	(6,000)	(2,000)	(8,000)
Gain (Loss) on Retirement of Fixed Assets	93,144	(20,660)	72,484
Miscellaneous	21,312	5,200	26,512
	203,541	(14,803)	188,738
Income Before Contributions	1,287,340	1,427,785	2,715,125
Contributed Capital	90,037	21,800	111,837
Change in Net Position	$ 1,377,377	$ 1,449,585	$ 2,826,962

Note 10 - Segment Information - Continued

DIVISIONAL SCHEDULES OF REVENUES AND EXPENSES
Year Ended December 31, 2022

	Water	Sewer	Combined
Operating Revenue			
Retail – Jasper System	$ 3,855,301	$ 3,261,674	$ 7,116,975
Retail – Sipsey System	1,161,643	-	1,161,643
Wholesale	4,422,543	-	4,422,543
Industrial	1,890,799	2,165,572	4,056,371
Late Fees and Service Charges	210,392	22,891	233,283
Tapping and Drilling Fees	56,452	15,850	72,302
	11,597,130	5,465,987	17,063,117
Operating Expenses			
Depreciation	1,867,458	1,297,112	3,164,570
Salaries	2,437,292	1,008,699	3,445,991
Interest Expense	144,443	225,282	369,725
Utilities	821,961	471,108	1,293,069
Repairs and Maintenance	470,371	230,788	701,159
Group Health and Life Insurance	360,251	300,969	661,220
Insurance – General	224,109	163,180	387,289
Treatment Chemicals	1,749,171	9,778	1,758,949
Retirement Expense	176,289	78,270	254,559
Payroll Taxes	175,519	75,358	250,877
Professional Expenses – Engineering	61,859	115,746	177,605
Professional Expenses – Audit and Accounting	24,148	-	24,148
Professional Expenses – Legal	41,980	11,490	53,470
Professional Expenses – ADEM, Testing and Other	35,742	46,365	82,107
Professional Expenses – Consulting	-	-	-
Truck and Equipment Expense	88,302	36,669	124,971
Utility Taxes – Cities	148,676	-	148,676
Sludge Hauling Expense	232,214	221,458	453,672
Printing and Office Supplies	11,155	1,440	12,595
Billing Expenses	57,620	14,607	72,227
Training and Education	13,151	4,608	17,759
Laboratory Supplies	24,353	16,230	40,583

Note 10 - Segment Information - Continued

DIVISIONAL SCHEDULES OF REVENUES AND EXPENSES
Year Ended December 31, 2022

	Water	Sewer	Combined
Uniform and Clothing Allowance	$ 10,952	$ 3,063	$ 14,015
Janitorial Expenses	20,180	7,848	28,028
Directors' Fees	9,150	-	9,150
Travel Expense	8,702	-	8,702
Bad Debts	31,346	16,285	47,631
Miscellaneous Expenses	195,724	44,348	240,072
	9,442,118	4,400,701	13,842,819
Operating Income	2,155,012	1,065,286	3,220,298
Nonoperating Income (Expenses)			
Interest Income	57,980	3,495	61,475
Bond Administration Fees	(4,000)	(4,000)	(8,000)
Gain (Loss) on Retirement of Fixed Assets	-	-	-
Miscellaneous	26,636	-	26,636
	80,616	(505)	80,111
Income Before Contributions	2,235,628	1,064,781	3,300,409
Contributed Capital	108,951	50,000	158,951
Change in Net Position	$ 2,344,579	$ 1,114,781	$ 3,459,360

Note 11 - Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses and injuries to employees; and natural disasters. Risk management is the process of managing the Board's activities to minimize the adverse effects of certain types of losses and to obtain finances to provide for or restore the economic damages of those losses, The Board finances its risk through the purchase of insurance with a commercial insurance company (risk transfer). Employee health insurance is provided through a group policy with Blue Cross and Blue Shield of Alabama.

JASPER WATER WORKS AND SEWER BOARD, INC.
Schedule of Changes in Net Pension Liability
Years Ended December 31, 2025, 2024, 2023, and 2022

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	$ 314,031	$ 282,196	$ 239,043	$ 211,119	$ 210,961	$ 217,736	$ 205,673	$ 196,858	$ 202,711	$ 220,729
Interest	1,030,518	959,037	934,397	956,853	988,519	930,468	896,798	846,138	836,147	778,913
Changes of Benefit Terms	-	-	10,179	166,118	-	-	-	-	-	-
Differences Between Expected and Actual Experience	720,499	687,570	13,632	(407,458)	(609,096)	307,207	30,016	261,389	(208,436)	256,932
Changes of Assumptions	-	-	-	332,818	-	-	60,695.00	-	183,357	-
Benefit Payments, Including Refunds of Employee Contributions	(923,848)	(891,441)	(841,591)	(799,208)	(700,787)	(744,497)	(691,993)	(684,547)	(554,393)	(527,886)
Transfers Among Employers	-	(61,678)	-	(323,472)	(251,634)	21,142	37,476	37,563	71,762	-
Net Change in Total Pension Liability	1,141,200	975,684	355,660	136,770	(362,037)	732,056	538,665	657,401	531,148	728,688
Total Pension Liability – Beginning	14,294,385	13,318,701	12,963,041	12,826,271	13,188,308	12,456,252	11,917,587	11,260,186	10,729,038	10,000,350
Total Pension Liability – Ending (a)	$ 15,435,585	$ 14,294,385	$ 13,318,701	$ 12,963,041	$ 12,826,271	$ 13,188,308	$ 12,456,252	$ 11,917,587	$ 11,260,186	$ 10,729,038
Plan Fiduciary Net Position										
Contributions – Employer	$ 369,242	$ 314,041	$ 322,079	$ 288,816	$ 285,308	$ 296,257	$ 293,905	$ 266,169	$ 282,876	$ 290,104
Contributions – Member	245,898	215,684	191,350	149,893	158,496	147,116	144,667	134,925	128,619	131,442
Net Investment Income	2,045,661	1,155,156	(1,359,917)	2,024,214	524,956	239,863	812,273	1,022,446	752,721	87,699
Benefit Payments, Including Refunds of Employee Contributions	(923,848)	(891,441)	(841,591)	(799,208)	(700,787)	(744,497)	(691,993)	(684,547)	(554,393)	(527,886)
Transfers Among Employers	-	(61,678)	-	(323,472)	(251,634)	21,142	37,476	37,563	71,762	-
Net Change in Plan Fiduciary Net Position	1,736,953	731,762	(1,688,079)	1,340,243	16,339	(40,119)	596,328	776,556	681,585	(18,641)
Plan Net Position – Beginning	9,841,304	9,109,542	10,797,621	9,457,378	9,441,039	9,481,158	8,884,830	8,108,274	7,426,689	7,445,330
Plan Net Position – Ending (b)	$ 11,578,257	$ 9,841,304	$ 9,109,542	$ 10,797,621	$ 9,457,378	$ 9,441,039	$ 9,481,158	$ 8,884,830	$ 8,108,274	$ 7,426,689
Net Pension Liability (Asset) – Ending (a)-(b)	$ 3,857,328	$ 4,453,081	$ 4,209,159	$ 2,165,420	$ 3,368,893	$ 3,747,269	$ 2,975,094	$ 3,032,757	$ 3,151,912	$ 3,302,349
Plan Fiduciary Net Position a Percentage of the Total Pension Liability	75.01%	68.85%	68.40%	83.30%	73.73%	71.59%	76.12%	74.55%	72.01%	69.22%
Covered Payroll	$ 3,774,458	$ 3,439,769	$ 3,138,689	$ 2,616,710	$ 2,814,378	$ 2,780,860	$ 2,759,039	$ 2,612,266	$ 2,489,644	$ 2,470,742
Net Pension Liability (Asset) as a Percentage of Covered Payroll	102.2%	129.5%	134.1%	82.8%	119.7%	134.8%	107.8%	116.1%	126.6%	133.7%

*Employer's covered-payroll during the measurement period is the total covered payroll. For FY2024 the measurement period is October 1, 2023 through September 30, 2024.

JASPER WATER WORKS AND SEWER BOARD, INC.
Schedule of Employer Contributions
Years Ended December 31, 2025, 2024, 2023, and 2022

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution*	$ 414,063	$ 363,953	$ 326,492	$ 310,110	$ 279,786	$ 301,319	$ 297,265	$ 286,493	$ 302,106	$ 279,456
Contributions in Relation to the Actuarially Determined Contribution	414,063	363,953	326,492	310,110	279,786	301,319	297,265	286,493	302,106	279,456
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll **	$ 4,001,619	$ 3,774,458	$ 3,439,769	$ 3,138,689	$ 2,616,710	$ 2,814,738	$ 2,780,860	$ 2,759,039	$ 2,612,266	$ 2,489,644
Contributions as a Percentage of Covered Payroll	10.3%	9.6%	9.5%	9.9%	10.7%	10.7%	10.7%	10.4%	11.6%	11.2%

*The amount of employer contributions related to normal and accrued liability of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

**Employer's covered payroll for FY2025 is the estimated total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule of Changes in Net Pension Liabilities

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2023 were based on the September 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2024 to September 30, 2025.

Actuarial cost method	Entry Age
Amortization method	Level Percent Closed
Remaining amortization period	20.5 years
Asset valuation method	Five Year Smoothed Market
Inflation	2.50%
Salary increases	3.25% – 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

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INDEPENDENT AUDITORS' REPORT REQUIRED BY BOND INDENTURES

To the Board of Directors
Jasper Water Works and Sewer Board, Inc.
Jasper, Alabama

We have audited the accompanying financial statements of the Jasper Water Works and Sewer Board, Inc., as of and for the years ended December 31, 2025, 2024, 2023, and 2022, as listed in the table of contents, and have issued our report thereon dated July 27, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Board failed to meet minimum annual debt service coverage of 1.2 times as defined and required by the covenants of the Board's 2021 bond indentures.

This report is intended solely for the information and use of the board of directors and management of Jasper Water Works and Sewer Board, Inc., and is not intended to be and should not be used by anyone other than these specified parties.

Kellum, Wilson & Associates, P.C.

Kellum, Wilson & Associates, P.C.
July 27, 2026

JASPER WATER WORKS AND SEWER BOARD, INC.
Actual to Budget
Year Ended December 31, 2025

	Actual	Budget	Variance
OPERATING REVENUES			
Retail	$ 10,049,320	$ 10,430,000	$ (380,680)
Wholesale	3,525,926	3,530,000	(4,074)
Industrial	4,202,557	4,450,000	(247,443)
Late Fees and Service Charges	296,698	250,000	46,698
Tapping and Drilling Fees	54,469	75,000	(20,531)
TOTAL OPERATING REVENUES	18,128,970	18,735,000	(606,030)
OPERATING EXPENSES			
Depreciation	3,511,979	3,200,000	(311,979)
Salaries	4,132,702	3,950,000	(182,702)
Interest Expense	331,798	400,000	68,202
Utilities	1,375,454	1,400,000	24,546
Repairs and Maintenance	996,742	1,100,000	103,258
Group Health and Life Insurance	791,269	875,000	83,731
Insurance – General	414,301	385,000	(29,301)
Treatment Chemicals	1,593,435	1,400,000	(193,435)
Retirement Expense	414,631	395,000	(19,631)
Payroll Taxes	306,424	300,000	(6,424)
Professional Expenses – Engineering	294,709	240,000	(54,709)
Professional Expenses – Audit and Accounting	21,447	35,000	13,553
Professional Expenses – Legal	73,259	60,000	(13,259)
Professional Expenses – ADEM, Testing, and Other	74,228	90,000	15,772
Professional Expenses – Consulting	-	-	-
Truck and Equipment Expense	168,981	160,000	(8,981)
Utility Taxes – Cities	179,858	185,000	5,142
Sludge Hauling Expense	519,745	400,000	(119,745)
Printing and Office Supplies	14,640	16,000	1,360
Billing Expenses	87,618	75,000	(12,618)
Training and Education	15,392	15,000	(392)
Laboratory Supplies	50,565	75,000	24,435
Uniform and Clothing Allowance	15,570	20,000	4,430
Janitorial Expenses	24,822	20,000	(4,822)
Directors' Fees	8,550	9,600	1,050
Travel Expense	7,954	12,000	4,046
Bad Debts	47,172	70,000	22,828
Miscellaneous Expenses	368,239	235,030	(133,209)
TOTAL OPERATING EXPENSES	15,841,484	15,122,630	(718,854)

	Actual	Budget	Variance
OPERATING INCOME	2,287,486	3,612,370	(1,324,884)
NONOPERATING INCOME (EXPENSES)			
Interest Income	228,947	150,000	78,947
Bond Administration Fees	(4,000)	(7,750)	3,750
Gain (Loss) on Retirement of Fixed Assets	177,812	-	177,812
Miscellaneous	13,001	-	13,001
TOTAL NONOPERATING INCOME (EXPENSES)	415,760	142,250	273,510
CHANGE IN NET ASSETS BEFORE CONTRIBUTED CAPITAL	2,703,246	3,754,620	(1,051,374)
CONTRIBUTED CAPITAL – SDC'S AND CONTRIBUTIONS	107,024	100,000	7,024
CHANGE IN NET POSITION	$ 2,810,270	$ 3,854,620	$ (1,044,350)

	Actual	Budget	Variance
OPERATING REVENUES			
Retail	$ 10,124,662	$ 9,750,000	$ 374,662
Wholesale	3,450,163	3,450,000	163
Industrial	4,314,658	4,250,000	64,658
Late Fees and Service Charges	247,995	275,000	(27,005)
Tapping and Drilling Fees	67,361	55,000	12,361
TOTAL OPERATING REVENUES	18,204,839	17,780,000	424,839
OPERATING EXPENSES			
Depreciation	3,306,965	3,025,000	(281,965)
Salaries	3,922,477	3,800,000	(122,477)
Interest Expense	336,385	505,000	168,615
Utilities	1,352,692	1,400,000	47,308
Repairs and Maintenance	1,086,976	1,100,000	13,024
Group Health and Life Insurance	790,587	800,000	9,413
Insurance – General	410,444	337,000	(73,444)
Treatment Chemicals	1,450,327	1,500,000	49,673
Retirement Expense	648,108	380,000	(268,108)
Payroll Taxes	315,798	290,000	(25,798)
Professional Expenses – Engineering	232,321	180,000	(52,321)
Professional Expenses – Audit and Accounting	23,240	30,000	6,760
Professional Expenses – Legal	49,500	80,000	30,500
Professional Expenses – ADEM, Testing, and Other	83,769	80,000	(3,769)
Professional Expenses – Consulting	18,647	-	(18,647)
Truck and Equipment Expense	152,003	150,000	(2,003)
Utility Taxes – Cities	173,295	175,000	1,705
Sludge Hauling Expense	470,534	435,000	(35,534)
Printing and Office Supplies	14,969	15,000	31
Billing Expenses	74,444	75,000	556
Training and Education	6,510	18,000	11,490
Laboratory Supplies	54,579	60,000	5,421
Uniform and Clothing Allowance	15,844	22,000	6,156
Janitorial Expenses	17,142	25,000	7,858
Directors' Fees	8,950	9,600	650
Travel Expense	8,459	12,000	3,541
Bad Debts	60,975	40,000	(20,975)
Miscellaneous Expenses	275,374	199,530	(75,844)
TOTAL OPERATING EXPENSES	15,361,314	14,743,130	(618,184)

	Actual	Budget	Variance
OPERATING INCOME	2,843,525	3,036,870	(193,345)
NONOPERATING INCOME (EXPENSES)			
Interest Income	172,562	150,000	22,562
Bond Administration Fees	(8,000)	(7,750)	(250)
Gain (Loss) on Retirement of Fixed Assets	63,489	-	63,489
Miscellaneous	13,591	-	13,591
TOTAL NONOPERATING INCOME (EXPENSES)	241,642	142,250	99,392
CHANGE IN NET ASSETS BEFORE CONTRIBUTED CAPITAL	3,085,167	3,179,120	(93,953)
CONTRIBUTED CAPITAL – SDC'S AND CONTRIBUTIONS	592,615	100,000	492,615
CHANGE IN NET POSITION	$ 3,677,782	$ 3,279,120	$ 398,662

JASPER WATER WORKS AND SEWER BOARD, INC.
Actual to Budget (Continued)
Year Ended December 31, 2023

	Actual	Budget	Variance
OPERATING REVENUES			
Retail	$ 9,420,984	$ 8,837,000	$ 583,984
Wholesale	3,381,998	3,380,000	1,998
Industrial	4,214,338	4,342,000	(127,662)
Late Fees and Service Charges	267,767	245,000	22,767
Tapping and Drilling Fees	54,138	40,000	14,138
TOTAL OPERATING REVENUES	17,339,225	16,844,000	495,225
OPERATING EXPENSES			
Depreciation	3,283,396	3,025,000	(258,396)
Salaries	4,138,624	3,746,000	(392,624)
Interest Expense	359,034	800,000	440,966
Utilities	1,321,560	1,366,000	44,440
Repairs and Maintenance	907,407	1,000,000	92,593
Group Health and Life Insurance	701,132	745,000	43,868
Insurance – General	320,839	280,000	(40,839)
Treatment Chemicals	1,464,663	1,700,000	235,337
Retirement Expense	461,493	358,000	(103,493)
Payroll Taxes	284,511	276,000	(8,511)
Professional Expenses – Engineering	147,579	180,000	32,421
Professional Expenses – Audit and Accounting	21,659	30,000	8,341
Professional Expenses – Legal	50,697	80,000	29,303
Professional Expenses – ADEM, Testing, and Other	74,801	70,000	(4,801)
Professional Expenses – Consulting	-	-	-
Truck and Equipment Expense	108,999	150,000	41,001
Utility Taxes – Cities	166,180	150,000	(16,180)
Sludge Hauling Expense	494,874	415,000	(79,874)
Printing and Office Supplies	12,204	15,000	2,796
Billing Expenses	73,379	75,000	1,621
Training and Education	11,739	18,000	6,261
Laboratory Supplies	46,434	40,000	(6,434)
Uniform and Clothing Allowance	18,141	20,000	1,859
Janitorial Expenses	20,560	25,000	4,440
Directors' Fees	9,450	9,600	150
Travel Expense	8,567	28,000	19,433
Bad Debts	29,726	60,000	30,274
Miscellaneous Expenses	275,190	163,580	(111,610)
TOTAL OPERATING EXPENSES	14,812,838	14,825,180	12,342

JASPER WATER WORKS AND SEWER BOARD, INC.
Actual to Budget (Continued)
Year Ended December 31, 2023

	Actual	Budget	Variance
OPERATING INCOME	2,526,387	2,018,820	507,567
NONOPERATING INCOME (EXPENSES)			
Interest Income	97,742	55,000	42,742
Bond Administration Fees	(8,000)	(7,750)	(250)
Gain (Loss) on Retirement of Fixed Assets	72,484	-	72,484
Miscellaneous	26,512	-	26,512
TOTAL NONOPERATING INCOME (EXPENSES)	188,738	47,250	141,488
CHANGE IN NET ASSETS BEFORE CONTRIBUTED CAPITAL	2,715,125	2,066,070	649,055
CONTRIBUTED CAPITAL – SDC'S AND CONTRIBUTIONS	111,837	-	111,837
CHANGE IN NET POSITION	$ 2,826,962	$ 2,066,070	$ 760,892

JASPER WATER WORKS AND SEWER BOARD, INC.
Actual to Budget (Continued)
Year Ended December 31, 2022

	Actual	Budget	Variance
OPERATING REVENUES			
Retail	$ 8,278,618	$ 7,940,000	$ 338,618
Wholesale	4,422,543	3,385,000	1,037,543
Industrial	4,056,371	4,100,000	(43,629)
Late Fees and Service Charges	233,283	245,000	(11,717)
Tapping and Drilling Fees	72,302	32,000	40,302
TOTAL OPERATING REVENUES	17,063,117	15,702,000	1,361,117
OPERATING EXPENSES			
Depreciation	3,164,570	3,025,000	(139,570)
Salaries	3,445,991	3,468,800	22,809
Interest Expense	369,725	800,000	430,275
Utilities	1,293,069	1,350,000	56,931
Repairs and Maintenance	701,159	800,000	98,841
Group Health and Life Insurance	661,220	710,000	48,780
Insurance – General	387,289	310,000	(77,289)
Treatment Chemicals	1,758,949	1,500,000	(258,949)
Retirement Expense	254,559	332,000	77,441
Payroll Taxes	250,877	243,000	(7,877)
Professional Expenses – Engineering	177,605	180,000	2,395
Professional Expenses – Audit and Accounting	24,148	40,000	15,852
Professional Expenses – Legal	53,470	80,000	26,530
Professional Expenses – ADEM, Testing, and Other	82,107	70,000	(12,107)
Professional Expenses – Consulting	-	-	-
Truck and Equipment Expense	124,971	160,000	35,029
Utility Taxes – Cities	148,676	120,000	(28,676)
Sludge Hauling Expense	453,672	320,000	(133,672)
Printing and Office Supplies	12,595	15,000	2,405
Billing Expenses	72,227	60,000	(12,227)
Training and Education	17,759	12,000	(5,759)
Laboratory Supplies	40,583	60,000	19,417
Uniform and Clothing Allowance	14,015	18,000	3,985
Janitorial Expenses	28,028	25,000	(3,028)
Directors' Fees	9,150	9,600	450
Travel Expense	8,702	12,000	3,298
Bad Debts	47,631	25,000	(22,631)
Miscellaneous Expenses	240,072	214,030	(26,042)
TOTAL OPERATING EXPENSES	13,842,819	13,959,430	116,611

JASPER WATER WORKS AND SEWER BOARD, INC.
Actual to Budget (Continued)
Year Ended December 31, 2022

	Actual	Budget	Variance
OPERATING INCOME	3,220,298	1,742,570	1,477,728
NONOPERATING INCOME (EXPENSES)			
Interest Income	61,475	90,000	(28,525)
Bond Administration Fees	(8,000)	(7,750)	(250)
Gain (Loss) on Retirement of Fixed Assets	-	-	-
Miscellaneous	26,636	-	26,636
TOTAL NONOPERATING INCOME (EXPENSES)	80,111	82,250	(2,139)
CHANGE IN NET ASSETS BEFORE CONTRIBUTED CAPITAL	3,300,409	1,824,820	1,475,589
CONTRIBUTED CAPITAL – SDC'S AND CONTRIBUTIONS	158,951	-	158,951
CHANGE IN NET POSITION	$ 3,459,360	$ 1,824,820	$ 1,634,540

JASPER WATER WORKS AND SEWER BOARD, INC.
Schedules of Operating Expenses
December 31, 2025, 2024, 2023, and 2022

	2025	2024	2023	2022
Depreciation	$ 3,511,979	$ 3,306,965	$ 3,283,396	$ 3,164,570
Salaries	4,132,702	3,922,477	4,138,624	3,445,991
Interest Expense	331,798	336,385	359,034	369,725
Utilities	1,375,454	1,352,692	1,321,560	1,293,069
Repairs and Maintenance	996,742	1,086,976	907,407	701,159
Group Health and Life Insurance	791,269	790,587	701,132	661,220
Insurance – General	414,301	410,444	320,839	387,289
Treatment Chemicals	1,593,435	1,450,327	1,464,663	1,758,949
Retirement Expense	414,631	648,108	461,493	254,559
Payroll Taxes	306,424	315,798	284,511	250,877
Professional Expenses:				
Engineering	294,709	232,321	147,579	177,605
Audit and Accounting	21,447	23,240	21,659	24,148
Legal	73,259	49,500	50,697	53,470
ADEM and Testing	74,228	83,769	74,801	82,107
Consulting	-	18,647	-	-
Truck and Equipment Expense	168,981	152,003	108,999	124,971
Utility Taxes – Cities	179,858	173,295	166,180	148,676
Sludge Hauling Expense	519,745	470,534	494,874	453,672
Bad Debts	47,172	60,975	29,726	47,631
Printing and Office Supplies	14,640	14,969	12,204	12,595
Billing Expenses	87,618	74,444	73,379	72,227
Training and Education	15,392	6,510	11,739	17,759
Laboratory Supplies	50,565	54,579	46,434	40,583
Uniforms and Clothing Allowance	15,570	15,844	18,141	14,015
Janitorial Expenses	24,822	17,142	20,560	28,028
Directors' Fees	8,550	8,950	9,450	9,150
Travel Expense	7,954	8,459	8,567	8,702
Miscellaneous	368,239	275,374	275,190	240,072
	$ 15,841,484	$ 15,361,314	$ 14,812,838	$ 13,842,819

See independent auditors' report.

JASPER WATER WORKS AND SEWER BOARD, INC.
Annual Financial Information
Years Ended December 31, 2025, 2024, 2023, 2022, and 2021

The following information is provided by the Jasper Water Works and Sewer Board, Inc. ("the Board"), pursuant to a Continuing Disclosure Agreement executed and delivered by the Authority, in connection with the issuance of the Series 2021 Utility Revenue Bonds of the Board (the "Bonds") and in compliance with Securities and Exchange Commission Rule 15c2-12.

	2025	2024	2023	2022	2021
Operating Income	$2,287,486	$2,843,525	$2,526,387	$3,220,298	$3,521,982
Depreciation	3,511,979	3,306,965	3,283,396	3,164,570	3,075,131
Interest Income	228,947	172,562	97,742	61,475	59,508
Annual Net Income	$6,028,412	$6,323,052	$5,907,525	$6,446,343	$6,656,621
Maximum Annual Debt Service (Senior Bonds)	$1,593,596	$1,593,596	$1,593,596	$1,593,596	$1,593,596
Coverage Ratio	3.78x	3.97x	3.71x	4.05x	4.17x
Maximum Annual Debt Service (Senior + Subordinate Bonds)	$1,968,256	$1,968,256	$1,968,256	$1,968,256	$1,968,256
Coverage Ratio	3.06x	3.21x	3.00x	3.28x	3.38x

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Independent Auditors' 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

To the Board of Directors
Jasper Water Works and Sewer Board, Inc.
Jasper, Alabama

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 the business-type activities, of Jasper Water Works and Sewer Board, Inc., (the "Board") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Board's basic financial statements, and have issued our report thereon dated July 27, 2026.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Board'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Stan*dards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kellum, Wilson & Associates, P.C.

Kellum, Wilson & Associates, P.C.

July 27, 2026

JASPER WATER WORKS AND SEWER BOARD, INC.
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024, 2023, 2022, and 2021

	2024	2023	2022	2021
OPERATING REVENUES				
Water Revenue	$ 11,444,160	$ 10,932,779	$ 11,330,286	$ 11,138,786
Sewer Revenue	6,445,323	6,084,541	5,427,246	4,891,105
Late Fees and Service Charges	247,995	267,767	233,283	240,849
Tapping and Drilling Fees	67,361	54,138	72,302	30,674
TOTAL OPERATING REVENUES	18,204,839	17,339,225	17,063,117	16,301,414
OPERATING EXPENSES	15,361,314	14,812,838	13,842,819	12,779,432
OPERATING INCOME	2,843,525	2,526,387	3,220,298	3,521,982
NONOPERATING INCOME (EXPENSES)				
Debt Issuance Cost	-	-	-	(115,434)
Interest Income	172,562	97,742	61,475	59,508
Bond Administration Fees	(8,000)	(8,000)	(8,000)	(8,000)
Gain (Loss) on Disposition of Fixed Assets	63,489	72,484	-	(22,531)
Miscellaneous	13,591	26,512	26,636	9,357
TOTAL NONOPERATING INCOME (EXPENSES)	241,642	188,738	80,111	(77,100)
INCOME BEFORE CONTRIBUTIONS	3,085,167	2,715,125	3,300,409	3,444,882
CONTRIBUTED CAPITAL	592,615	111,837	158,951	43,890
CHANGE IN NET POSITION	3,677,782	2,826,962	3,459,360	3,488,772
TOTAL NET POSITION – BEGINNING	44,097,090	41,270,128	37,810,768	34,321,996
TOTAL NET POSITION – ENDING	$ 47,774,872	$ 44,097,090	$ 41,270,128	$ 37,810,768

The accompanying notes are an integral part of these financial statements.

JASPER WATER WORKS AND SEWER BOARD, INC.
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2023, 2022, 2021, and 2020

	2023	2022	2021	2020
OPERATING REVENUES				
Water Revenue	$ 10,932,779	$ 11,330,286	$ 11,138,786	$ 10,139,987
Sewer Revenue	6,084,541	5,427,246	4,891,105	4,808,566
Late Fees and Service Charges	267,767	233,283	240,849	200,548
Tapping and Drilling Fees	54,138	72,302	30,674	41,900
TOTAL OPERATING REVENUES	17,339,225	17,063,117	16,301,414	15,191,001
OPERATING EXPENSES	14,812,838	13,842,819	12,779,432	13,310,180
OPERATING INCOME	2,526,387	3,220,298	3,521,982	1,880,821
NONOPERATING INCOME (EXPENSES)				
Debt Issuance Cost	-	-	(115,434)	-
Interest Income	97,742	61,475	59,508	87,260
Bond Administration Fees	(8,000)	(8,000)	(8,000)	(11,249)
Gain (Loss) on Disposition of Fixed Assets	72,484	-	(22,531)	50,170
Miscellaneous	26,512	26,636	9,357	14,784
TOTAL NONOPERATING INCOME (EXPENSES)	188,738	80,111	(77,100)	140,965
INCOME BEFORE CONTRIBUTIONS	2,715,125	3,300,409	3,444,882	2,021,786
CONTRIBUTED CAPITAL	111,837	158,951	43,890	94,160
CHANGE IN NET POSITION	2,826,962	3,459,360	3,488,772	2,115,946
TOTAL NET POSITION – BEGINNING	41,270,128	37,810,768	34,321,996	32,206,050
TOTAL NET POSITION – ENDING	$ 44,097,090	$ 41,270,128	$ 37,810,768	$ 34,321,996

JASPER WATER WORKS AND SEWER BOARD, INC.
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2022, 2021, 2020, and 2019

	2022	2021	2020	2019
OPERATING REVENUES				
Water Revenue	$ 11,330,286	$ 11,138,786	$ 10,139,987	$ 9,793,593
Sewer Revenue	5,427,246	4,891,105	4,808,566	4,448,092
Late Fees and Service Charges	233,283	240,849	200,548	240,076
Tapping and Drilling Fees	72,302	30,674	41,900	65,005
TOTAL OPERATING REVENUES	17,063,117	16,301,414	15,191,001	14,546,766
OPERATING EXPENSES	13,842,819	12,779,432	13,310,180	12,820,774
OPERATING INCOME	3,220,298	3,521,982	1,880,821	1,725,992
NONOPERATING INCOME (EXPENSES)				
Debt Issuance Cost	-	(115,434)	-	-
Interest Income	61,475	59,508	87,260	167,331
Bond Administration Fees	(8,000)	(8,000)	(11,249)	(7,749)
Gain (Loss) on Disposition of Fixed Assets	-	(22,531)	50,170	108,796
Miscellaneous	26,636	9,357	14,784	26,703
TOTAL NONOPERATING INCOME (EXPENSES)	80,111	(77,100)	140,965	295,081
INCOME BEFORE CONTRIBUTIONS	3,300,409	3,444,882	2,021,786	2,021,073
CONTRIBUTED CAPITAL	158,951	43,890	94,160	283,326
CHANGE IN NET POSITION	3,459,360	3,488,772	2,115,946	2,304,399
TOTAL NET POSITION – BEGINNING	37,810,768	34,321,996	32,206,050	29,901,651
TOTAL NET POSITION – ENDING	$ 41,270,128	$ 37,810,768	$ 34,321,996	$ 32,206,050

The accompanying notes are an integral part of these financial statements.

APPENDIX D

Summary of the Indenture

SUMMARY OF THE INDENTURE

A brief description of the Indenture is included in this Appendix D. This summary does not purport to be comprehensive or definitive; all references herein to the Indenture are qualified in their entirety by reference to the instrument itself; 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 Indenture.

Incorporation of Defined Terms

Capitalized terms used in this Summary without definition herein shall have the respective meanings assigned thereto in the Indenture or in this Official Statement.

Definition of Certain Terms in Indenture

The following definitions of certain terms used in this summary supplement the terms elsewhere defined in this Official Statement.

Act of Bankruptcy shall mean the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against the Issuer under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect, or dissolution or liquidation of the Issuer, or failure by the Issuer promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations, or the Issuer's seeking of or consenting to or acquiescing in the appointment of a receiver of all or substantially all its property or of the System, or any assignment by the Issuer for the benefit of its creditors, or the entry by the Issuer into an agreement of composition with its creditors.

Additional Bonds shall mean one or more series of Additional Bonds issued pursuant to the Indenture.

Annual Net Income shall mean the Net System Revenues (including any investment income retained or required to be paid into any account of the Bond Fund, and excluding any investment income earned on deposits into any construction or proceeds fund created in any Supplemental Indenture to hold sale and investment proceeds of any series of Bonds, and excluding any gain or loss resulting from the disposition of assets and any other extraordinary items of income or loss) during a Fiscal Year.

Auditor shall mean a certified public accountant (or a firm thereof) regularly engaged in the auditing of financial records and not employed full time by the Issuer or an auditor who is regularly employed by the State Examiner of Public Accounts.

Bond shall mean any Bond authenticated and delivered pursuant to the Indenture.

Bonds shall mean Bonds of all series from time to time issued and Outstanding under the Indenture, including without limitation the Initial Parity Bonds and the Series 2026 Bonds .

Bond Buyer Index Rate shall mean the interest rate per annum for tax-exempt obligations as published in The Bond Buyer [or successor publication] (using general obligation bonds maturing in 20 years) on any date which is not more than 30 days prior to the date of determination and is selected by the Issuer, or if The Bond Buyer or such successor publication does not then exist, then the average interest rate per annum borne by bonds the interest on which is calculated on an index comparable to that to be utilized in determining the interest rate on the Additional Bonds then proposed to be issued, on any date which is not more than 30 days prior to the date of determination.

Bond Buyer Revenue Bond Index Rate shall mean the interest rate per annum for tax-exempt obligations as published in *The Bond Buyer* [or successor publication] (using revenue bonds maturing in 30 years) on any date which is not more than 30 days prior to the date of determination and is selected by the Issuer, or if *The Bond Buyer* or such successor publication does not then exist, then the average interest rate per annum borne by bonds the interest on which is calculated on an index comparable to that to be utilized in determining the interest rate on the Additional Bonds then proposed to be issued, on any date which is not more than 30 days prior to the date of determination.

Bond Fund shall mean the fund by that name established pursuant to the Indenture.

Book-Entry System means a book-entry only system of evidence of purchase and transfer of interests in the Bonds.

Business Day shall mean any day other than (1) a Saturday, a Sunday, (2) a day on which the payment system of the Federal Reserve System is not operational, (3) a day on which banking institutions are required or authorized to remain closed in the city in which is located the office of the Trustee where the Indenture is performed thereby, and (4) any day which shall be specified in any Supplemental Indenture, with respect to the particular series of Bonds created by such Supplemental Indenture, as not a "Business Day" with respect to such series of Bonds.

Capital Improvements shall mean repairs, replacements, equipment, improvements, extensions and additions to the System that are properly chargeable to fixed capital account by generally accepted accounting principles and includes real estate (and easements and other interests therein) on, under or over which any such repairs, replacements, improvements, extensions or additions are, or are proposed to be, located.

Code shall mean the Internal Revenue Code of 1986, as amended, and all references to specific sections of the Code shall be deemed to include any and all respective successor provisions to such sections.

Counsel shall mean a person qualified to practice law in any State of the United States or in the District of Columbia who shall be appointed by the Issuer and acceptable to the Trustee.

Debt Service Coverage Ratio shall mean the ratio of Annual Net Income of the Issuer for the Fiscal Year in question to Maximum Annual Debt Service.

Engineer shall mean a person engaged in the profession of engineering, having a favorable reputation for skill and experience in the construction and operation of utility properties and systems of the size and character of those comprising the System and who is not employed full time by the Issuer and who is registered in the State of Alabama.

Federal Securities shall mean direct general obligations of, or any securities the payment of which is unconditionally guaranteed by, the United States of America.

Fiscal Year shall mean the period beginning on January 1 of one calendar year and ending on December 31 next succeeding calendar year or such other fiscal year as may hereafter be adopted by the Issuer.

Fixed Rate shall mean a fixed rate of interest per annum borne by any series of Bonds as specified by the Indenture or any Supplemental Indenture creating such series of Bonds.

Fixed Rate Bonds shall mean Bonds which bear interest at a Fixed Rate.

Independent, when used with respect to any person, shall mean a person who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Issuer or in any other obligor upon the Bonds or in any affiliate of the Issuer or of such other obligor, and (iii) is not connected with the Issuer or such other obligor as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Liquidity Facility shall mean an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement providing for the purchase of all or a portion of a series of Bonds upon any optional or mandatory tender thereof in accordance with the terms thereof, and in effect upon the issuance thereof, as amended, supplemented, substituted or extended from time to time.

Maximum Annual Debt Service shall mean the maximum aggregate amount of principal and interest payable on the Bonds during any Fiscal Year; provided, that for purposes of this definition: (a) principal and interest payable on any Variable Rate Bonds shall not include any amount payable as the purchase price of such Bonds upon any optional or mandatory tender thereof, (b) the principal amount of Bonds required to be redeemed in any Fiscal Year by the terms thereof shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of their stated maturity, (c) the principal amount of Bonds required to be redeemed in any Fiscal Year by the terms of any agreement or contract with any Credit Facility Provider shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of their stated maturity, (d) in determining Maximum Annual Debt Service on any series of Bonds for all purposes of the Indenture at any time, all amounts on deposit in any account of the Reserve Fund shall then be credited to and reduce the final installment of principal scheduled to mature on the series of Bonds for which such account was created, and (e) Variable Rate Bonds shall be deemed to bear interest at whichever of the following rates shall then be applicable thereto:

(1) Variable Rate Bonds of a term of 20 years or less (counting a fraction of a year as a whole year) shall be deemed to bear interest at a per annum rate equal to the Bond Buyer Index Rate plus 25 basis points on the then unpaid principal balance; and(2) Variable Rate Bonds of a term of more than 20 years counting a fraction of a year as a whole year) shall be deemed to bear interest at a per annum rate equal to the Bond Buyer Revenue Bond Index Rate plus 25 basis points on the then unpaid principal balance.

Maximum Required Reserve shall mean:

(a) with respect to each series of Bonds the interest on which is not to be Taxable, an amount equal to the least of (i) Maximum Annual Debt Service for such series of Bonds, or (ii) 125% of the average annual (Fiscal Year basis) principal and interest requirements for such series of Bonds, determined in accordance with the Code, or (iii) 10% of the stated principal amount of such series of Bonds, determined in accordance with the Code, or (iv) the greatest amount at the time permitted by the Code to be on deposit in the Reserve Fund for such series of Bonds, or (v) the amount established by the Issuer therefor upon the issuance of such Bonds, and

(b) with respect to each series of Bonds the interest on which is to be Taxable, the amount established by the Issuer therefor upon the issuance of such Bonds.

Minimum Replacement Fund Balance shall mean the amount of $1,000,000 as at any time amended by any Supplemental Indenture.

Municipality shall mean the City of Jasper, Alabama, and any successor to its functions.

Net System Revenues shall mean the System Revenues remaining after payment of Operating Expenses.

Operating Expenses shall mean, for the applicable period or periods, the reasonable and necessary expenses of efficiently and economically administering and operating the System and in maintaining it in good repair and operating condition, any and all payments required with respect to any franchises held by the Issuer, the fees and expenses of the Trustee under the Indenture, the cost of water purchased or otherwise obtained by the Issuer including without limitation any and all payments required pursuant to any agreements or contracts therefor to which the Issuer is a party, insurance premiums and audit fees, the expenses of a Consultant and any other charges expressly stated in the Indenture to constitute an operating expense (but not including depreciation, amortization, tax equivalent payments to any governmental body, interest on any securities or other obligations payable from revenues of the System, payments into any of the Special Funds created in the Indenture or any expenses for items properly chargeable by generally accepted accounting principles to fixed capital account).

Permitted Encumbrances shall mean as of any particular time (a)inchoate mechanic's and other similar liens, (b)easements, restrictions and exceptions that an Independent Engineer certifies will not interfere with or impair the operation of the System, (c)minor defects, clouds and encumbrances of the type that customarily exist with respect to properties of the size and character as those comprising the System and that do not in the aggregate materially impair the use of such properties in the operation of the System and (d)any lien which is subordinate to the lien of the Indenture.

Qualified Investments shall mean:

(1) Federal Securities or a trust or fund that invests solely in Federal Securities, including those managed by the Trustee or any of its subsidiaries;

(2) a certificate of deposit or time deposit issued by any bank organized under the laws of the United States of America or any state thereof, with capital, surplus and undivided profits of not less than $50,000,000, provided in each case such deposit is insured by the Federal Deposit Insurance Corporation or such deposit is collaterally secured by the issuing bank by pledging with a Federal Reserve Bank Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate less the amount of such deposit insured by the Federal Deposit Insurance Corporation;

(3) a repurchase agreement with respect to Federal Securities, provided that such Federal Securities are held by or under the control of the Trustee or by a Federal Reserve Bank, that is not a party to such repurchase agreement, free and clear of third party liens; or

(4) any investment permitted for municipal or county funds pursuant to Section 11-81-21 of the Code of Alabama 1975, as at any time amended or supplemented.

Qualified Letter of Credit means a letter of credit which is unconditional and irrevocable and which is issued by a bank and on terms and provisions approved by the Issuer and any person providing insurance or any guaranty for any series of Bonds.

Qualified Surety Bond shall mean

(1) with respect to the Initial Parity Bonds, a surety bond which is unconditional and irrevocable and which is issued by an insurance company rated in the highest rating category by Standard & Poor's Rating Services and Moody's Investors Service, Inc., and, if rated by A.M. Best & Company, in the highest rating category by A.M. Best & Company; and

(2) with respect to the Series 2026 Bonds and any Additional Bonds, a surety bond which is unconditional and irrevocable and which is issued by an insurance company rated in one of the three highest rating categories by S&P Global Ratings or Moody's Investors Service, Inc. at the time of issuance thereof.

Replacement Fund shall mean the fund by that name established under the Indenture.

Reserve Fund shall mean the fund by that name established under the Indenture.

Revenue Fund shall mean the fund by that name established under the Indenture.

Securities Depository means any person appointed as "Securities Depository" pursuant to the Indenture or any Supplemental Indenture, and any substitute securities depository therefor, that maintains a Book-Entry System for any one or more series of Bonds.

Securities Depository Nominee means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Bond Register any series of Bonds to be delivered to such Securities Depository during a period in which such series of Bonds are held pursuant to the Book-Entry System.

Special Funds shall mean the Revenue Fund, the Bond Fund, the Reserve Fund, the Replacement Fund, and any other fund or account established pursuant to the Indenture or any Supplemental Indenture.

Subordinate Obligations shall mean any obligations of the Board which (i) are effectively subordinated in right of payment to the Bonds and (ii) by the terms thereof are required to be included in the determination of the Debt Service Coverage Ratio for purposes of issuing Additional Bonds.

Supplemental Indenture shall mean any indenture or other instrument supplemental to or amendatory of the Indenture entered into pursuant to the applicable provisions of the Indenture which shall authorize or relate to any series of Bonds.

System shall mean and include the entire water works and distribution system and sewer system owned and operated by the Issuer, together with all improvements hereafter made thereto, including all plants, systems, buildings, facilities or properties used or useful in or having the present capacity for future use in connection with the production, supply or distribution of water and any integral part thereof, and all appurtenances, equipment, properties, rights, easements, permits, licenses, and franchises relating thereto, and all other property, real, personal or mixed, now owned by the Issuer or hereafter acquired by it, by construction or otherwise, and used in connection with the aforesaid facilities.

System Revenues shall mean all revenues and income of whatever nature derived by the Issuer from the operation of the System, including without limitation tap and connection fees, cash, accounts receivable and contract rights; provided, however, that the following sources of revenue are not part of System Revenues: (i) grants or borrowed funds, or (ii) customer deposits to ensure payment of utility services.

Taxable shall mean that interest on the Bonds is includible in the gross income of any Owner thereof in the computation of federal income tax liability for any reason. Interest on the Bonds shall not be deemed "Taxable" because interest is includible in any calculation of income for purposes of an alternative minimum tax or any other type of taxation other than the regular federal tax imposed on income.

Variable Rate shall mean for any series of Bonds a fluctuating rate of interest per annum determined on a periodic basis at the lowest rate that would enable the Bonds of such series to be marketed at par (plus accrued interest) at the beginning of each period for which such rate is to be effective, as more particularly provided with respect to any series of Bonds in the Supplemental Indenture creating such series of Bonds.

Variable Rate Bonds shall mean any series of Bonds which are authorized to bear interest at a Variable Rate.

Granting Clauses; Pledge of Trust Estate and Net System Revenues

The Indenture creates, for the equal and proportionate benefit of all Bonds at any time Outstanding thereunder, a mortgage, pledge, and security interest of and upon the Trust Estate, including (i) the Net System Revenues and (ii) all amounts in the Special Funds (subject to the provisions of the Indenture permitting application thereof).

The Issuer covenants and agrees in the Indenture:

(a) the Issuer will not mortgage, pledge, or encumber the Trust Estate, including without limitation the Net System Revenues, for the benefit of any obligation of the Issuer other than Additional Bonds unless such mortgage, pledge or encumbrance is subordinate, junior and secondary in all respects to the mortgage and pledge thereupon created by the Indenture; and

(b) the Issuer will warrant and defend title to the System and the Net System Revenues to the Trustee against the claims and demands of all persons, and will keep the System free from all liens and encumbrances other than Permitted Encumbrances.

Registration, Transfer and Exchange of Bonds

Each of the Bonds will be registered in the name of the Owner thereof and Ownership of the Bonds shall be proven thereby for all purposes of the Indenture, including without limitation the payment of the principal of, premium (if any) and interest on the Bonds.

The registration, transfer and exchange of Bonds which are not held pursuant to the Book-Entry System shall be made in accordance with the following:

(a) Each of the Bonds may be transferred by the Owner thereof or authorized attorney only on the Bond Register upon surrender of such Bond, duly endorsed, to the Bond Registrar for cancellation, whereupon the Issuer shall execute, and the Trustee shall authenticate, register and deliver, in the name of the designated transferee, one or more new Bonds of the same series, of any Authorized Denomination, and in a principal amount equal to the unpaid or unredeemed portion of the principal of the Bond so surrendered.

(b) As provided with respect to the Bonds of any series, at the option of the Owner, Bonds of such series may be exchanged for other Bonds of the same series, of any Authorized Denomination and of a like aggregate principal amount, upon surrender of the Bonds, duly endorsed, to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate, register and deliver, the Bonds which the Owner making the exchange is entitled to receive.

(c) Upon delivery to the Issuer and the Trustee of evidence of the destruction, mutilation, theft or loss of any Bond, and indemnity therefor as required by the Indenture, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and the Trustee shall authenticate, register and deliver in replacement thereof a new Bond of the same series and of like tenor and principal amount.

(d) All Bonds issued upon any transfer, exchange or replacement of Bonds shall be the valid obligations the Issuer and shall be entitled the same security and benefit under the Indenture as the Bonds surrendered upon such transfer or exchange.

(e) The Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to the transfer, exchange or replacement of any Bond.

(f) The Trustee shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) transfer or exchange any Bond so selected for redemption in whole or in part, or (iii) to exchange any Bond during a period beginning at the opening of business on any Regular Record Date for such Bond and ending at the close of business on the relevant Interest Payment Date therefor.

Redemption of Bonds

Election; Notice by Issuer

The election of the Issuer to exercise any right of optional redemption shall be given by written notice by the Issuer to the Trustee as provided in the Indenture.

Selection of Bonds to be Redeemed

If the Issuer determines to redeem less than all of the Bonds of any series which are then not held pursuant to a Book-Entry System, the Issuer shall designate the order and maturity of the Bonds (or portions thereof) of such series to be redeemed from the Bonds of such series which shall not have then been called for redemption, on the basis of the smallest Authorized Denomination of such Bonds, and the Trustee shall select, by such method as the Trustee shall deem fair and appropriate, the order and amount of Bonds to be redeemed within a maturity.

If the Issuer determines to redeem less than all of the Bonds of any series which are then held pursuant to a Book-Entry System, the Securities Depository shall determine the amount of the interest of each Direct Participant in the Bonds to be redeemed from the Bonds of such series which shall not have been called for redemption, on the basis of the smallest Authorized Denomination of such series of Bonds, by lot or by such other method as the Securities Depository shall deem fair and appropriate.

Notice of Redemption

All notices of redemption shall state: (i) the series of Bonds to be redeemed, (ii) the redemption date and redemption price, (iii) whether such redemption is optional or mandatory or extraordinary, (iv) the principal amount of bonds to be redeemed and identification of Bonds to be redeemed in part, (v) the place where the Bonds to be redeemed shall be surrendered, (vi) that on the redemption date the interest on the Bonds (or portions thereof) to be redeemed shall cease to accrue, and (vii) if applicable, the terms upon which such redemption is conditioned upon specified conditions.

Payment of Redemption Price

Prior to any redemption date the Issuer shall deposit or cause to be deposited with the Trustee an amount of money sufficient to pay the redemption price of all Bonds to be redeemed on such date, which money shall be held in trust for the benefit of the persons entitled to payment of the redemption price of the Bond to be redeemed and shall not become part of the Trustee Estate.

Interest on Bonds Not Paid on Redemption Date

If any Bond called for redemption shall not be paid upon surrender thereof for redemption the principal thereof shall, until paid, bear interest from the redemption date at the rate prescribed therefor in such Bond.

Bonds Redeemed in Part

The Indenture provides for (i) the recordation of any reduction in the aggregate principal amount of any Bond which is redeemed in part and which is then held pursuant to the Book-Entry System, and (ii) the execution, registration, authentication and delivery of a new Bond in a principal amount equal to and in exchange for the unredeemed portion of the principal amount of a Bond which is surrendered for redemption in part and which is not held pursuant to the Book-Entry System.

Additional Bonds

The Issuer may at any time and from time to time while not to the knowledge of the Trustee in default under the Indenture, issue Additional Bonds (which may be Fixed Rate Bonds or Variable Rate Bonds) on a parity of lien with the Series 2026 Bonds and any other Bonds then Outstanding under the Indenture, for any lawful purpose within the limitations of and upon compliance with the provisions of the Indenture. Prior to the issuance of such Additional Bonds, the Issuer shall deliver to the Trustee the bonds to be issued, together with a Supplemental Indenture, certificate of Engineer, opinion of counsel, and other proceedings of the Issuer, all meeting the requirements of the Indenture, together with the following with respect to revenues:

Certificate or Certificates as to Revenues.

The item or items required by any of the following paragraphs (1), (2), (3) or (4):

(1) A certificate by an Independent Auditor certifying that the Debt Service Coverage Ratio (taking into account the Additional Bonds, if any, to be issued and any Subordinate Obligations) during the Fiscal Year next preceding the date of issuance of such Additional Bonds then proposed to be issued was not less than 1.20 to 1; or,

(2) A Resolution or Resolutions adopted prior to the issuance of the then proposed Additional Bonds, establishing a revised schedule of rates for services furnished from the System, accompanied by a certificate of an Independent Engineer stating that if the revised schedule of rates set forth in the said Resolution or Resolutions had been in effect throughout the Fiscal Year next preceding the date of issuance of the Additional Bonds then proposed to be issued, then the Debt Service Coverage Ratio (taking into account the Additional Bonds, if any, to be issued and any Subordinate Obligations) during that Fiscal Year would have been not less than 1.20 to 1; provided, that each such certificate of an Independent Engineer shall be accompanied by and shall recite that it is based upon an examination by the said Independent Engineer of a certificate of an Independent Auditor certifying the amount of the Annual Net Income, as determined above, during the Fiscal Year next preceding the date of issuance of the then proposed Additional Bonds; or

(3) A certificate by an Independent Engineer as to the amount of additional Annual Net Income to be received as a result of the acquisition or construction of proposed Capital Improvements during the Fiscal Year immediately following the estimated date of completion or of acquisition of such Capital Improvements (taking into account not only any increase in revenues as a result of such completion or acquisition but also any increase in Operating Expenses) and on the basis of such certificate, an Independent Auditor states that the Debt Service Coverage Ratio (taking into account the Additional Bonds, if any, to be issued and any Subordinate Obligations) during the Fiscal Year next succeeding the completion of the acquisition or construction of such Capital Improvements will be not less than 1.20 to 1; or

(4) If the Additional Bonds are being issued for the purpose of refunding all or a portion of one or more series of Bonds, a certificate by an Independent Auditor stating that the Maximum Annual Debt Service immediately after the issuance of such Additional Bonds (excluding debt service on the Bonds to be refunded and excluding debt service on any Subordinate Obligations) will not be greater than the Maximum Annual Debt Service immediately prior to the issuance of such Additional Bonds.

If the Additional Bonds are to be issued as Variable Rate Bonds, the Issuer is required to deliver to the Trustee, prior to the issuance of such Bonds, a Liquidity Facility with respect to such Bonds.

Depositories for Special Funds

The Trustee is designated in the Indenture as depository and custodian for the Bond Fund and the Reserve Fund and the Replacement Fund. The depository and custodian for the Revenue Fund may be any banking institution designated by the Issuer that is qualified to do business in the State of Alabama and which is a member of the Federal Deposit Insurance Corporation.

The Special Funds

The Indenture establishes the following funds for the collection and distribution of System Revenues:

Revenue Fund. All System Revenues will be deposited as received in the Revenue Fund. The Issuer will apply money on deposit in the Revenue Fund during each calendar month as follows:

First Payment of Operating Expenses.

Second Deposit in the Bond Fund the amounts required by the Indenture.

Third Deposit in the Reserve Fund the amount (if any) required by the Indenture.

Fourth Deposit in the Replacement Fund the amount (if any) required by the Indenture.

Bond Fund. The Indenture creates a Bond Fund for the Bonds which shall be held by the Trustee and which shall consist of separate accounts for each series of Bonds. The money in each such account shall be used only to pay principal of, premium (if any) and interest on the series of Bonds with respect to which such account is maintained, as the same shall become due and payable.

There shall be deposited in each account in the Bond Fund the following amounts, determined by reference to the series of Bonds with respect to which such account is maintained, on the following dates:

(1) Simultaneously with the delivery of any series of Bonds to the original purchasers thereof, the amount received as accrued interest on the Bonds of such series, which shall be credited against the deposits required by paragraph (2) of this subsection until exhausted.

(2) On or before the last Business Day of each calendar month, with respect to such series of Bonds, an amount equal to the interest coming due on such Bonds on the next ensuing Interest Payment Date with respect to such Bonds divided by the number of Bond Fund deposit dates between Interest Payment Dates with respect to such Bonds or between the date of delivery of such Bonds to the original purchasers thereof and the first Interest Payment Date with respect to such Bonds, as the case may be.

(3) On or before the last Business Day of each calendar month, with respect to such series of Bonds, an amount equal to principal maturing (or required to be mandatorily redeemed) on such Bonds on the next ensuing principal payment date (or mandatory redemption date) with respect to such Bonds divided by the number of Bond Fund deposit dates between principal payment dates (or mandatory redemption dates) with respect to such Bonds or between the date of delivery of such Bonds and the first principal payment date (or mandatory redemption date) with respect to such Bonds, as the case may be.

The Issuer has covenanted and agreed that if on any principal or Interest Payment Date the amount on deposit in the Bond Fund is insufficient to pay the principal of, premium (if any) and interest on the Bonds due and payable on such date, the Issuer will forthwith pay any such deficiency into the Bond Fund.

Reserve Fund. The Board will not create or fund a reserve fund for the Series 2026 Bonds.

<u>Replacement Fund</u>. On or before the last Business Day of each month the Issuer or the Trustee shall deposit in the Replacement Fund an amount equal to 1/60 of the Minimum Replacement Fund Balance, and said transfers shall be continued each month until the amount in the Replacement Fund is equal to the Minimum Replacement Fund Balance. Money in the Replacement Fund shall be used for the purpose of paying the costs of Capital Improvements to the System and may be used to the extent necessary to prevent a default in the payment of principal of and interest on the Bonds. Money on deposit in the Replacement Fund is not required to be held therein for the purpose of payment of principal of or interest on the Bonds.

<u>Surplus Revenues</u>. Any revenues remaining in the Revenue Fund on the last Business Day of each calendar month after making the aforesaid payments as described under "<u>Revenue Fund</u>" shall be deemed "surplus revenues". Such surplus revenues shall be released to the Issuer and may be used for any lawful purpose, provided, however, if the Issuer has failed to make any required monthly payments into any fund under the Indenture then such surplus revenues shall be used to remedy any such deficiency on the earliest possible date.

<u>Investment of Money in Special Funds</u>

Money in the Revenue Fund, the Bond Fund, the Reserve Fund and the Replacement Fund may be invested at the direction of the Issuer in Qualified Investments All income derived from the investment of money on deposit in any such fund shall remain in the fund where earned; provided, that so long as the balance in any account of the Reserve Fund is equal to the Maximum Required Reserve for the series of Bonds for which such account was created, any income or profits derived from the investment of such account of the Reserve Fund shall be transferred to the corresponding account of the Bond Fund for such series of Bonds.

<u>Particular Covenants of the Issuer</u>

The Indenture will contain, among others, the following covenants of the Issuer:

> **<u>Maintenance of Books and Records; Annual Audits</u>**. The Issuer will maintain complete and accurate books and records respecting the operation of the System and will cause such books and records to be audited by an Independent Auditor, whose report is required to be furnished to the registered Owner of any of the Bonds who makes a request in writing therefor to the Issuer.
>
> **<u>No Free Service</u>**. The Issuer will not furnish or permit to be furnished by or from the System any free service of any kind. All services furnished from the System will be charged for at the rates at the times established therefor.
>
> **<u>Maintenance of Rates</u>**. The Issuer will make and maintain such rates and charges for the services provided by the System as shall produce revenues sufficient to pay all Operating Expenses when due and to make all deposits required under "<u>Revenue Fund</u>" above. The Issuer shall promptly take all such action and make such lawful increases in the rates and charges for service furnished by the System as shall be sufficient to maintain a Debt Service Coverage Ratio of not less than 1.20 to 1. The schedule of rates for service furnished by the System shall provide that all accounts for such service shall become due not less often than once each calendar month.
>
> **<u>Transfer of Assets</u>**. Subject to the below limitation, the Issuer may transfer the System as an entirety to another municipal or public corporation if the property or income of such other corporation is not subject to taxation and, upon any such transfer, the due and punctual payment of the principal of and interest on the Bonds and the observance of the agreements of the Indenture are expressly assumed in writing by the corporation to which the System shall be transferred as an entirety.

Disposition of Portions of the System

The Issuer will not convey, transfer, sell, lease or otherwise dispose of any property constituting a part of the System unless (a) such disposition is made pursuant to a merger, consolidation or transfer permitted by the Indenture, or (b) the Issuer finds by Resolution the property to be disposed of is obsolete, worn out, unprofitable or unsuitable in the operation of the System and such disposition will not materially impair the use of the remaining portions of the System, or (c) the Issuer shall receive consideration not less than the fair market value of the property disposed of, and, if the property to be disposed of has a Disposition Value greater than $75,000, the Issuer shall deliver to the Trustee the report of an Independent Engineer expressing the opinion that the Debt Service Coverage Ratio for the Fiscal Year immediately following such disposition is expected to be not less than 1.20 to 1, or (d) prior to such disposition the Issuer shall deliver to the Trustee the certificate of an Authorized Issuer Representative (1) describing the property to be disposed of and stating its Disposition Value, (2) stating the aggregate Disposition Value of all property theretofore disposed of in the same Fiscal Year pursuant to the Indenture, and (3) stating that the aggregate Disposition Value of the property to be disposed of, together with the aggregate Disposition Value of all other property theretofore disposed of pursuant to the Indenture in the same Fiscal Year, does not exceed $100,000.

Insurance

The Issuer will take out and continuously maintain in effect insurance with respect to the System against such risks as are customarily insured against by utility systems similar in size and character to the System. The Indenture requires that all insurance policies must provide that any loss in excess of $25,000 must be paid to the Trustee and further provides for the application of such insurance proceeds. The Indenture further requires the Issuer to carry insurance, to the extent reasonably obtainable, against liability for death of or injury to persons, and for damage to property, relating to the operation and condition of the System, and workmen's compensation insurance. The Issuer has retained the right, subject to the conditions of the Indenture, to self-insure.

Default and Remedies

A default results under the Indenture from (a)the failure by the Issuer to pay, when due, the principal of, premium (if any) and interest on any Bond; (b)the failure by the Issuer to perform any of its other obligations under the Indenture if, after 30 days' written notice to it of such failure, it has not performed such obligation; or (c) the occurrence of an Act of Bankruptcy; or (d) the occurrence of an Event of Default as specified in any Supplemental Indenture

The Indenture provides that the Trustee is empowered, upon a default, to accelerate the maturity of all of the Bonds then Outstanding and to institute legal and equitable proceedings to enforce and protect the rights of the Owners and to have a receiver appointed for the Issuer. The Enabling Law provides that no mortgage or deed of trust or indenture shall be subject to foreclosure, and the Indenture provides that it shall be construed in conformity with such provisions of the Enabling Law.

The Trustee shall, upon the written request of the Owners of the majority in aggregate principal amount of the Bonds then outstanding under the indenture, annul any declaration of acceleration of the maturity of the Bonds if all arrears of interest, with interest (to the extent legally enforceable) on overdue installments of interest at the rate per annum specified in the Bond or Bonds in question, all principal theretofore matured on the Bonds, and all expenses of the Trustee, shall have been paid or provision made therefor.

The Indenture further provides that the Trustee is not required to notice any default under the Indenture except the failure by the Issuer to pay, when due, the principal of, premium (if any) and interest on any Bond, unless notified in writing of such default by the Owners of 25% in aggregate principal amount of the then outstanding Bonds. The Indenture also provides that the Trustee is not required, upon a default, to exercise any of its rights or powers under the Indenture unless requested so to do by the Owners of 25% or more in aggregate principal amount of the Bonds then outstanding and unless indemnified by such Owners against prospective liabilities and expenses that in its opinion might result from the exercise of the requested rights or powers.

The Owners of a majority in aggregate principal amount of the Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, provided that such direction shall not be in conflict with any rule of law or the Indenture, and the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction and if such direction is given by the Owners of a majority in principal amount of Bonds Outstanding, the Trustee shall have not determined that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction.

No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for any remedy under the Indenture unless such Owner shall previously have given to the Trustee written notice of such default and of the continuation thereof as provided in the Indenture, nor unless the Owners of not less than 25% in aggregate principal amount of the Bonds then outstanding shall have made written request to the Trustee and shall have offered to it a reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, and the Trustee shall have refused or unreasonably delayed to comply with such request, nor unless they or some one or more of the Owners of the Bonds shall have offered the Trustee security and indemnity to the satisfaction of the Trustee against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have received directions inconsistent with such request from the Owners of a majority in aggregate principal amount of the Bonds outstanding. Such notification, request and offer of indemnity are in every such case, at the option of the Trustee, conditions precedent to any action or cause of action for the appointment of a receiver or for any other remedy under the Indenture.

The Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds may waive any past default under the Indenture and its consequence except a default in the payment of the principal of, premium (if any) or interest on any Bond, or in respect of any covenant or provision of the Indenture which under the Indenture cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected. No such waiver shall extend to any subsequent or other default, or impair any right consequent thereon.

Amendment of the Indenture

The Indenture permits the Issuer and the Trustee, without the consent of any Owner of a Bond to enter into one or more Supplemental Indenture to add further covenants and agreements on the part of the Issuer, to cure ambiguities, defects or inconsistent provisions, to subject additional security and property to the lien of the Indenture, to provide for the issuance of Additional Bonds and the payment thereof on a parity of lien with the Bonds, to provide for the qualification of the Bonds for sale under the securities laws of any of the states of the United States, to add provisions as may be required for qualification under the Trust Indenture Act of 1939 (or similar law) or to add provisions as may be permitted by said Act (or similar law), to evidence the succession of another corporation to the Issuer and the assumption by any such successor of the covenants of the Issuer under the Indenture and the Bonds, to surrender any right or power conferred upon the Issuer in the Indenture, to make further provisions or amend any existing provisions with respect to the administration and operation of an Book-Entry System with respect to any one or more series of Bonds, and the transfer, payment, selection for redemption and redemption of such Bonds in accordance therewith, or to secure or maintain ratings from a Rating Agency.

The Indenture also permits the Issuer and the Trustee to enter into one or more Supplemental Indenture, with the consent of the Owners of not less than two-thirds in principal amount of the Bonds then outstanding, except that, without the consent of the registered Owner of each Bond affected, the Issuer and the Trustee may not enter into any supplemental indenture that shall (1) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption or prepayment thereof, or change the coin or currency in which any Bond, or the interest thereon is payable, or change the mandatory redemption schedule applicable to any Bonds, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption or prepayment, on or after the redemption or prepayment date), or (2) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any such Supplemental Indenture, or (3) eliminate or modify any provision of the Indenture , the elimination or modification of which by its terms requires the consent of each Owner affected thereby, or (4) create a lien or charge on the Trust Estate ranking prior to the lien and pledge thereon contained herein, or (5) establish preference or priority as between the Bonds.

Defeasance; Satisfaction of Indenture

Whenever the entire indebtedness secured by the Indenture shall have been fully paid, the Trustee shall cancel and discharge the lien of the Indenture and shall execute and deliver to the Issuer proper instruments acknowledging satisfaction of and discharging the Indenture. For purposes of the Indenture, any of the Fixed Rate Bonds shall be deemed to have been fully paid when there shall have been irrevocably deposited with the Trustee for payment thereof the entire amount (principal, interest and premium, if any) due or to become due thereon until and at maturity or upon redemption, and further, any of the Bonds shall also be deemed to have been paid when the Issuer shall have deposited with the Trustee (a) (i) Federal Securities which are not subject to redemption prior to their respective maturities at the option of the Issuer and which, if the principal thereof and the interest thereon are paid to their respective maturities, will produce funds sufficient to provide for payment and retirement of such Bonds, or (ii) both cash and such Federal Securities which together will produce funds sufficient for such purpose, or (iii) cash sufficient for such purpose, and (b) the legal and accounting opinions required by the Indenture.

The Trustee

Certain Definitions

For purposes of this section:

Applicable Law means (i) the applicable provisions of all constitutions, statutes, rules, regulations, orders, judgments and decrees of any Governmental Authority of competent jurisdiction with respect to the Board and (ii) all laws and rules of law which provide legal or equitable rights and remedies for creditors.

Authorized Issuer Representative means (i) the Chairman, and Vice-Chairman, of the Board of Directors of the Board and (ii) any other Person of the District authorized by the Board of Directors to act as "Authorized Issuer Representative " for purposes of the Indenture, without further action by the Board of Directors, as specified in a written certificate executed by the Chairman of the Board of Directors of the Board and delivered to the Trustee.

Beneficial Owner means the Owner of a beneficial interest in a Bond held pursuant to a Book-Entry System.

Electronic Means includes the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Lien means any mortgage, chattel mortgage, lien, pledge, charge, security interest or encumbrance of any kind under the laws of the State of Alabama.

Responsible Officer in the Corporate Trust Department means, when used with respect to the Trustee, any vice president, assistant vice president or other officer of the Trustee having direct responsibility for the administration of the Indenture.

Duties and Responsibilities of Trustee

(a) Except during the continuance of an Event of Default of which a Responsible Officer in the Corporate Trust Department of the Trustee has actual knowledge:

(1) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and any Supplemental Indenture and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed in the Indenture, upon certificates or opinions to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture .

(b) In case an Event of Default, of which a Responsible Officer in the Corporate Trust Department of the Trustee has actual knowledge, has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise as a reasonable person would exercise or use under the circumstances in the conduct of his own affairs.

(c) The Trustee shall not be answerable for the exercise of any discretion or power under the Indenture or for anything whatsoever in connection with the trusts created hereby, provided that no provision of the Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct.

(d) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers or employee or agent of the Trustee unless it shall be proven that the Trustee was grossly negligent in ascertaining the pertinent facts.

(e) The Trustee shall not be liable with respect to any action taken or omitted to be taken or omitted by it in good faith in accordance with the direction of the Majority Beneficial Owners relating the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture .

(f) Whether or not in the Indenture expressly provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of Sections 11.06, 12.01 and 12.03 of the Indenture.

Notice of Defaults

The Trustee will, within thirty (30) days after a Responsible Officer in the Corporate Trust Office of the Trustee has actual knowledge of the occurrence of any Event of Default, transmit to all Owners notice thereof unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment in full of Debt Service on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is not adverse to the interests of the Owners; and provided, further, that in the case of any default of the character specified in Section 10.01(3) no such notice to Owners shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Rights of Trustee

(a) The Board and each of the Owners and Beneficial Owners, by the acquisition of a Bond or a beneficial interest therein, covenant and agree that:

(1) the Trustee shall be under no obligation to exercise any of the rights, powers or remedies vested in it by the Indenture at the request or direction of the Board or of any Owners or Beneficial Owners pursuant to the Indenture, unless the Board or such Owners and Beneficial Owners shall have furnished to the Trustee satisfactory security or indemnity for the reimbursement of all expenses to which it may be put and to protect it against all liability which might be incurred by it in compliance with such request or direction, provided, that the Trustee cannot require such security or indemnity as a condition to the due and punctual payment of all or any part of the Debt Service on the Bonds by the Trustee as provided in the Indenture or to the effectuation of redemption of any of the Bonds; and

(2) the Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers under the Indenture or otherwise in respect of the premises of the Indenture or to file any returns or reports to any court in the execution of its trusts; and

3) no provisions of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(b) The Board and each of the Owners and Beneficial Owners, by the acquisition of a Bond or a beneficial interest therein, covenant and agree that:

(1) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, warrant, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(2) Any request, direction, election, order or demand of the Board shall be sufficiently evidenced by an instrument signed in the name of the Board by an Authorized Issuer Representative(unless otherwise in the Indenture specifically prescribed), and any Resolution of the Board may be evidenced to the Trustee by a copy thereof certified by the Secretary or Assistant Secretary of the Board.

(3) The Trustee may consult with Independent Counsel regarding its authority, duties, and obligations under the Indenture, and the written advice or opinion of such Independent Counsel shall be full and complete authorization and protection in respect of, and the Trustee shall not be responsible for any loss or damage resulting from, any action taken, suffered or omitted by it under the Indenture in good faith and in reliance on such advice or opinion.

(4) Whenever, in the administration of the trusts of the Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under the Indenture , such matter (unless other evidence in respect thereof be in the Indenture specifically prescribed) may, in the absence of gross negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an Authorized Issuer Representative, and such certificate of an Authorized Issuer Representative shall, in the absence of gross negligence or bad faith on the part of the Trustee, be full warranty to the Trustee for any action taken, suffered or omitted by it under the provisions of the Indenture upon the faith thereof.

(5) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation to such facts or matters as it may determine.

(6) The Trustee may execute any of the trusts or powers under the Indenture or perform any duties under the Indenture either directly or by or through agents, attorneys, receivers or employees, and the Trustee shall not be responsible or answerable for any misconduct or negligence on the part of any agent or attorney or employee appointed or selected with reasonable care by it under the Indenture .

(7) In the event the Trustee receives inconsistent or conflicting requests or indemnity from two or more groups of Beneficial Owners of Bonds, each representing less than a majority in aggregate principal amount of the Bonds, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(8) The Trustee's immunity and protection from liability and its right to indemnification in connection with the performance of its duties under the Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees and such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of the Indenture , and final payment of the Bonds.

(9) The Trustee shall have no obligation to file financing statements or continuation statements under the Uniform Commercial Code with respect to the security interests securing the Bonds.

(10) The Trustee may open accounts for the funds created pursuant to the Indenture as and when the same are needed.

(11) The Trustee shall not be accountable for the use or application by the Board of any of the proceeds of the Bonds or for the use or application of any money paid over by the Trustee in accordance with the provisions of the Indenture.

(12) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under the Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(13) The Trustee shall have the right to accept and act upon directions or instructions given by an Authorized Issuer Representative pursuant to the Indenture or any other document reasonably relating to Bonds issued under the Indenture and delivered using Electronic Means. If the Board elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act upon such directions or instructions, the Trustee's understanding of such directions or instructions shall be deemed controlling. The Board understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by an Authorized Board Representative listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Board Representative. The Board shall be responsible for ensuring that only Authorized Issuer Representatives transmit such directions or instructions to the Trustee and that all Authorized Issuer Representatives treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with subsequent written direction or written instruction. The Board agrees: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(14) Any action taken, or omitted to be taken, by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent, is the Beneficial Owner of any Bond shall be conclusive and binding upon all future Beneficial Owners of the same Bond and of any Bond or Bonds issued in exchange therefor or upon transfer of or in place thereof.

(15) The Trustee may construe any provision of the Indenture the Trustee considers ambiguous or inconsistent with any other provision of the Indenture , and any construction of any such provision by the Trustee shall be binding upon the Owners and Beneficial Owners of the Bonds and the Board.

Trustee not Responsible for Certain Matters of Bonds or Security or Disclosures

(a) The recitals contained in the Indenture and in the Bonds, except the Trustee's certificate of authentication and registration on the Bonds, shall be taken as the statements of the Board, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of the Indenture or of the Bonds. The Trustee is not responsible for the filing or recording of the Indenture or for the payment of taxes, charges, assessments and Liens upon the Trust Estate, or for insuring the Trust Estate or the maintenance thereof, or for the validity or sufficiency of the security for the Bonds issued under the Indenture or intended to be secured hereby, or for the value or title of any of the Trust Estate, or otherwise as to the maintenance of the security of the Indenture ; except that in the event the Trustee enters into possession of a part or all of the Trust Estate pursuant to any provision of the Indenture, it shall use reasonable care in preserving such property.

(b) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Trustee May Hold Bonds

The Trustee, in its individual or any other capacity, may become the Owner or pledgee of Bonds and may otherwise deal with the Board or a guarantor or insurer of the Bonds with the same rights it would have if it were not Trustee.

Money Held in Trust

Money held by the Trustee in trust under the Indenture need not be segregated from other funds except to the extent required by the Indenture or by law. The Trustee shall be under no liability for interest on any money received by it under the Indenture except as otherwise provided in the Indenture .

Compensation of Trustee; Lien

(a) The fees and expenses of the Trustee shall (subject to the provisions of Article 3) be paid to the Trustee from amounts on deposit in the Revenue Fund on an annual basis as reasonable compensation for all services rendered by it under the Indenture (which compensation shall not be subject to any provision of law in regard to the compensation of a trustee of an express trust) and except as otherwise expressly provided in the Indenture , upon request, reimbursement for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of the Indenture (including the reasonable compensation and the expenses and disbursements of its agents and Independent Counsel), except any such expense, disbursement or advance as may be determined by a court of competent jurisdiction to be attributable to the Trustee's gross negligence or willful misconduct.

(b) The Trustee shall have a first Lien on the Trust Estate (except funds held in trust for the benefit of the Beneficial Owners of particular Bonds, which funds shall never be subject to a Lien in favor of the Trustee) with right of payment prior to payment on account of the Debt Service on any Bond, for reasonable compensation for all services rendered by it under the Indenture and for all reasonable expenses, advances, disbursements and counsel fees incurred or made in and about the execution of the trusts created and the exercise and performance of the powers and duties of the Trustee under the Indenture and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the gross negligence or willful default of the Trustee).

Advances by Trustee

If the Board shall fail to perform any of its covenants in the Indenture, the Trustee may, but shall not be required, at any time and from time to time, after written notice to the Developer, make advances to effect performance of any such covenant on behalf of the Board, but no money advanced by the Trustee shall be used to pay principal of, premium (if any) or interest on any of the Bonds. Any money so advanced by the Trustee, together with interest at the lesser of (i) the prime rate then in effect as established by the Trustee plus four percent (4%) or (ii) the highest amount allowed by law shall be paid (subject to the provisions of Article 3) upon demand and such advances shall be secured under the Indenture prior to the Bonds.

Corporate Trustee Required; Eligibility of Trustee; Appointment of Co-Trustee

(a) Except as provided in subsection (b), there shall at all times be a Trustee under the Indenture which shall be a commercial bank or trust company organized and doing business under the laws of the United States or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $1,000,000,000, subject to supervision or examination by Federal or State authority.

(b) It is the purpose of the Indenture that there shall be no violation of the law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture , and in particular in case of the enforcement thereof on any Event of Default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies in the Indenture granted to the Trustee or hold title to the properties, in trust, as in the Indenture granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee pursuant to this Section.

(c) In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and Lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them. The Trustee shall be jointly liable for the actions taken by such co-trustee, if such actions were taken pursuant to the written direction of the Trustee.

(d) If any instrument in writing from the Board be required by the co-trustee for more fully and certainly vesting in and confirming to the co-trustee such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Board. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by Applicable Law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate or co-trustee.

Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under the Indenture .

(b) (1) The Trustee may resign at any time by giving thirty (30) days' written notice thereof to the Board.

(2) The succession (whether by merger, consolidation, or transfer) of any other Person to all or substantially all of the corporate trust business of the Trustee shall automatically constitute the resignation of the Trustee under the Indenture for all purposes of the Indenture.

(3) If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by the Majority Beneficial Owners by an instrument or instruments setting forth such demand or request delivered to the Trustee and to the Board not less than thirty (30 days prior to the effective date of such removal.

(d) If at any time the Trustee shall be or become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then (i) the Board by Resolution may remove the Trustee, or (ii) any Beneficial Owner who has been a bona fide Beneficial Owner of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Board shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by the Majority Beneficial Owners by an instrument or instruments setting forth such direction delivered to the retiring Trustee and the Board, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Board. If no successor Trustee shall have been so appointed by the Board or the Owners and accepted appointment in the manner in the Indenture after provided, any Beneficial Owner who shall have been a bona fide Beneficial Owner of a Bond for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Board shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event to the Owners at their addresses as shown in the Bond Register. Each notice shall include the name and address of the principal corporate trust office of the successor Trustee.

Qualification of and Acceptance of Appointment by Successor

(a) Any successor Trustee shall meet the requirements of the Indenture.

(b) Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the Board and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estate and title of the retiring Trustee to the Trust Estate and all the rights, powers, trusts, and duties of the retiring Trustee; provided, however, on reasonable written request of the Board or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the estate and title of the retiring Trustee to the Trust Estate and all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture , subject nevertheless to its Lien, if any, provided for in Section 12.07 of the Indenture . Upon request of any such successor Trustee, the Board shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estate, title, rights, powers and trusts.

(c) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Merger, Conversion, Consolidation or Succession to Business

Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture , provided such corporation or association shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Trustee Not Responsible For Computations and Payments of Rebate

The Trustee shall not be responsible for (i) determining that any investment of moneys in the Bond Fund complies with the limitations imposed by the Federal Tax Code, or (ii) calculating the amount of, or making payment of, any rebate due to the United States of America.

Accounting Records and Reports

The Trustee shall keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Bonds and the Trust Estate which are held by the Trustee pursuant hereto. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment security, (a) its purchase price, (b) identifying information, including principal amount, and interest rate, (c) the amount received at maturity or its sale price, as the case may be, and (d) the amounts and dates of any payments made with respect thereto. Such records shall be open to inspection by the Board at any reasonable time during regular business hours on reasonable notice.

SPECIAL PROVISIONS FOR THE BOND INSURER

The Indenture contains the following provisions (the "Insurer Provisions") for the benefit of Build America Mutual Assurance Company, as the issuer of the Policy for the Series 2026 Bonds.

The Insurer Provisions control and supersede any conflicting or inconsistent provision in the Indenture.

For purposes of the Insurer Provisions:

"**BAM**" shall mean Build America Mutual Assurance Company, or any successor thereto.

"**Board**" shall mean Jasper Water Works and Sewer Board, Inc.

"**Insured Obligations**" shall mean the Series 2026 Bonds.

"**Late Payment Rate**" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 5%, and (ii) the then applicable highest rate of interest on the Insured Obligations and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

"**Obligor**" shall mean the [ ].

"**Policy**" shall mean the Municipal Bond Insurance Policy issued by BAM that guarantees the scheduled payment of principal of and interest on the Insured Obligations when due.

"**Security Documents**" shall mean the resolution, trust agreement, indenture, ordinance, loan agreement, lease agreement, bond, note, certificate and/or any additional or supplemental document executed in connection with the Insured Obligations.

(1) Notice and Other Information to be given to BAM. The Board will provide BAM with all notices and other information it is obligated to provide (i) under its Continuing Disclosure Agreement and (ii) to the Owners of Insured Obligations or the Trustee under the Security Documents.

The notice address of BAM is: Build America Mutual Assurance Company, 28 Liberty Street, 59th Floor, New York, NY 10005, Attention: Surveillance, Re: Policy No., Telephone: (212) 235-2500, Telecopier: (212) 962-1710, Email: notices@buildamerica.com. In each case in which notice or other communication refers to an event of default or a claim on the Policy, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel at the same address and at claims@buildamerica.com or at Telecopier: (212) 962-1524 and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(2) Defeasance. The investments in the defeasance escrow relating to Insured Obligation shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by BAM.

At least (three) 3 Business Days prior to any defeasance with respect to the Insured Obligations, the Issuer shall deliver to BAM draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured Obligations, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to BAM and shall be in form and substance satisfactory to BAM. In addition, the escrow agreement shall provide that:

(a) any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Insured Obligations is excludable) from gross income of the Owners of the Insured Obligations of the interest on the Insured Obligations for federal income tax purposes and the prior written consent of BAM, which consent will not be unreasonably withheld.

(b) The Board will not exercise any prior optional redemption of Insured Obligations secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to BAM a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The Board shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of BAM.

<u>(3) Trustee and Paying Agent.</u>

(a) BAM shall receive prior written notice of any name change of the trustee (the "Trustee") or, if applicable, the paying agent (the "Paying Agent") for the Insured Obligations or the resignation or removal of the Trustee or, if applicable, the Paying Agent. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (C) otherwise approved by BAM in writing.

(b) No removal, resignation or termination of the Trustee or, if applicable, the Paying Agent shall take effect until a successor, meeting the requirements above or acceptable to BAM, shall be qualified and appointed.

<u>(4) Amendments, Supplements and Consents</u>. BAM's prior written consent is required for all amendments and supplements to the Security Documents, with the exceptions noted below. The Board shall send copies of any such amendments or supplements to BAM and the rating agencies which have assigned a rating to the Insured Obligations.

(a) *Consent of BAM*. Any amendments or supplements to the Security Documents shall require the prior written consent of BAM with the exception of amendments or supplements:

(i) To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or

(ii) To grant or confer upon the Owners of the Insured Obligations any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners of the Insured Obligations, or

(iii) To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Security Documents other conditions, limitations and restrictions thereafter to be observed, or

(iv) To add to the covenants and agreements of the Board in the Security Documents other covenants and agreements thereafter to be observed by the Board or to surrender any right or power therein reserved to or conferred upon the Board.

(v) To issue additional parity debt in accordance with the requirements set forth in the Security Documents (unless otherwise specified herein).

(b) *Consent of BAM in Addition to Bond Owner Consent*. Whenever any Security Document requires the consent of Owners of Insured Obligations, BAM's consent shall also be required. In addition, any amendment, supplement, modification to, or waiver of, any of the Security Documents that adversely affects the rights or interests of BAM shall be subject to the prior written consent of BAM.

(c) *Insolvency*. Any reorganization or liquidation plan with respect to the Issuer [or Obligor] must be acceptable to BAM. The Trustee and each Owner of the Insured Obligations hereby appoint BAM as their agent and attorney-in-fact with respect to the Insured Obligations and agree that BAM may at any time during the continuation of any proceeding by or against the Issuer or Obligor under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of the Insured Obligations delegate and assign to BAM, to the fullest extent permitted by law, the rights of the Trustee and each Owner of the Insured Obligations with respect to the Insured Obligations in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(d) *Control by BAM Upon Default*. Anything in the Security Documents to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Insured Obligations or the Trustee or Paying Agent for the benefit of the Owners of the Insured Obligations under any Security Document. No default or event of default may be waived without BAM's written consent.

(e) *BAM as Owner*. Upon the occurrence and continuance of a default or an event of default, BAM shall be deemed to be the sole Owner of the Insured Obligations for all purposes under the Security Documents, including, without limitations, for purposes of exercising remedies and approving amendments.

(f) *Consent of BAM for acceleration*. BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.

(g) *Grace Period for Payment Defaults*. No grace period shall be permitted for payment defaults on the Insured Obligations. No grace period for a covenant default shall exceed 30 days without the prior written consent of BAM.

(h) *Special Provisions for Insurer Default*. If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs 4(a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, BAM has made payment under the Policy, to the extent of such payment BAM shall be treated like any other Owner of the Insured Obligations for all purposes, including giving of consents, and (2) if BAM has not made any payment under the Policy, BAM shall have no further consent rights until the particular Insurer Default is no longer continuing or BAM makes a payment under the Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) BAM has failed t make any payment under the Policy when due and owing in accordance with its terms; or (B) BAM shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (v) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of BAM (including without limitation under the New York Insurance Law).

<u>(5) Loan/Lease/Financing Agreement</u>.

(a) The security for the Insured Obligations shall include a pledge and assignment of any agreement with any underlying obligor that is a source of payment for the Insured Obligations (a "Financing Agreement") and a default under any Financing Agreement shall constitute an Event of Default under the Security Documents. In accordance with the foregoing, any such Financing Agreement is hereby pledged and assigned to the Trustee for the benefit of the Owners of the Insured Obligations.

(b) Any payments by the Obligor under the Financing Agreement that will be applied to the payment of debt service on the Insured Obligations shall be made directly to the Trustee at least fifteen (15) days prior to each debt service payment date for the Insured Obligations.

<u>(6) BAM As Third Party Beneficiary</u>. BAM is recognized as and shall be deemed to be a third party beneficiary of the Security Documents and may enforce the provisions of the Security Documents as if it were a party thereto.

<u>(7) Payment Procedure Under the Policy</u>.

In the event that principal and/or interest due on the Insured Obligations shall be paid by BAM pursuant to the Policy, the Insured Obligations shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Issuer to the Owners shall continue to exist and shall run to the benefit of BAM, and BAM shall be subrogated to the rights of such Owners.

In the event that on the second (2^{nd}) business day prior to any payment date on the Insured Obligations, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Insured Obligations due on such payment date, the Paying Agent or Trustee shall immediately notify BAM or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee shall so notify BAM or its designee.

In addition, if the Paying Agent or Trustee has notice that any Owner of the Insured Obligations has been required to disgorge payments of principal of or interest on the Insured Obligations pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law, then the Paying Agent or Trustee shall notify BAM or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of BAM.

The Paying Agent or Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for Owners of the Insured Obligations as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Insured Obligations, the Paying Agent or Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owners of the Insured Obligations in any legal proceeding related to the payment and assignment to BAM of the claims for interest on the Insured Obligations, (ii) receive as designee of the respective Owners (and not as Paying Agent) in accordance with the tenor of the Policy payment from BAM with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the "BAM Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) disburse the same to such respective Owners; and

(b) If there is a deficiency in amounts required to pay principal of the Insured Obligations, the Paying Agent or Trustee shall (i) execute and deliver to BAM, in form satisfactory to BAM, an instrument appointing BAM as agent and attorney-in-fact for such Owner of the Insured Obligations in any legal proceeding related to the payment of such principal and an assignment to BAM of the Insured Obligations surrendered to BAM, (ii) receive as designee of the respective Owners (and not as Paying Agent) in accordance with the tenor of the Policy payment therefore from BAM, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured Obligation, and (iv) disburse the same to such Owners.

The Trustee shall designate any portion of payment of principal on Insured Obligations paid by BAM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Obligations registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Obligation to BAM, registered in the name directed by BAM, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Obligation shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Obligation or the subrogation or assignment rights of BAM.

Payments with respect to claims for interest on and principal of Insured Obligations disbursed by the Paying Agent or Trustee from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Insured Obligations, and BAM shall become the Owner of such unpaid Insured Obligations and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Security Documents shall not be discharged or terminated unless all amounts due or to become due to BAM have been paid in full or duly provided for.

Irrespective of whether any such assignment is executed and delivered, the Issuer, [Obligor] and the Paying Agent and Trustee agree for the benefit of BAM that:

(a) They recognize that to the extent BAM makes payments directly or indirectly (*e.g.*, by paying through the Paying Agent or Trustee), on account of principal of or interest on the Insured Obligations, BAM will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the Issuer/Obligor, with interest thereon, as provided and solely from the sources stated in the Security Documents and the Insured Obligations; and

(b) They will accordingly pay to BAM the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured Obligations, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured Obligations to Owners and will otherwise treat BAM as the Owner of such rights to the amount of such principal and interest.

(8) Additional Payments. The Board agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Security Documents ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The Board agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Notwithstanding anything herein to the contrary, the Board agrees to pay to BAM (i) a sum equal to the total of all amounts paid by BAM under the Policy ("BAM Policy Payment"); and (ii) interest on such BAM Policy Payments from the date paid by BAM until payment thereof in full by the Board, payable to BAM at the Late Payment Rate per annum (collectively, "BAM Reimbursement Amounts") compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, BAM Reimbursement Amounts shall be, and the Board hereby covenants and agrees that the BAM Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Insured Obligations on a parity with debt service due on the Insured Obligations.

(9) Debt Service Reserve Fund. The prior written consent of BAM shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Debt Service Reserve Fund, if any. Amounts on deposit in the Debt Service Reserve Fund shall be applied solely to the payment of debt service due on the Insured Obligations.

(10) Exercise of Rights by BAM. The rights granted to BAM under the Security Documents to request, consent to or direct any action are rights granted to BAM in consideration of its issuance of the Policy. Any exercise by BAM of such rights is merely an exercise of the BAM's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Insured Obligations and such action does not evidence any position of BAM, affirmative or negative, as to whether the consent of the Owners of the Insured Obligations or any other person is required in addition to the consent of BAM.

(11) BAM shall be entitled to pay principal or interest on the Insured Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the Insured Obligations as a result of acceleration of the maturity thereof in accordance with the Security Documents, whether or not BAM has received a claim upon the Policy.

(12) So long as the Insured Obligations are outstanding or any amounts are due and payable to BAM, the Board shall not sell, lease, transfer, encumber or otherwise dispose of the [System] or any material portion thereof, except upon obtaining the prior written consent of BAM.

(13) No contract shall be entered into or any action taken by which the rights of BAM or security for or source of payment of the Insured Obligations may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of BAM.

(14) If an event of default occurs under any agreement pursuant to which any Obligation of the Board has been incurred or issued and that permits the Owner of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the Owners of the Insured Obligations or BAM, as BAM may determine in its sole discretion, then an event of default shall be deemed to have occurred under this [Indenture] and the related Security Documents for which BAM or the Trustee, at the direction of BAM, shall be entitled to exercise all available remedies under the Security Documents, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Insured Obligations.

APPENDIX E

Proposed Opinion of Bond Counsel

______, 2026

Jasper Water Works and Sewer Board, Inc.

Raymond James & Associates, Inc.

as Underwriter

Owners of the within Bonds

Jasper Water Works and Sewer Board, Inc.

Utility Revenue Bonds, Series 2026

We have acted as bond counsel to Jasper Water Works and Sewer Board, Inc. (the "Board") in connection with the issuance of the above-referenced bonds (the "Series 2026 Bonds ") by the Board under Article 9 of Chapter 50 of Title 11 of the Code of Alabama 1975 (the "Enabling Law"), and pursuant to a Master Trust Indenture dated as of December 1, 2006, as amended and supplemented (the "Indenture"), between the Board and the Trustee.

For purposes hereof, we have incorporated and used herein certain capitalized terms as such terms are defined in the Indenture.

The within opinions are based upon our (a) examination of (i) the Series 2026 Bonds as executed and authenticated, (ii) executed counterparts of the Indenture and the Tax Certificate and Agreement of even date (the "Tax Agreement") by the Board with respect to the Series 2026 Bonds, (iii) the certificate of incorporation of the Board, (iv) the certified proceedings of the Board with respect to the authorization and issuance of the Series 2026 Bonds (the "Certified Proceedings"), and (v) such other certificates, documents, instruments, notices, proceedings and records (collectively the "Supporting Documents") as we have deemed necessary; (b) review of the applicable laws of the State of Alabama and of the United States of America as are in effect on the date hereof and as we have deemed necessary; (c) reliance, without independent inquiry or investigation, upon the representations of fact in the Indenture, the Tax Agreement, the Certified Proceedings, and the Supporting Documents; and (d) assumption, with your consent and without independent investigation or inquiry, that (i) the Indenture has not been amended or supplemented expect pursuant to the amendments and supplements thereof provided to us with respect to the issuance pursuant thereto of other series of Bonds, (ii) the Board will comply with the Tax Agreement and the provisions of the Code applicable to the Series 2026 Bonds subsequent to the issuance thereof and (iii) the Indenture is enforceable by and against the Trustee.

We are of the opinion, on the date hereof and subject to the within qualifications, that:

(1) The Board is validly existing under the Enabling Law and, pursuant to the authority thereof, has duly authorized, executed and delivered the Series 2026 Bonds and the Indenture.

(2) The Indenture constitutes the legal, valid and binding obligation of the Board and is enforceable against the Board in accordance with the terms thereof.

(3) The Series 2026 Bonds constitute legal, valid and binding limited obligations of the Board payable solely from, and secured by a valid pledge and assignment of, the Trust Estate on an equal and proportionate basis and parity of lien with all Bonds issued under and secured by the Indenture.

(4) Interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Series 2026 Bonds may be taken into account for the purpose of computing the alternative minimum tax on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Board complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may 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.

(5) Interest on the Series 2026 Bonds is exempt from State of Alabama income taxation.

The rights of the Owners of the Series 2026 Bonds, and the enforceability of the Series 2026 Bonds and of the Indenture, are subject to and may be limited by (i) the exercise of judicial discretion (whether in a proceeding at law or in equity), (ii) the valid exercise of the constitutional powers of the United States of America and the sovereign and police powers of the State of Alabama, and (iii) bankruptcy, insolvency, reorganization, moratoria, fraudulent conveyance, and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable.

We have not been engaged, and therefore have not undertaken, to review or determine, and consequently provide no assurance, and express no opinion, as to: (a) the tax treatment of interest on the Series 2026 Bonds under (i) any provision or section of the Code other than Section 103 thereof, or any other law of the United States of America, or (ii) any law of the State of Alabama enacted subsequently to the date hereof; (b) the validity or enforceability of the Series 2026 Bonds or the Indenture, or the tax treatment of interest on the Series 2026 Bonds, under the laws of any state other than State of Alabama; (c) the title of the Board to any property or revenues; (d) the adequacy of the sources of payment of the Series 2026 Bonds; or (e) the adequacy, completeness, sufficiency or veracity of any statement or information in any official statement or other offering document, or other information regarding the Board and the Series 2026 Bonds, with respect to the sale of the Series 2026 Bonds.

By acceptance hereof, you have each shall have agreed (a) the within opinions are (i) limited to the subjects expressly stated herein and no other opinion is implied thereby or may be inferred therefrom, (ii) given on the date hereof whereupon our engagement with respect to the subjects stated herein terminated and we have no continuing obligation to advise any of you (or any successor or assign thereof) of any change in relevant fact or law subsequent to the date hereof even if such change may affect an opinion herein, (iii) delivered to you solely in connection with the subject transactions and cannot be relied upon by you or any other person for any other purpose, and (iv) an expression of our professional judgement as to the legal issues expressly stated herein and in consequence thereof we are not a guarantor or insurer of such expression of professional judgement or of the outcome of any legal dispute that may arise with respect to any subject matter herein contained; and (b) each of the Owners of the Series 2026 Bonds, The Bank of New York Mellon Trust Company, National Associates, as trustee, and Raymond James & Associates, Inc., has not had any attorney-client relationship with Maynard Nexsen PC with respect to the subject transaction or any matter referenced herein.

Faithfully yours,

APPENDIX F

Book-Entry Only System

BOOK-ENTRY ONLY SYSTEM

General

The information in this Appendix F concerning the Securities Depository and the Securities Depository's book-entry system has been obtained from sources the Board or the Underwriter believe to be reliable, but the Board and the Underwriter are not responsible for the accuracy or completeness thereof.

There can be no assurance that the Securities Depository will abide by its procedures or that such procedures will not be changed from time to time.

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

The Board may decide to discontinue use of the Book Entry System of transfers through the Securities Depository (or a successor). In that event, certificates will be printed and delivered to the Securities Depository (or a successor).

Definitions

Capitalized terms used in this Appendix F without definition shall have the respective meanings assigned thereto in this Official Statement.

The Book-Entry System

The Securities Depository will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully registered securities registered in the name of Cede & Co., the Securities Depository's partnership nominee ("Cede") or such other name as may be requested by an authorized representative of the Securities Depository. One fully registered bond certificate will be issued for each maturity of the Series 2026 Bonds, in the aggregate principal amount of such maturity, and will be deposited with the Securities Depository.

The Securities Depository, 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, as amended. The Securities Depository 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 the Securities Depository's participants (the "Direct Participants") deposit with the Securities Depository. The Securities Depository 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 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. The Securities Depository is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for the Securities Depository, the 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 book-entry 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").

The Securities Depository has a Standard & Poor's rating of AA+.

The Securities Depository Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about the Securities Depository can be found at www.dtcc.com.

Purchases of Series 2026 Bonds under the book-entry system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on the Securities Depository'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 the Securities Depository 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 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 the Securities Depository are registered in the name of the Securities Depository's partnership nominee, Cede, or such other name as may be requested by an authorized representative of the Securities Depository. The deposit of Series 2026 Bonds with the Securities Depository and their registration in the name of Cede or such other the Securities Depository nominee does not affect any change in Beneficial Ownership. The Securities Depository has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; the Securities Depository's records reflect only the identity of the Direct Participants to whose accounts such 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 the Securities Depository 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 Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 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 Paying Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to the Securities Depository. If less than all of the Series 2026 Bonds of a maturity are being redeemed, the Securities Depository's practice is to determine by lot the amount of the interest of each Direct Participant in such bonds to be redeemed.

Neither the Securities Depository nor Cede (nor any other the Securities Depository nominee) will consent or vote with respect to Series 2026 Bonds unless authorized by a Direct Participant in accordance with the Securities Depository's MMI Procedures. Under its usual procedures, the Securities Depository mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede'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).

Principal, redemption price (as appropriate) and interest payments on the Series 2026 Bonds will be made by the Paying Agent to Cede or such other nominee as may be requested by an authorized representative of the Securities Depository. The Securities Depository's practice is to credit Direct Participants' accounts, upon the Securities Depository's receipt of funds and corresponding detail information from the Board or Paying Agent, on a payment date in accordance with their respective holdings shown on the Securities Depository'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 the Securities Depository, the Paying Agent, the Board or the Underwriter, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price (as appropriate) and interest to Cede (or such other nominee as may be requested by an authorized representative of the Securities Depository) is the responsibility of the Board or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of the Securities Depository, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Appendix G

Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

____

_______, 2026

____

Jasper Water Works and Sewer Board, Inc.

Utility Revenue Bonds, Series 2026

Jasper Water Works and Sewer Board, Inc. (the "Obligated Person") has delivered this Agreement on the above date pursuant to 17 C.F.R. Section 240.15c2-12 for the benefit of the Owners of, and the Owners of beneficial interests in, the above bonds (the "Series 2026 Bonds") issued by the Obligated Person on the date hereof pursuant to Master Trust Indenture dated as of December 1, 2006, as amended and supplemented (the "Indenture") and purchased on the above date by Raymond James & Associates, Inc. to whom the Obligated Person has delivered an Official Statement dated October _____, 2026 with respect to the Series 2026 Bonds.

For and in consideration of the premises, and the acquisition of interests in the Series 2026 Bonds by the Owners thereof and Owners of beneficial interests therein, the Obligated Person covenants and agrees as follows:

Section 1. Definitions.

(a) The Obligated Person incorporates and uses herein certain capitalized terms as such terms are defined in the Official Statement.

(b) For purposes hereof:

Annual Filing Date means September 25 in each year.

Audited Financial Statements means the audited financial statements of the Obligated Person prepared in conformity with generally accepted accounting principles as applied to governmental units and described in Appendix C of the Official Statement.

Bond Owners means the Owners of, and the owners of beneficial interests in, the Series 2026 Bonds.

EMMA means the MSRB's Electronic Municipal Market Access system, as provided by the Rule.

Financial Obligation means any of the following obligations (i) a debt obligation, (ii) 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 (iii) a guarantee of such a debt obligation or derivative instrument, provided, a Financial Obligation shall not include municipal securities as to which a final official statement shall have been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Obligated Person means Jasper Water Works and Sewer Board, Inc.

Repository means the MSRB and its EMMA system.

Rule means 17 C.F.R. Section 240.15c2-12.

Series 2026 Bonds means the Utility Revenue Bonds, Series 2026, of the Obligated Person.

Section 2. Beneficiaries

The Obligated Person has made and delivered this Agreement to, and for the sole benefit of, the Bond Owners and no other Person shall have, or may enforce, any benefit, interest, or rights under this Agreement.

Section 3. Financial Information

The Obligated Person shall provide to the Repository on or before the Annual Filing Date in each fiscal year until the Series 2026 Bonds are paid in full and retired:

(1) the Audited Financial Statements; provided, if the Audited Financial Statements for a fiscal year shall not have been received by the Obligated Person by the Annual Filing Date for such fiscal year, the Obligated Person will file (i) unaudited financial statements for such fiscal year by the Annual Filing Date and (ii) the Audited Financial Statements for such fiscal year upon receipt; and

(2) the financial information and operating data with respect to the Obligated Person, generally consistent with the information contained in the following sections of the Official Statement for each fiscal year:

(i) GENERAL FINANCIAL INFORMATION:

The information in the following subsections:

"Changes in Net Position"

"Total Debt Service Requirements"

"Historical Debt Service Coverage

(ii) THE WATER SYSTEM:

The information in the following subsections:

"Retail Water Customers"

"Wholesale Water Customers"

(iii) THE SEWER SYSTEM

"Sewer Customers"

Section 4. Specified Event Notices in the Rule

The Obligated Person will provide to the Repository, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Series 2026 Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment 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 Series 2026 Bonds, or other material events affecting the tax-exempt status of the Series 2026 Bonds;

(7) Modifications to rights of security Owners, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Series 2026 Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; provided, for the purposes of the event identified in this Section 3(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person;

(13) The consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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; and

(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 Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security Owners, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Obligated Person, any of which reflect financial difficulties;

(17) Notice of a failure of the Obligated Person to provide any of the financial information described in Section 3 by the Annual Filing Date therefor.

Section 5. Other Event Notices

The Obligated Person may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of such Obligated Person, such other event is material with respect to the Series 2026 Bonds, but the Obligated Person does not agree or undertake to provide any such notice of the occurrence of any material event except as set forth in Section 4.

Section 6. Submission of Documents to MSRB ; Maintenance of Records

(a) The Obligated Person will submit documents to the MSRB, including EMMA, pursuant to this Agreement in electronic format and accompanied by identifying information as prescribed by the MSRB, in accordance with the Rule.

(b) The Obligated Person will maintain records of all disclosure filings made pursuant to this Agreement, including the content of such disclosure, the names of the entities with whom such disclosure was filed, and the date of filing such disclosure.

Section 7. Responsibility for Compliance; Additional Obligated Persons

(a) The Obligated Person is solely responsible for compliance with the agreements thereof in this Agreement and will pay all costs incurred in connection with the performance of its obligations under this Agreement, including without limitation the fees and expenses of any consultants, advisors, accountants, legal counsel or other persons that may be retained by the Obligated Person to assist therewith.

(b) The Obligated Person agrees to cause any other person who shall become an “obligated person”, within the meaning of the Rule, with respect to the Series 2026 Bonds to execute and deliver an undertaking with respect to the Series 2026 Bonds pursuant to the Rule substantially in the form of this Agreement.

(c) The Trustee has no direct, indirect or contingent duty or responsibility with respect to any reports, notices, or disclosures required by this Agreement or the Rule.

Section 8. Limitation of Remedies Hereunder

(a) The Obligated Person will never be subject to money damages in any sum or amount, whether compensatory, punitive or otherwise, for failure to comply with the agreements thereof in this Agreement.

(b) The only remedy available to the Owners of the Series 2026 Bonds for breach by the Obligated Person of its obligations hereunder will be the remedy of specific performance or mandamus against the appropriate officials of the Obligated Person to obtain performance of the Obligated Person's obligations hereunder.

(c) Any action for such specific performance or mandamus may be filed only in Walker County, State of Alabama.

(d) Any failure by the Obligated Person to comply with the provisions of this Agreement will not be an event of default with respect to the Series 2026 Bonds under the Indenture.

Section 9. Dissemination Agent

The Obligated Person may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. Any such dissemination agent will be designated as such in writing by the Obligated Person, and any such dissemination agent will file with the Obligated Person a written acceptance of such designation.

Section 10. Amendment and Termination

The provisions of this Agreement may be amended at any time by the Obligated Person provided (i) such amendment is made in writing and in compliance with the Rule and (ii) such amendment is delivered forthwith to the Trustee with an Opinion of Counsel stating in effect that such amendment is permitted by the Rule.

Section 11. Termination

The Obligated Person (or any additional obligated person) reserves the right to terminate its obligation hereunder if and when (i) the Series 2026 Bonds are retired, or an escrow for the retirement of all Series 2026 Bonds is established pursuant to the defeasance provisions of the Indenture, or (ii) the Obligated Person (or such additional Obligated Person) ceases to be an Obligated Person with respect to the Series 2026 Bonds within the meaning of the Rule.

Section 12. Governing Law

This Agreement will be governed by the laws of the State of Alabama.

IN WITNESS WHEREOF, the Obligated Person has caused this Agreement to be executed and delivered in its name and on its behalf by an officer thereof duly authorized thereunto.

JASPER WATER WORKS AND SEWER BOARD, INC.

By: ______________________________

Name: ______________________________

Title: ______________________________

APPENDIX H

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND
INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _______

MEMBER: [NAME OF MEMBER]

BONDS: $_____________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: ___________

Risk Premium: $___________
Member Surplus Contribution: $ ____________
Total Insurance Payment: $___________

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the Owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____________________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

28 Liberty Street, 59^{th} floor

New York, New York 10005

Telecopy:

212-962-1524 (attention: Claims)