

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2026

NEW ISSUE
FULL BOOK-ENTRY

Ratings: Moody's: "___"
S&P: "___"

(See "MISCELLANEOUS—Ratings" herein)

In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law, (1) assuming compliance by the City with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2026 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) interest on the 2026 Bonds is exempt from State of North Carolina income taxation. See "TAX TREATMENT" herein.

\$[Amount]*
CITY OF WILMINGTON, NORTH CAROLINA
Storm Water Fee Revenue Refunding Bonds
Series 2026

Dated: Date of Delivery

Due: June 1, as shown on the inside cover

This Official Statement has been prepared by the City of Wilmington, North Carolina (the "City") to provide information in connection with the issuance of its Storm Water Fee Revenue Refunding Bonds, Series 2026 (the "2026 Bonds"). Selected information is presented on this cover page for the convenience of the user. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Security: The 2026 Bonds are special obligations of the City, secured solely by the pledge of Net Revenues, except to the extent payable from proceeds of the 2026 Bonds, investment earnings and certain net insurance and other proceeds. Neither the credit nor the taxing power of the City or the State of North Carolina (the "State") or any of the State's political subdivisions is pledged for the payment of principal of or interest on the 2026 Bonds. No Owner of the 2026 Bonds has the right to compel the exercise of the taxing power of the State, the City or any of the State's political subdivisions or the forfeiture of any of their respective properties in connection with any default on the 2026 Bonds. The principal of and interest on the 2026 Bonds are payable solely from the Net Revenues pledged by the City and neither the State, the City nor any of the State's political subdivisions is obligated to pay the principal of and interest on the 2026 Bonds except from such Net Revenues. See "SECURITY AND SOURCES OF PAYMENT" herein.

Redemption: The 2026 Bonds are subject to redemption as described herein.

Issued Pursuant to: The 2026 Bonds will be issued pursuant to The State and Local Government Revenue Bond Act, specifically, Article 5, Chapter 159 of the General Statutes of North Carolina, as amended; a General Trust Indenture dated as of October 1, 2007, between the City and U.S. Bank Trust Company, National Association, Charlotte, North Carolina, as successor trustee (the "Trustee") to U.S. Bank National Association; and Series Indenture, Number 3, dated as of May 1, 2026, between the City and the Trustee.

Purposes: Proceeds of the 2026 Bonds will be used, together with other available funds, to (a) refinance all or a portion of the City's outstanding \$19,425,000 Storm Water Fee Revenue and Revenue Refunding Bonds, Series 2015A; and (b) pay the costs related to the issuance of the 2026 Bonds.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of the 2026 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

Interest Payment

Dates: June 1 and December 1 of each year, commencing December 1, 2026.

Denomination: \$5,000 or integral multiples thereof.

Registration: Full book-entry-only through The Depository Trust Company. See Appendix F.

Closing/Delivery

Date: On or about May __, 2026.

Trustee: U.S. Bank Trust Company, National Association.

Bond Counsel: Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina.

City Attorney: Meredith T. Everhart, Esq., Wilmington, North Carolina.

Financial Advisor: Waters and Company, LLC, Birmingham, Alabama.

Underwriter'

Counsel: Pope Flynn, LLC, Charlotte, North Carolina.

RAYMOND JAMES®

Date of Official Statement: May __, 2026

*Preliminary, subject to change.

MATURITY SCHEDULE

**[\$Amount]* Storm Water Fee Revenue Refunding Bonds, Series 2026,
due June 1, as follows:**

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹</u>
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\$ _____ % Term Bonds due June 1, 20__ - Priced at _____% to yield _____% CUSIP¹ _____

* Preliminary, subject to change.

¹ CUSIP numbers have been assigned by an independent company not affiliated with the City or the Underwriter and are included solely for convenience of the owners of the 2026 Bonds. Neither the City nor the Underwriter is responsible for selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2026 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to change after issuance of the 2026 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2026 Bonds.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the 2026 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesman or other person has been authorized 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. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the 2026 Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the City and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by the Underwriter and is not to be construed as a representation by the Underwriter.

The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2026 Bonds described herein to the residents of any particular state and is not specifically directed to the residents of any particular state. The 2026 Bonds shall not be offered or sold in any state unless and until they are either registered pursuant to the laws of such state or qualified pursuant to an appropriate exemption from registration in such state.

Neither the 2026 Bonds nor the Indentures have been registered or qualified with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended. The registration or qualification of the 2026 Bonds and the Indentures in accordance with applicable provisions of securities laws of the States in which the 2026 Bonds and the Indentures have been registered or qualified, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

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

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2026 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

The information set forth herein has been obtained from sources which are believed to be reliable and is in a form deemed final by the County for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

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 a 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.

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OFFICIAL STATEMENT

relating to

*[\$[Amount]]**

CITY OF WILMINGTON, NORTH CAROLINA
Storm Water Fee Revenue Refunding Bonds
Series 2026

INTRODUCTION

This Official Statement, which includes the cover and the appendices hereto, provides certain information in connection with the issuance of the Storm Water Fee Revenue Refunding Bonds, Series 2026 (the “2026 Bonds”), of the City of Wilmington, North Carolina (the “City”).

This introduction provides certain limited information to serve as a guide to this Official Statement, and is expressly qualified by this Official Statement as a whole. Prospective investors should make a full review of the entire Official Statement and of the documents summarized or described herein. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Neither the delivery of this Official Statement nor of the 2026 Bonds shall under any circumstances create any implication that there has been no change in the City’s affairs since the date of this Official Statement.

Purposes. The City is issuing the 2026 Bonds to (a) refinance all or a portion of the City’s outstanding \$19,425,000 Storm Water Fee Revenue and Revenue Refunding Bonds, Series 2015A (the “2015A Bonds”); and (b) pay the costs related to the issuance of the 2026 Bonds. See “**THE PLAN OF REFUNDING**” and “**ESTIMATED SOURCES AND USES OF FUNDS.**”

The 2026 Bonds. The 2026 Bonds will be dated their date of delivery and will bear interest from that date, payable on December 1, 2026, and semiannually thereafter on each June 1 and December 1, at the rates shown on the inside cover page. Principal on the 2026 Bonds will be payable, subject to redemption as described herein, on June 1 in the years and amounts shown on the inside cover page. The 2026 Bonds are offered in denominations of \$5,000 and integral multiples thereof. The 2026 Bonds will be subject to redemption, as described below.

The City. See Appendix A hereto for certain information regarding the City.

Security. The 2026 Bonds will be special obligations of the City, solely secured by and payable from net revenues (the “*Net Revenues*”) as defined in the General Indenture referenced below, of the City’s storm water facilities (the “*Storm Water Facilities*”), on a parity with all other Bonds Outstanding from time to time under the General Indenture, including, without limitation, the Unrefunded 2015A Bonds (as defined herein), except to the extent payable from proceeds of the 2026 Bonds, certain investment earnings and certain net insurance and other proceeds.

*Preliminary, subject to change.

The 2026 Bonds are not payable from the City's general funds and do not constitute a legal or equitable pledge, charge, lien or encumbrance on any of the City's property or on any of its income, receipts or revenues, except the Net Revenues and other funds pledged to their payment. Neither the City's credit nor its taxing power is pledged for the payment of the principal of or interest on the 2026 Bonds, and no Owner has the right to compel the exercise of the City's taxing power or the forfeiture of any City property in connection with any default on the 2026 Bonds. See "**SECURITY AND SOURCES OF PAYMENT.**"

The 2026 Bonds will be authorized and issued pursuant to a bond order and a resolution adopted by the City Council of the City and pursuant to (1) a General Trust Indenture (the "*General Indenture*") dated as of October 1, 2007, between the City and U.S. Bank Trust Company, National Association, Charlotte, North Carolina, as successor trustee (the "*Trustee*") and (2) Series Indenture, Number 3 ("*Series Indenture, Number 3*") and, collectively with the General Indenture, the "*Indentures*") dated as of May 1, 2026, between the City and the Trustee.

The General Indenture provides for the creation of the Reserve Fund and further provides that the respective series indenture for each series of Bonds issued under the General Indenture will determine whether the Reserve Fund is to be used for such series and, if so, will establish the provisions regarding the use of the Reserve Fund with respect to such series. In connection with the issuance of the 2026 Bonds, no account will be established in the Reserve Fund to secure the 2026 Bonds.

Under the General Indenture, before the beginning of each Fiscal Year, the City is required to fix, establish or maintain or cause to be fixed, established and maintained such fees, rates and charges for the provision of storm water services in the City, and to revise or cause to be revised the same, as necessary, as will produce:

(a) Revenues which together with 50% of the balance in the Surplus Fund at the end of the preceding Fiscal Year is at least equal in such Fiscal Year to the total of (1) the Current Expenses for such Fiscal Year, as may be amended from time to time, plus (2) 120% of (1.20 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year, which includes debt service on the 2026 Bonds, the Unrefunded 2015A Bonds and any other Bonds Outstanding under the General Indenture, plus (3) 100% of the Principal and Interest Requirements on Subordinate Indebtedness to become due during such Fiscal Year, plus (4) 100% of the Principal and Interest Requirements on General Obligation Indebtedness to become due during such Fiscal Year, plus (5) 100% of the Principal and Interest Requirements on Other Indebtedness to become due during such Fiscal Year, plus (6) 100% of the amount required to reimburse the provider of a Qualified Reserve Fund Substitute, if any, for any amounts owing thereunder; and

(b) Revenues at least equal in such Fiscal Year to the total of (1) the Current Expenses for such Fiscal Year, as may be amended from time to time, plus (2) 110% of (1.10 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year, which includes debt service on the 2026 Bonds, the Unrefunded 2015A Bonds and any other Bonds Outstanding under the General Indenture, plus (3) 100% of the Principal and Interest Requirements on Subordinate Indebtedness to become due during such Fiscal Year, plus (4) 100% of the Principal and Interest Requirements on General Obligation Indebtedness to become due during such Fiscal Year, plus (5) 100% of the Principal and Interest Requirements on Other Indebtedness to become due during such Fiscal Year, plus (6) 100% of the amount required to reimburse the provider of a Qualified Reserve Fund Substitute, if any, for any amounts owing thereunder.

“*Current Expenses*,” “*Storm Water Facilities*,” “*Fiscal Year*,” “*General Obligation Indebtedness*,” “*Other Indebtedness*,” “*Principal and Interest Requirements on the Bonds*,” “*Revenues*” and “*Subordinate Indebtedness*” are among the terms used and defined in the General Indenture and Series Indenture, Number 3. For complete definitions of these and other terms, see “—**Definitions of Certain Terms**” in Appendix C.

The 2026 Bonds will be additionally secured by certain funds held by the Trustee under the General Indenture.

Book-Entry Form. The 2026 Bonds will be issued in book-entry-only form, without physical delivery of 2026 Bonds to beneficial owners of the 2026 Bonds (“*Beneficial Owners*”). The Trustee will make principal and interest payments to The Depository Trust Company (“*DTC*”), a New York corporation, which will in turn remit such payments to its participants for subsequent distribution to Beneficial Owners. See “**THE 2026 BONDS—Book-Entry-Only Form.**”

Tax Treatment. In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law, (1) assuming compliance by the City with certain requirements of the Code, interest on the 2026 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) interest on the 2026 Bonds is exempt from State of North Carolina income taxation. See “**TAX TREATMENT**” herein.

Professionals. Raymond James & Associates, Inc. (the “*Underwriter*”) is underwriting the 2026 Bonds. Parker Poe Adams & Bernstein LLP, Raleigh, North Carolina, is serving as Bond Counsel to the City. Pope Flynn, LLC, Charlotte, North Carolina, is serving as counsel to the Underwriter. Meredith T. Everhart, Esq., Wilmington, North Carolina, is City Attorney. U.S. Bank Trust Company, National Association, Charlotte, North Carolina, as successor trustee (the “*Trustee*”), is serving as the Trustee. Waters and Company, LLC, Birmingham, Alabama, is serving as financial advisor to the City.

Additional Information. Additional information and copies in reasonable quantity of the principal financing documents may be obtained during the offering period from Raymond James & Associates, Inc. 5820 Patterson Avenue, Suite 100, Richmond, Virginia 23226, Attention: Public Finance (804-225-1197). After the initial offering period, copies in reasonable quantity of the applicable documents can be obtained at the designated corporate trust office of the Trustee.

Continuing Disclosure. The City has undertaken in Series Indenture, Number 3 to provide certain annual financial information and operating data and to provide notice of certain material events. See “**CONTINUING DISCLOSURE OBLIGATION**” below.

THE 2026 BONDS

Authorization

The 2026 Bonds will be issued pursuant to the Indentures.

The City’s issuance of the 2026 Bonds is authorized by (i) The State and Local Government Revenue Bond Act (the “*Act*”), which is Article 5, Chapter 159 of the North Carolina General Statutes, (ii) the Indentures; and (iii) a bond order and resolution adopted by the City Council of the City.

The City’s issuance of the 2026 Bonds has received the required approval of the North Carolina Local Government Commission (the “LGC”). The LGC is a division of the North Carolina State Treasurer’s office charged with general oversight of local government finance in the State of North Carolina (the “State”). The LGC’s approval is required for substantially all local government bond issues and substantially all other local government financing arrangements in the State.

Under the Act, in determining whether to allow bonds to be issued, the LGC has wide discretion to consider the need for and feasibility of the projects to be financed, the local government’s capability to repay the amount financed from the pledged revenue sources, and the local government’s general compliance with State budget and finance laws. Under the Act, the LGC is also responsible, with the issuing unit’s approval, for selling bonds issued pursuant to the Act. See Appendix D for additional information on the LGC and its powers and duties.

General Terms

Payment Terms. The 2026 Bonds will be dated as of their date of delivery, and will bear interest from their date payable on December 1, 2026, and semiannually thereafter on each June 1 and December 1 (the “*Interest Payment Dates*”), at the rates shown on the inside cover page (calculated on the basis of a 360-day year consisting of twelve 30-day months). Principal of the 2026 Bonds will be payable, subject to redemption as described herein, on June 1 in the years and amounts shown on the inside cover page. Payments will be effected through DTC. See “—**Book-Entry-Only Form**” below. The Trustee will make payments due on non-Business Days on the succeeding Business Day.

Denominations. The 2026 Bonds are offered in denominations of \$5,000 and integral multiples thereof.

Registration and Exchange. So long as DTC or its nominee is the registered owner of the 2026 Bonds, transfers and exchanges of beneficial ownership interests in the 2026 Bonds will be available only through DTC participants, as hereinafter described. See “—**Book-Entry-Only Form**” below. The Indentures describe the provisions for transfer and exchange applicable if a book-entry system is no longer in effect.

Redemption Provisions

Optional Redemption. The 2026 Bonds maturing on or before June 1, 2036* are not subject to call and redemption before their maturities. The 2026 Bonds maturing on or after June 1, 2037* may be redeemed before their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after June 1, 2036, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium.

Mandatory Redemption. The 2026 Bonds maturing on June 1, 20__, are subject to mandatory sinking fund redemption before their scheduled maturity, without premium, at the Redemption Price equal to 100% of the principal amount thereof being redeemed in the principal amounts and in the years as follows:

<u>Year</u>	<u>Principal Amount</u>
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* Preliminary, subject to change.

*Maturity

Notice of Redemption. The Trustee shall send notice of redemption of any 2026 Bonds by registered or certified mail not less than 30 days and not more than 60 days prior to the date fixed for redemption (1) to the LGC by Mail or Electronic Means, (2)(a) to DTC or its nominee by registered or certified mail, or as otherwise permitted by DTC's rules and procedures, (b) if DTC or its nominee is no longer the registered owner of the 2026 Bonds, by Mail to the then-registered owners (the "Owners") of the 2026 Bonds to be redeemed. Series Indenture, Number 3 also requires the Trustee to send notice of redemption to the MSRB through the MSRB's Electronic Municipal Market Access system pursuant to the procedures promulgated by the MSRB. Notwithstanding the foregoing, (i) if notice is properly given, the failure to receive an appropriate notice shall not affect the validity of the proceedings for such redemption, (ii) the failure to give any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of the 2026 Bonds or portions thereof with respect to which notice was correctly given and (iii) the failure to give any such notice to the LGC or the MSRB or any defect therein shall not affect the validity of any proceedings for the redemption of the 2026 Bonds. The redemption notice may state (1) that it is conditioned upon the deposit of money with the Trustee on the Redemption Date at the time and in an amount equal to the amount necessary to effect the redemption and such notice will be of no effect unless such money is so deposited, and (2) that the City retains the right to rescind the redemption notice on or prior to the Redemption Date, and such notice and optional redemption shall be of no effect if such money is not so deposited or if the notice is rescinded as described in Series Indenture, Number 3.

Selection of 2026 Bonds for Redemption. If less than all of the 2026 Bonds are called for redemption, the City will select the maturity or maturities of the 2026 Bonds to be redeemed. If less than all 2026 Bonds of any maturity are to be redeemed, the 2026 Bonds to be redeemed will be selected (1) by DTC pursuant to its rules and procedures or (2) if a book-entry system is no longer in effect, by the Trustee by lot. If the 2026 Bonds are to be redeemed in part, they may be redeemed only in integral multiples of \$5,000. If a portion of a 2026 Bond is called for redemption, a new 2026 Bond in principal amount equal to the unredeemed portion thereof shall be issued to the Owner thereof upon surrender thereof.

Effect of Call for Redemption. If notice is properly given and the City makes available sufficient funds or securities for redemption at the time and place indicated for redemption, in accordance with the Indentures, the 2026 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date, and interest on such 2026 Bonds or portions thereof shall cease to accrue from and after such date.

Book-Entry-Only Form

The 2026 Bonds will be delivered as fully registered certificates in book-entry-only form without physical delivery of certificates to the beneficial owners of the 2026 Bonds. The Trustee will make payments of principal of and interest on the 2026 Bonds to DTC, which will in turn remit such payments to its direct participants for subsequent distribution to the beneficial owners of the 2026 Bonds. See Appendix F hereto.

SECURITY AND SOURCES OF PAYMENT

Special Obligations

The 2026 Bonds will be special obligations of the City, solely secured by and payable from the Net Revenues on a parity with all other Bonds Outstanding from time to time under the General Indenture, including, without limitation, the Unrefunded 2015A Bonds, except to the extent payable from proceeds of the 2026 Bonds, investment earnings and certain net insurance and other proceeds.

The 2026 Bonds are not payable from the City's general funds and do not constitute a legal or equitable pledge, charge, lien or encumbrance on any of the City's property or on any of its income, receipts or revenues, except the Net Revenues and other funds pledged thereto under the General Indenture and Series Indenture, Number 3. Neither the City's credit nor its taxing power are pledged for the payment of the principal of or interest on the 2026 Bonds, and no Owner has the right to compel the exercise of the City's taxing power or the forfeiture of any of its property in connection with any default on the 2026 Bonds.

The concept of Net Revenues, as more fully described below, is related to rents, rates, fees, charges, assessments or other charges or other income derived by the City in connection with the management and operation of the "Storm Water Facilities." See "**THE STORM WATER FACILITIES.**"

Pledge of Net Revenues

The Net Revenues are pledged to the payment of, and as security for, all Bonds Outstanding under the General Indenture, including the 2026 Bonds, the Unrefunded 2015A Bonds and any Additional Bonds that may be issued under the General Indenture.

"*Net Revenues*" means the excess of Revenues over Current Expenses.

"*Revenues*" means all rents, rates, fees, charges, assessments or other charges or other income received by the City as authorized by Section 160A-314 of the General Statutes of North Carolina, as amended, or imposed directly by the City in connection with the management and operation of the Storm Water Facilities, and all parts thereof, including amounts received from the investment or deposit of money in any Fund or Account (but not including amounts received from interest or other investment income earned in (a) the Construction Fund and (b) during the construction period, if the related Series Indenture directs that such earnings be deposited in the Construction Fund, the Reserve Fund), all as calculated in accordance with generally accepted accounting principles except as otherwise provided in the General Indenture, but does not include (1) net proceeds of insurance or condemnation awards or other extraordinary items, (2) any amounts received by the City representing sales or use taxes which may be required by law or agreement to be paid to the State or a governmental unit thereof, or (3) any refundable money attributable to the Storm Water Facilities or (4) any unrealized gains.

"*Current Expenses*" means the current expenses of operation, maintenance and current repair of the Storm Water Facilities, as calculated in accordance with generally accepted accounting principles except as otherwise provided in the General Indenture, but not including (1) any allowance for depreciation or replacements of capital assets of the Storm Water Facilities, (2) money payable as Interest or as interest on General Obligation Indebtedness, Subordinate Indebtedness or Other Indebtedness, (3) money deposited or transferred to the Reserve Fund and (iv) unrealized losses. For a complete definition of "Current Expenses," see "**DEFINITIONS OF CERTAIN TERMS**" in Appendix C.

Rate Covenant

Under the General Indenture, before the beginning of each Fiscal Year, the City is required to fix, establish or maintain or cause to be fixed, established and maintained such fees, rates and charges for the provision of storm water services in the City, and to revise or cause to be revised the same, as necessary, as will produce:

(a) Revenues which together with 50% of the balance in the Surplus Fund at the end of the preceding Fiscal Year is at least equal in such Fiscal Year to the total of (1) the Current Expenses for such Fiscal Year, as may be amended from time to time, plus (2) 120% of (1.20 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year, which includes debt service on the 2026 Bonds, the Unrefunded 2015A Bonds and any other Bonds Outstanding under the General Indenture, plus (3) 100% of the Principal and Interest Requirements on Subordinate Indebtedness to become due during such Fiscal Year, plus (4) 100% of the Principal and Interest Requirements on General Obligation Indebtedness to become due during such Fiscal Year, plus (5) 100% of the Principal and Interest Requirements on Other Indebtedness to become due during such Fiscal Year, plus (6) 100% of the amount required to reimburse the provider of a Qualified Reserve Fund Substitute, if any, for any amounts owing thereunder; and

(b) Revenues at least equal in such Fiscal Year to the total of (1) the Current Expenses for such Fiscal Year, as may be amended from time to time, plus (2) 110% of (1.10 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year, which includes debt service on the 2026 Bonds, the Unrefunded 2015A Bonds and any other Bonds Outstanding under the General Indenture, plus (3) 100% of the Principal and Interest Requirements on Subordinate Indebtedness to become due during such Fiscal Year, plus (4) 100% of the Principal and Interest Requirements on General Obligation Indebtedness to become due during such Fiscal Year, plus (5) 100% of the Principal and Interest Requirements on Other Indebtedness to become due during such Fiscal Year, plus (6) 100% of the amount required to reimburse the provider of a Qualified Reserve Fund Substitute, if any, for any amounts owing thereunder.

The City has covenanted in the General Indenture that all users, including political subdivisions and public bodies (State or federal) who receive services from the Storm Water Facilities will pay therefor at the established rates, fees and charges, but the City may adopt specific policies with respect to use by persons of low income and the rates, fees and charges need not be uniform.

State Law

Under current North Carolina law, the City is authorized to establish and revise from time to time schedules of rents, rates, fees, charges, and penalties for the use of or the services furnished by any “public enterprise,” which as defined includes structural and natural storm water and drainage systems of all types. The enabling legislation also expressly precludes two or more units of local government which operate separate structural and natural storm water and drainage systems in the same area within a county from levying separate storm water fees, but does permit those units to allocate among themselves the functions, duties, powers and responsibilities for jointly operating a single structural and natural storm water and drainage system within the same area within a county, provided that only one of the units party to such joint agreement may actually levy the storm water fee within the joint service area. New Hanover County (the “*County*”), the County in which the City is located, does not operate a separate storm water system.

Current North Carolina law further provides that a unit of local government that has issued revenue bonds, including revenue bonds issued to refund prior revenue bonds, for which revenue bonds storm water fees have been pledged as security and as the source of repayment, may continue to levy a storm water fee for the sole purpose of (i) paying principal, interest, or redemption premiums on such bonds in accordance with their terms, (ii) funding any reserve requirements or similar obligations imposed by any documents, instruments, or agreements pursuant to which such revenue bonds are authorized or issued or securing the same or any related credit facility, liquidity facility, derivative agreement, or any other similar agreement, and (iii) paying any related cost, fees and expenses until the revenue bonds are retired.

If the County were to establish its own storm water system, under current North Carolina law, the City would retain the independent authority to levy and collect a storm water fee for the purposes described above so long as any Bonds remain outstanding under the General Indenture, notwithstanding any modification, termination or expiration of any joint agreement between the City and the County or other action by the County seeking to modify the current system for billing storm water fees. However, if any such joint agreement were to expire or terminate, or the then current billing system were changed by the County, then after such event the City would be precluded under current North Carolina law from issuing any Additional Bonds under the General Indenture to fund the cost of any new money projects. Nevertheless, the City could still issue Additional Bonds under the General Indenture to refund Bonds outstanding at the time of termination or expiration of such joint agreement or change in billing system. If no Bonds are Outstanding under the General Indenture at the time of expiration or termination of the such joint agreement or change in billing system, then under current North Carolina law the City would be precluded from continuing to levy a storm water fee.

Funds and Accounts Held Under General Indenture

The General Indenture establishes several separate funds and accounts for the custody and application of Bond proceeds, Revenues, and other funds.

As provided in Series Indenture, Number 3, the proceeds of the 2026 Bonds will be deposited in (i) the 2026 Cost of Issuance Account of the Construction Fund created under the General Indenture and held by the Trustee and allocated therein to pay Costs of Issuance related to the 2026 Bonds, and (ii) the Bond Fund established under the General Indenture and held by the Trustee to provide funds to redeem the Refunded Bonds (as defined herein) as the City shall direct in separate writing.

The City will cause all Revenues to be deposited in the Storm Water Management Fund as such Revenues are received by the City. Under the General Indenture, the City is required periodically to transfer amounts from the Storm Water Management Fund to other funds and accounts, including funds and accounts to be used for payment of Current Expenses and debt service on Bonds Outstanding under the General Indenture, including the 2026 Bonds and the Unrefunded 2015A Bonds, and for payment of other contractual obligations related to the Storm Water Facilities. See “—FUNDS AND ACCOUNTS” in Appendix C.

All of the money and securities held in the funds and accounts established by the General Indenture, except for the Storm Water Management Fund, the Capital Improvement Fund and the Surplus Fund, are pledged on a parity to the Trustee for the benefit of the Owners to secure payment of the 2026 Bonds, the Unrefunded 2015A Bonds and any other Bonds Outstanding from time to time under the General Indenture.

The Reserve Fund

The General Indenture provides for the creation of the Reserve Fund and further provides that the respective series indenture for each series of Bonds issued under the General Indenture will determine whether the Reserve Fund is to be used for such series and will establish the provisions regarding the use of the Reserve Fund with respect to such series.

In connection with the issuance of the 2026 Bonds, no account will be established in the Reserve Fund to secure the 2026 Bonds.

Additional Bonds

Under the conditions described in the General Indenture and without the approval or consent of the Owners, the City can incur additional parity indebtedness secured by a lien on Net Revenues and certain other funds ranking on a parity with the lien securing the 2026 Bonds and the Unrefunded 2015A Bonds. See “—ISSUANCE OF ADDITIONAL BONDS” in Appendix C.

THE PLAN OF REFUNDING

Refunding

The City has issued its 2015A Bonds, a portion of the proceeds of which were used by the City to finance improvements to the City’s Storm Water Facilities. Currently, \$14,220,000 in aggregate principal amount of 2015A Bonds are outstanding.

On the date of delivery of the 2026 Bonds, the City expects to use a portion of the proceeds of the 2026 Bonds to refund in advance of their maturities each maturity of the 2015A Bonds maturing on June 1, 2027 through June 1, 2040, inclusive (collectively, the “*Refunded Bonds*”) as set forth in the following table:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal Amount</u> ¹
2027	\$ 985,000
2028	1,020,000
2029	1,050,000
2030	1,100,000
2031	1,160,000
2032	1,205,000
2033	1,250,000
2034	740,000
2035	780,000
2037	1,670,000
2040	2,760,000

¹ Subject to change.

The 2015A Bonds maturing on June 1, 2026 in the aggregate outstanding principal amount of \$950,000 are not included in the Refunded Bonds, are referred to herein as the “Unrefunded 2015A Bonds” and will remain outstanding as of the date of delivery of the 2026 Bonds until payment of such Unrefunded 2015A Bonds on June 1, 2026.

The money to be used to effect the defeasance or refunding of the Refunded Bonds will be transferred to the Trustee, and the Trustee, in its capacity as trustee for the Refunded Bonds, will deposit \$_____, comprised of \$_____ transferred by the Underwriter from the proceeds of the 2026 Bonds and \$_____ from City funds, in the Bond Fund established by the General Indenture to redeem the Refunded Bonds as the City shall direct in writing. Until the Refunded Bonds are redeemed, such funds will be held irrevocably in trust for the registered owners of the Refunded Bonds and, except for any small portion that may be held uninvested by the trustee for the Refunded Bonds, will be invested by the trustee for the Refunded Bonds in a portfolio of securities, as directed in writing by the City, that will bear interest at such rates and mature at such times and in such amounts so that sufficient money will be available to pay (a) the interest on the Refunded Bonds when due through June 22, 2026 and (b) on June 22, 2026, the principal of the Refunded Bonds at which time the outstanding principal of and interest on such Refunded Bonds will be paid in full. Upon the making of the deposit referred to above, the obligations of the City with respect to the holders of the Refunded Bonds will be fully discharged and satisfied, and such holders will be entitled to payment only from the proceeds of the government obligations purchased by the trustee for the Refunded Bonds with such money. See “**VERIFICATION OF MATHEMATICAL ACCURACY**” herein.

ESTIMATED SOURCES AND USES OF FUNDS

The following table presents estimated information as to sources and uses of funds for the improvements and the plan of financing.

Sources of Funds:

Par amount of 2026 Bonds
[Net] Original Issue [Premium/Discount]
City Contribution
Total

Uses of Funds:

Bond Fund Deposit
Costs of Issuance¹
Total

¹ Includes underwriter's discount, legal fees, printing costs, rating agency fees and other miscellaneous transaction costs.

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DEBT SERVICE REQUIREMENTS

The following table presents information on the City's debt service obligations on the 2026 Bonds and the Unrefunded 2015A Bonds, the proceeds of which were applied to improvements to the Storm Water Facilities and the principal of and interest on which are payable from the Net Revenues.

Fiscal Year Ending June 30	<u>2026 Bonds</u>			<u>Unrefunded 2015A Bonds</u>	<u>Total of 2026 Bonds and Unrefunded 2015A Bonds</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2026				\$966,250	
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					

Note: Totals may not foot due to rounding.

FINANCIAL SCHEDULES

The following table prepared by the City summarizes certain historical financial information related to the Storm Water Facilities. For purposes of the following table, Revenues and Current Expenses have been determined on the basis of the definitions thereof in the General Indenture.

Historical Financial Information

	Fiscal Year Ending June 30				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues					
Charges for Services:					
Utility Fees	\$9,447,968	\$9,769,114	\$9,782,139	\$9,917,482	\$10,268,791
City Streets ⁽¹⁾	2,939,139	3,042,743	3,150,000	3,261,038	3,375,990
Grants/CFPUA Reimbursements	57,628	-	1,622,838	624,453	956,538
Other Revenues	189,243	37,114	116,837	59,923	127,611
Investment Earnings ⁽²⁾	<u>39,434</u>	<u>27,065</u>	<u>797,228</u>	<u>1,225,701</u>	<u>1,354,147</u>
Total Revenue	\$12,673,412	\$12,876,036	\$15,469,042	\$15,088,597	\$16,083,077
Current Expenses ⁽³⁾	<u>\$7,197,565</u>	<u>\$6,412,240</u>	<u>\$8,138,100</u>	<u>\$7,899,231</u>	<u>\$7,931,772</u>
Net Revenues Available for Debt Service	\$5,475,847	\$6,463,796	\$7,330,942	\$7,189,366	\$8,151,305
Revenue Bond Debt Service	\$1,708,112	\$1,485,925	\$1,553,200	\$1,551,200	\$1,552,200
Revenue Bond Debt Service Coverage ⁽⁴⁾	3.21	4.35	4.72	4.63	5.25
Total Debt Service ⁽⁵⁾	\$1,799,662	\$1,573,725	\$1,633,000	\$1,628,200	\$1,620,805
Total Debt Service Coverage ⁽⁴⁾	3.04	4.11	4.49	4.42	5.03

(1) The City transfers an annual amount to the Storm Water Management Fund from its General Fund for impervious surface area of streets and sidewalks owned by the City. Amounts paid by the City with respect to general governmental improvements and City buildings are included in Utility Fees and therefore are not included in the charge for City streets. In those years where the rate charged to customers per ERU increased, the transfer (charge for City streets) increased by an equal proportion, plus an additional 0.47%.

(2) Includes earnings on the Storm Water Management Enterprise Fund and the Storm Water Capital Projects Fund. Excludes Unrealized Gains pursuant to the definition of Revenues included in the General Indenture.

(3) Excludes Depreciation and Amortization.

(4) Based on the information set forth in the table above, in each Fiscal Year, the City satisfied the requirements of the Rate Covenant as described in “**SECURITY AND SOURCES OF PAYMENT-Rate Covenant**” herein.

(5) Includes Debt Service on Storm Water Fee Revenue Bonds and Other Indebtedness related to the Storm Water Facilities.

Projected Financial Information

Statement of Assumptions

Certain assumptions were made in conjunction with the financial projections prepared by the City for the Storm Water Facilities for the six Fiscal Years ending June 30, 2026 through 2031. These assumptions, as well as the financial projections, were reviewed by the City’s financial advisor experienced in the preparation of financial projections for municipal utilities and found to be reasonable. The following is a summary of the primary assumptions made in conjunction with the financial projections:

1. The City's storm water utility fee structure is based on an impervious area rate methodology utilizing an Equivalent Residential Unit (ERU) of 2,500 square feet of imperviousness. This unit is applied to all single-family properties and is applied to all non-single-family properties by measurement of the amount of impervious surface.
2. The City rate per ERU is \$8.97 per month during fiscal year 2026 and is projected to increase by 3.34% annually.
3. The number of ERUs billed is projected to increase by 0.5% annually from its current level of 101,709.
4. The City transfers an annual amount to the Storm Water Management Fund from its General Fund for impervious surface area of streets and sidewalks owned by the City. The amount of this transfer in fiscal year 2026 is expected to be \$2,774,318 and is projected to increase by approximately 3.8% annually.
5. Projected utility fees revenues are reduced by \$190,000 annually for delinquencies and credits for capital contributions from customers.
6. Current expenses of \$7,949,498 for fiscal year 2026 are based on staff estimates as of January 21, 2026, and are projected to increase by 4.0% annually.
7. Projected investment income on operating and capital funds is based on projected investment yields of 3.75% in fiscal year 2026, 3.25% in fiscal year 2027, 2.50% in fiscal year 2028, and 2.00% thereafter.
8. Capital Expenditures for Storm Water Facilities are projected to be \$4,835,392 in fiscal year 2026 and then \$60,017,514 for the five-year period ending in fiscal year 2031, funded with \$23,000,000 from proceeds of future bonds and \$37,017,514 from internally-generated pay-as-you-go funds. See, "**THE STORM WATER FACILITIES—Capital Improvement Program**" herein.
9. New money bond proceeds of \$11,500,000 are expected to be generated from future bonds in 2027, followed by a second issue for the same amount in 2029. Future bonds are assumed to be issued as one-year interest only followed by 24-year level debt service at an all-in interest cost of 5.00%.

Projected Financial Information

For purposes of the following table, Revenues and Current Expenses have been determined on the basis of the definitions thereof in the General Indenture.

	<u>Fiscal Year Ending June 30 (000's omitted)</u>					
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Revenues						
Charges for Services:						
Utility Fees	\$10,757,958	\$11,180,188	\$11,618,702	\$12,074,129	\$12,547,119	\$13,038,352
City Streets ⁽¹⁾	2,774,318	2,880,455	2,990,653	3,105,066	3,223,857	3,347,192
Grants/CFPUA Reimbursements	1,571,586	-	-	-	-	-
Other Operating Revenues	100,000	100,000	100,000	100,000	100,000	100,000
Investment Earnings ⁽²⁾	<u>1,322,889</u>	<u>995,462</u>	<u>774,080</u>	<u>413,140</u>	<u>497,867</u>	<u>435,414</u>
Total Revenues	\$16,526,752	\$15,156,105	\$15,483,435	\$15,692,334	\$16,368,843	\$16,920,957
Current Expenses ⁽³⁾	<u>7,949,498</u>	<u>8,741,184</u>	<u>9,090,831</u>	<u>9,454,465</u>	<u>9,832,643</u>	<u>10,225,949</u>
Net Revenues Available for Debt Service	\$ 8,577,254	\$ 6,414,921	\$ 6,392,604	\$ 6,237,870	\$ 6,536,200	\$ 6,695,009
Revenue Bond Debt Service ⁽⁴⁾	\$ 1,549,450	\$ 1,551,200	\$ 2,126,725	\$ 2,384,540	\$ 2,957,040	\$ 3,220,456
Revenue Bond Debt Service Coverage (times)	5.54	4.14	3.01	2.62	2.21	2.08
Total Debt Service ⁽⁴⁾	\$ 1,549,450	\$ 1,551,200	\$ 2,126,725	\$ 2,384,540	\$ 2,957,040	\$ 3,220,456
Total Debt Service Coverage (times)	5.54	4.14	3.01	2.62	2.21	2.08

(1) The City transfers an annual amount to the Storm Water Management Fund from its General Fund for impervious surface area of streets and sidewalks owned by the City. See footnote (1) to the table under the heading “**THE STORM WATER FACILITIES—Major Customers**” herein.

(2) Includes earnings on the Storm Water Management Enterprise Fund and the Storm Water Capital Projects Fund.

(3) Excludes depreciation and amortization.

(4) Includes debt service on the Series 2015A Bonds, including the Refunded Bonds and the Unrefunded Bonds, and Additional Bonds to be issued under the General Indenture in fiscal years 2027 and 2029. See “**Statement of Assumptions**” paragraph (9) above. Projected annual debt service savings resulting from the Bonds are not included.

THE STORM WATER FACILITIES

The City operates various storm water facilities serving residents within the City's incorporated limits. At June 30, 2025, the City had approximately 34,831 single family-type storm water accounts, where each pays a fee based on one Equivalent Residential Unit ("ERU"), and 5,064 non-single family-type accounts, where each account pays a fee based on actual digitized impervious area converted to one ERU per 2,500 square feet of impervious area. Total ERUs as of June 30, 2025 were equal to 101,203.

Organization and Management

The Storm Water system is owned by the City and operated through the City's Public Services Department. The Public Services Department consists of six divisions: Administration, Public Buildings, Solid Waste Management, Parks and Urban Forestry, Streets and Storm Water Services. As of June 30, 2025, the Storm Water Services Division had 62 full-time employees. Through Interlocal Agreement, the Cape Fear Public Utility Authority provides billing and collection services for the Storm Water System. See "**THE STORM WATER FACILITIES—Billings and Collection Procedures**" herein.

As a division of the City, the Storm Water System is under the administrative control of the City Manager. The Director of the Public Services Department is the chief administrator of the Storm Water System and reports directly to the Deputy City Manager.

Rebecca L. Hawke is the City Manager of the City. Ms. Hawke has held this position since June 30, 2025. She comes to Wilmington from Matthews, North Carolina where she served as town manager and previously assistant town manager since 2016. Hawke brings more than 18 years of local government experience to the role, with broad executive experience in organizational leadership and community engagement. Prior to Matthews, Hawke spent over nine years in local government in Virginia, serving in executive roles for the Town of Christiansburg and City of Radford. Hawke is a Credentialed Manager through the International City/County Management Association (ICMA-CM). She holds a B.A. in Communication Studies from Hollins University, an M.S. in Corporate and Professional Communication from Radford University, and a Master of Public Administration degree from the University of North Carolina at Chapel Hill. She also holds a Master's Certificate in Human Resources Management from Cornell University and is a graduate of the Public Executive Leadership Academy (PELA) through UNC-Chapel Hill's School of Government.

Mary Vigue is one of two Deputy City Managers of the City. Ms. Vigue has held this position since May of 2022 following service with the City of Raleigh since 2017. She previously held the roles of Assistant City Manager for the City of Greensboro and Executive Director of an education foundation. In her capacity as Deputy City Manager, Vigue oversees the City's finance, internal audit, budget, information technology and human resources departments. She holds a Master of Public Administration degree from UNC-Chapel Hill.

Thom Moton is one of two Deputy City Managers of the City. Mr. Moton has held this position since April of 2018 and has more than 20 years of local government experience, including Assistant City Manager positions in North Carolina, Missouri and Texas. Prior to joining the City team, he served as Assistant City Manager for Rocky Mount, overseeing several areas such as parks and recreation and public works. Mr. Moton received both his Bachelor's degree in Business Administration in 1992 and his Master's degree in Public Administration from the University of North Texas.

Martha Wayne is the City's Finance Director. Ms. Wayne accepted this position in December 2025. Wayne is a seasoned financial leader with over 20 years of experience in both the public and private sectors. She most recently served as Deputy Chief Financial Officer for New Hanover County,

where she played a crucial role in managing the County's fiscal operations, investments, debt, grants, and capital projects. She is a Certified Public Accountant (CPA) and holds both a Master of Accounting and a Bachelor of Science in Accounting from North Carolina State University. Before joining the County, Wayne held several key roles at public accounting firms RSM US LLP and Cherry Beakert & Holland, where she focused on client relationships, audit planning, and staff development. As the City's Finance Director, Wayne is responsible for overseeing the City's financial operations, managing financial reporting, and ensuring the effective use of public funds. She plays a central role in advising City leadership on fiscal policies and strategies.

[Note: Two additional bios (or position references) to be provided by City.]

Aaron Beckner is the Manager of the City's Storm Water Services Division and Assistant Public Works Director. Mr. Beckner has been with the City since 2017. He holds a Bachelor of Science in Civil Engineering from New Hampshire University. He currently administers a budget for the storm water enterprise fund in excess of \$14 million and manages 62 employees in the Storm Water Services Division.

General

The City historically maintained the drainage system within public rights of way and officially accepted easements on private property. This approach meant that other portions of the drainage system that are not within officially-accepted easements were receiving little to no maintenance or improvement by property owners. In many cases, flooding problems on public streets were being caused by the portion of the system on private property. Without access to these segments of the system, solutions to flooding on public property are limited.

In 1996, residents of the City spoke out about persistent flooding situations as well as water quality concerns. The City Council responded by directing staff to provide recommendations on expanding the storm water program. In October 1996, staff recommended a comprehensive storm water program expansion that covered five major areas that are discussed below under "**Storm Water Program and Facilities.**" In addition, the recommendation included financing this expansion with the establishment of storm water services fees. Following a lengthy process to establish the mechanism for billing storm water service fees, the City Council approved an ordinance enacting the formation of a storm water utility in July 1998.

Storm Water Program and Facilities

The City's Storm Water Services Division maintains and improves the public drainage system for protection of the community and the environment. This mission involves the portions of man-made and natural systems on City property, in public rights of way and in officially accepted easements on private property. The 52.9 square miles in the City's corporate limits drain either to the Cape Fear River on the west side or to the Intracoastal Waterway on the east side. The entire drainage system is comprised of a variety of pipes, structures, culverts, channels, ditches, creeks and retention facilities and is in excess of 630 miles. Pursuant to an interlocal agreement with the North Carolina Department of Transportation ("*NCDOT*"), Wilmington has assumed maintenance responsibility for the portion of system within NCDOT right of ways.

Wilmington's expanded stormwater program includes the following program areas:

- Management and Planning – This program area includes the administrative oversight of the storm water utility. Personnel management, interaction with citizens and maintenance of GIS databases are several of the typical tasks that are dealt with on a daily basis.
- Capital Improvements – Through use of the City’s Engineering Division or outside Engineering consultants, drainage improvement projects are implemented to deal with flooding problems, water quality improvements, erosion or stability issues and access for long term maintenance.
- Operations and Maintenance; Street Sweeping – The City has 54 employees that maintain the public drainage system on a daily basis. The closed drainage section primarily deals with repairing, cleaning or improving pipes, catch basins and other drainage structures. The open drainage section is responsible for keeping roadside swales, ditches and larger channels free from debris and in serviceable condition. The Stormwater Control Measure (SCM) section maintains over 131 acres of publicly-owned retention ponds, storm water wetlands and Greenfield Lake. The street sweeping section keeps sediment and debris from entering the drainage system, clogging it and then polluting creeks and streams.
- Water Quality – In 1998, the City joined with New Hanover County to begin monitoring all watersheds within the area. The University of North Carolina at Wilmington (“*UNC-Wilmington*”) has performed the monitoring and has provided valuable information on the health of the City’s natural resources.
- Regulatory and Enforcement – With the passage of federal storm water regulations and existing City codes, the City has devoted resources for implementing National Pollutant Discharge Elimination System (“*NPDES*”) requirements and enforcement of its Illicit Discharge Detection and Elimination (IDDE) program and maintenance standards on privately owned retention ponds.

Environmental Compliance

In December 2012, the North Carolina Division of Water Quality issued NPDES Phase II permit NCS000406 to the City (the “NPDES Phase II Permit”). The NPDES Phase II Permit, which originates with the United States Environmental Protection Agency but is implemented by the State of North Carolina, requires the City to implement six minimum measures of storm water quality over a five year period. The six measures include: (1) public education and outreach; (2) public involvement and participation; (3) construction site runoff; (4) pollution prevention/good housekeeping; (5) post-construction management; and (6) illicit discharge detection and elimination. Because of the resources made available by creation of the storm water utility, the City is well equipped to maintain compliance with the five-year plan included in the permit.

Capital Improvement Program

The City has developed and implemented an informal capital improvement plan for the Storm Water Facilities. The City has covenanted in the General Indenture to maintain a five-year capital improvement plan which incorporates the capital improvement plan related to the Storm Water Facilities and has also covenanted to file its capital improvement plan each year with the Trustee within 30 days after it is adopted by the City Council of the City.

The plan in its current form contemplates the total cost of capital improvements to the Storm Water Facilities, including the projects described above under “**THE PLAN OF FINANCE AND REFUNDING—The Projects,**” to be approximately \$67,017,130 for the period shown in the table set forth on the following page. The table provides an overall breakdown of certain prior capital

expenditures made by the City with respect to the Storm Water Facilities and the projected capital expenditures, together with the actual and estimated sources of funds to be used to finance these capital improvements.

**PROJECTED CAPITAL EXPENDITURES
(AND RELATED PRIOR CAPITAL EXPENDITURES)**

<u>Project Name</u>	<u>Prior Years</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>Totals</u>
Wisteria/Clearbrook Area Drainage	\$ 689,852	\$ 755,225	\$ 4,388,004	\$ -	\$ -	\$ -	\$ -	\$ 5,833,081
Brookshire/Beasley Drainage Project	786,269	62,116	4,859,669	5,703,327	-	-	-	11,411,381
Clear Run Branch Drainage	-	-	657,419	3,897,810	3,772,696	-	-	8,327,925
New McCumbers Drainage Outfall	-	-	-	-	843,117	2,671,497	2,650,000	6,164,614
Red Berry Drainage Improvements	198,341	94,765	1,350,000	1,350,000	-	-	-	2,993,106
Annual Storm Drain Rehabilitation	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,900,000	12,900,000
Eagles Nest Drainage	5,450	-	-	1,250,000	1,250,000	1,500,000	-	4,005,450
Pirates Cove Drainage Improvements	205,625	23,398	1,506,845	-	-	-	-	1,735,868
Whispering Pines & Masonboro Sound Drainage	170,252	200,000	503,000	1,220,799	1,220,799	-	-	3,314,850
New Orleans Place Drainage	5,057	-	-	248,420	859,675	-	-	1,113,152
Storm Rehab ANC - Buffaloes Outfall	11,939	25,332	25,000	130,000	132,729	-	-	325,000
Culvert Replacement - Kelly Road	-	200,000	238,510	202,720	1,356,158	1,350,000	-	3,347,388
Storm Rehab ANC - Robert E Lee	-	700,000	-	-	-	-	-	700,000
Storm Rehab ANC - Aecom W Lake S	-	250,000	-	-	-	-	-	250,000
Storm Rehab ANC - Kirby Smith/CA	-	170,000	-	-	-	-	-	170,000
10th & Grace Storm Drainage	91,439	354,556	-	-	-	-	-	445,995
Elisha / Camberly Drainage	-	-	-	473,895	2,158,488	-	-	2,632,383
Whisky Creek Drainage	-	-	-	-	-	400,000	200,000	600,000
Greenville Loop Road Harvest Grove Lane Drainage	-	-	-	57,107	689,830	-	-	746,937
	<u>\$ 2,164,224</u>	<u>\$ 4,835,392</u>	<u>\$ 15,528,447</u>	<u>\$ 16,534,078</u>	<u>\$ 14,283,492</u>	<u>\$ 7,921,497</u>	<u>\$ 5,750,000</u>	<u>\$ 67,017,130</u>

ESTIMATED PERMANENT SOURCES OF FUNDING

	<u>Prior Years</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>	<u>FY 2029-30</u>	<u>FY 2030-31</u>	<u>Totals</u>
Parity Debt Funding (City):¹								
Revenue Bonds (Future)	\$ -	\$ -	\$ 7,428,078	\$ 3,925,869	\$ 5,089,301	\$ 3,906,752	\$ 2,650,000	\$ 23,000,000
Pay-As-You-Go Funding (City):								
Storm Water Management Fund	2,072,863	4,501,373	6,628,669	12,608,209	9,194,191	4,014,745	3,100,000	42,120,050
Sources From Other Entities:								
Grants and Government Contributions	91,361	334,019	1,471,700	-	-	-	-	1,897,080
Total Sources of Funding	<u>2,164,224</u>	<u>4,835,392</u>	<u>15,528,447</u>	<u>16,534,078</u>	<u>14,283,492</u>	<u>7,921,497</u>	<u>5,750,000</u>	<u>67,017,130</u>

¹ Reflects capital expenditures to be funded by the City through issuance of debt.

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Storm Water Fees

Charges for storm water services currently are divided into two classes:

- Single Family detached residence; and
- All other properties that include impervious surface.

Storm Water rates are reviewed annually by the City Manager during consideration of the Fiscal Year's operating budget, together with a review of existing debt service and future debt service for bonds supported by storm water fees. The City Manager then recommends the storm water rates to be in effect for the ensuing Fiscal Year to City Council. The City Council establishes the rates to be charged by the City for its storm water facilities.

The following table outlines the storm water rate changes since 2020. The City approved rate increases take effect on July 1 of each fiscal year.

Storm Water Fee Rates since July 1, 2020 Monthly Charge

Fee Type	7/01/2020- 6/30/2021	7/01/2021- 6/30/2022	7/01/2022- 6/30/2023	7/01/2023- 6/30/2024	7/01/2024- 6/30/2025	7/01/2025- 6/30/2026
Single Family Detached	\$8.35	\$8.43	\$8.51	\$8.60	\$8.68	\$8.97
All other properties	\$8.35 per ERU	\$8.43 per ERU	\$8.51 per ERU	\$8.60 per ERU	\$8.68 per ERU	\$8.97 per ERU

Future Rate Increases

The City Council has adopted a storm water fee rate methodology which provides for the setting of rates based on the size of the capital program, operating budget, maintenance of adequate working capital and debt service reserves. The City adopted a 3.3% (\$8.97 per ERU) increase in storm water rates for Fiscal Year ended June 30, 2026 and the City is projecting a 3.3% increase for each of the fiscal years 2027 through 2031.

Revenue and Number of ERUs

The following table provides information on the Revenue and number of ERUs at the end of each of the last five Fiscal Years ended June 30, 2025.

At June 30	Storm Water Revenue	Percentage Increase	Number of ERUs
2021	\$12,387,107	0.03%	95,002
2022	12,811,857	3.43	96,380
2023	12,932,138	0.09	97,517
2024	13,178,520	1.91	98,477
2025	13,644,781	3.42	101,203

Major Customers

The following table presents information on the ten largest customers¹ for the City’s storm water system during the Fiscal Year ended June 30, 2025.

<u>Customer</u>	<u>ERU’s</u>	<u>Revenues</u>
City of Wilmington	N/A	\$3,375,990
UNC Wilmington	3,356	349,518
New Hanover Board of Education	2,035	211,976
Novant	1,768	184,204
New Hanover County	979	101,938
Tribute Properties	875	91,166
RSE Independence LLC	865	90,055
CBL & Associates Mayfaire	825	85,887
Corning	737	76,787
Wilmington HA	633	75,164

¹ Amounts paid by the City with respect to general governmental improvements and City buildings not included. The City transfers an annual amount to the Storm Water Management Fund from its General Fund for impervious surface area of streets and sidewalks owned by the City. In those years in which it is expected that the rate charged to customers per ERU will increase, the transfer (charge for Interfund Services Provided) is expected to increase by an equal proportion, in addition to the annual increase of 0.47%.

Excluding the storm water fees paid by the City for City-owned property that is not included as part of a City enterprise fund, no single customer contributes more than 2.56% of total storm water fee revenues. The ten largest customers depicted above (other than the City) comprise approximately 9.22% of the total storm water fee revenues.

Billing and Collection Procedures

The City maintains the public storm water system for the citizens within the City limits. The cost of providing this service is billed to the customers on behalf of the City by the Cape Fear Public Utility Authority (the “Authority”) on the same monthly bill the customer receives for the water and/or wastewater services. The storm water charges are set by the City. The amounts the Authority receives from customers for the City services are transferred to the City weekly. In the event of partial payments of current charges, payments are applied to storm water charges first, then wastewater charges and lastly to water charges. The Authority enforces collection procedures, including shutting off water service, on delinquent accounts. In compliance with the Interlocal Agreement, the Authority uses the same payment application hierarchy for delinquent storm water accounts. Payments are applied to the most delinquent billing period first with the proceeds satisfying the entire outstanding amount for that billing period to storm water charges first, then wastewater charges and lastly to water charges. While the Authority engages in the administrative billing and receipt of funds on behalf of the City, the Authority does not have the legal authorization to act as a Collection Agency as defined in North Carolina General Statutes § 58-70-15. The City and the Authority have engaged a licensed third party Collection Agency to conduct Collection Agency activity. See “**THE CITY OF WILMINGTON— Government and Major Services—Public Service Enterprises**” herein.

Budget Procedures

Operating and capital budgets for the Storm Water System are formulated in the same manner as other City departments. The Public Services Director prepares an initial budget request. The City Manager reviews and may revise the submitted budget request and incorporates the request into the overall budget submitted to the City Council for its consideration.

THE CITY OF WILMINGTON

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

The City's basic financial statements have been audited by independent certified public accountants for each Fiscal Year through June 30, 2025. The City's basic financial statements and the notes thereto, drawn from the City's annual comprehensive financial report for the Fiscal Year ended June 30, 2025, are included as Appendix B to this Official Statement. The City has not requested nor obtained the consent of its auditor to the inclusion these financial statements in this Official Statement.

INDENTURE SUMMARY

A summary of certain provisions of the General Indenture, including a list of definitions of certain terms, is included as Appendix C. The summary does not purport to be complete, and is limited in all respects by reference to the complete document. See the Introduction for information on the availability of copies of the General Indenture and Series Indenture, Number 3.

LEGAL MATTERS

Litigation

No litigation is now pending or, to the best of the City's knowledge, threatened, against or affecting the City which seeks to restrain or enjoin the authorization, execution or delivery of the 2026 Bonds, the General Indenture or Series Indenture, Number 3, or which contests the validity or the authority or proceedings for the adoption, authorization, execution or delivery of the 2026 Bonds, or the City's creation, organization or corporate existence, or the title of any of the present officers thereof to their respective offices or the authority or proceedings for the City's authorization, execution and delivery of the General Indenture, Series Indenture, Number 3 or the 2026 Bonds, or the City's authority to carry out its obligations thereunder, or which would have a material adverse impact on the City's condition, financial or otherwise.

Opinions of Counsel

All legal matters related to the authorization, execution, sale and delivery of the 2026 Bonds are subject to Bond Counsel's approval. The proposed forms of Bond Counsel's opinions are included as Appendix E.

Certain legal matters will be passed upon for the City by the City Attorney and for the Underwriter by its counsel.

TAX TREATMENT

General. On the date of issuance of the 2026 Bonds, Parker Poe Adams & Bernstein LLP, Bond Counsel, will render an opinion that, under existing law, (1) assuming compliance by the City with certain provisions of the Code, interest on the 2026 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) interest on the 2026 Bonds is exempt from State of North Carolina income taxation.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the 2026 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the City rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2026 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2026 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the City subsequent to issuance of the 2026 Bonds to maintain the excludability of the interest on the 2026 Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the City as to certain facts material to the opinion and the requirements of the Code.

The City has covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2026 Bonds in order that the interest on the 2026 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the City with such covenants, and Bond Counsel has not been retained to monitor compliance by the City with such covenants subsequent to the date of issuance of the 2026 Bonds. Failure to comply with certain of such requirements may cause the interest on the 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2026 Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt, accrual, or amount of interest with respect to the 2026 Bonds.

If the interest on the 2026 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the City to comply with any requirements described above, the City is not required to redeem the 2026 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the 2026 Bonds. Prospective purchasers and owners of the 2026 Bonds are advised that, if the Internal Revenue Service does audit the 2026 Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the City as the taxpayer, and the owners of the 2026 Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the 2026 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers and owners of the 2026 Bonds should be aware that ownership of the 2026 Bonds and the accrual or receipt of interest on the 2026 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with "excess net passive income," foreign corporations

subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2026 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers and owners of the 2026 Bonds should consult their own tax advisors as to collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2026 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the 2026 Bonds to be subject directly or indirectly to federal, state, or local income taxation, adversely affect the market price or marketability of the 2026 Bonds or otherwise prevent the owners of the 2026 Bonds from realizing the full current benefit of the status of the interest on the 2026 Bonds.

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

An owner of a 2026 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid on the 2026 Bond if such owner fails to provide to any person required to collect information in accordance with Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" described in Section 6049 of the Code properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Original Issue Premium. As indicated on the inside cover page, the 2026 Bonds maturing on _____ (collectively, the "*Premium Bonds*") are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

Original Issue Discount. As indicated on the inside cover page, the 2026 Bonds maturing on June 1, 20__ (collectively, the "*OID Bonds*"), are being sold at initial offering prices which are less than the principal amount payable at maturity. Under the Code, the difference between (a) the initial offering

prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of each maturity of the OID Bonds is sold and (b) the principal amount payable at maturity of such OID Bonds, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such OID Bonds for federal income tax purposes.

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

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

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price different from the initial offering price during the initial offering of the 2026 Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of an OID Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

CONTINUING DISCLOSURE OBLIGATION

In accordance with the requirements of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("*Rule 15c2-12*"), the City has undertaken in Series Indenture, Number 3 for the benefit of the beneficial owners of the 2026 Bonds to provide to the MSRB:

(a) by not later than seven months after the end of each fiscal year, beginning with the Fiscal Year ending June 30, 2026, the audited financial statements of the City for each such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are

not then available, unaudited financial statements of the City for such Fiscal Year to be replaced subsequently by audited financial statements of the City to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2026, the financial and statistical data as of a date not earlier than the end of each such Fiscal Year for the type of information included in the Official Statement dated May __, 2026 in the tables under the headings “**THE STORM WATER FACILITIES—Storm Water Fees,**” and “**—Revenue and Number of ERUs**” and “**—Major Customers,**” in each case to the extent such items are not included in the audited financial statements referred to in paragraph (1) above.

(c) in a timely manner not in excess of 10 Business Days after the occurrence of the event, notice of any of the following events with respect to the 2026 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on any debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (5) substitution of any credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2026 Bonds or other material events affecting the tax status of the 2026 Bonds;
- (7) modification of the rights of the Beneficial Owners of the 2026 Bonds, if material;
- (8) call of any of the 2026 Bonds, if material, and tender offers;
- (9) defeasance of any of the 2026 Bonds;
- (10) release, substitution or sale of the property securing repayment of the 2026 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties;

(d) in a timely manner, notice of the failure by the City to provide the required annual financial information or operating data described in paragraphs (a) and (b) above on or before the date specified.

“*Financial obligation*” as used herein is defined in the Rule, as may be amended, as a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The City may meet the continuing disclosure filing requirements described above either (1) by providing the required information to the MSRB in an electronic format as prescribed by the MSRB, or (2) providing such information in a manner the U.S. Securities and Exchange Commission subsequently requires.

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

The City has acknowledged in Series Indenture, Number 3 that its undertaking pursuant to Rule 15c2-12 is intended to be for the benefit of the Owners and the beneficial owners of the 2026 Bonds and is enforceable by the Trustee or by any Owner or beneficial owner of the 2026 Bonds. The right to enforce the provisions of the City’s Rule 15c2-12 undertakings is limited to a right to obtain specific performance of the City’s obligations and a failure by the City to comply with its Rule 15c2-12 undertakings will not be an event of default under the General Indenture or Series Indenture, Number 3 and will not result in acceleration of the 2026 Bonds. All actions shall be instituted, had and maintained in the manner provided in Series Indenture, Number 3 for the benefit of all Owners and beneficial owners of the 2026 Bonds.

The City may modify from time to time, consistent with Rule 15c2-12, the information provided to the extent necessary or appropriate in the judgment of the City, but: (1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City; (2) the information to be provided, as modified, would have complied with the requirements of the Rule 15c2-12 as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule 15c2-12 as well as any changes in circumstances; and (3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or nationally recognized bond counsel or by the approving vote of the Owners of a majority in principal amount of the 2026 Bonds then Outstanding under the terms of the General Indenture at the time of the amendment. Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided. The City’s Rule 15c2-12 undertakings will terminate on payment, or provision having been made for payment in a manner consistent with the Rule 15c2-12, in full of the principal of and interest on the 2026 Bonds.

Except as set forth in the next succeeding paragraph, within the past five years, the City has not knowingly failed to comply in any material respects with the terms of any prior undertaking under Rule 15c2-12.

On January 9, 2026, the City filed a Material Event Notice related to a rating action by Fitch Ratings on December 22, 2025. While the City was aware that Fitch would be taking this action, Fitch failed to alert the City at the time of the rating action. Once the City learned of the rating action on January 9, they immediately filed the required Material Event Notice.

VERIFICATION OF MATHEMATICAL ACCURACY

On the date of delivery and payment, proceeds of the 2026 Bonds will be used to purchase securities as directed in writing by the City to be held in trust by the trustee for the Refunded Bonds to provide for payment of principal of and interest and premium on the Refunded Bonds through June 22, 2026, the call date for the Refunded Bonds. The arithmetical accuracy of certain computations included in the schedules provided by or on behalf of the City relating to (a) computation of anticipated receipts of principal and interest on the Federal Securities to pay the regularly scheduled principal and interest with respect to the Refunded Bonds until the call date and to prepay the Refunded Bonds on the call date, and (b) computation of yields on the 2026 Bonds and the Federal Securities will be verified by [Verification Agent Name], [City, State]. Such computations are based solely upon assumptions and information supplied by or on behalf of the City. [Verification Agent Name] has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

MISCELLANEOUS

Ratings

Moody's Investors Service ("*Moody's*") and S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("*S&P*") have assigned the 2026 Bonds the respective ratings set forth on the front cover page hereof. The ratings reflect only the view of such rating agencies. An explanation of the significance of such ratings may be obtained from such rating agencies. Certain information and materials not included in this Official Statement were furnished to such rating agencies. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2026 Bonds.

Financial Advisor

Waters and Company, LLC, Birmingham, Alabama, is acting as financial advisor to the City in connection with the issuance of the 2026 Bonds.

Bankruptcy

Under North Carolina law, a local governmental unit such as the City may not file for bankruptcy protection without (1) the consent of the LGC and (2) the satisfaction of the requirements of § 109(c) of the United States Bankruptcy Code. If the City were to initiate bankruptcy proceedings with the consent of the LGC and satisfy the requirements of 11 U.S.C. § 109(c), the bankruptcy proceedings could have material and adverse effects on Owners of the 2026 Bonds, including (a) delay in enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (c) imposition without their consent of a plan of reorganization reducing or delaying payment of the 2026 Bonds. The effect of the other provisions of the United States Bankruptcy Code on the rights and remedies of the Owners of the 2026 Bonds cannot be predicted and may be affected

significantly by judicial interpretation, general principles of equity (regardless of whether considered in a proceeding in equity or at law) and considerations of public policy.

Underwriting

Raymond James & Associates, Inc., Richmond, Virginia (the “*Underwriter*”), has agreed under the terms of a Bond Purchase Agreement (the “*Bond Purchase Agreement*”) to purchase all of the 2026 Bonds, if any of the 2026 Bonds are to be purchased, at a purchase price of \$_____ (equal to the par amount of the 2026 Bonds [plus][less] a [net] original issue [premium][discount] of \$_____ and less an Underwriter’s discount of \$_____). The Underwriter’s obligation to purchase the 2026 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement.

The Underwriter is committed to take and pay for all of the 2026 Bonds if any are taken. The Underwriter may offer and sell the 2026 Bonds to certain dealers (including dealers depositing the 2026 Bonds into investment trusts) and others at prices different from the initial public offering prices stated on the cover page hereof. The public offering prices may be changed from time to time by the Underwriter.

Relationships Among Parties

Parker Poe Adams & Bernstein LLP serves as Bond Counsel for the City and, from time to time it and Pope Flynn, LLC, counsel to the Underwriter, have represented the Underwriter as counsel in other financing transactions. Neither the City nor the Underwriter has conditioned the future employment of either of these firms in connection with any proposed financing issues for the City or for the Underwriter on the successful issuance of the 2026 Bonds.

Approval

The LGC and the City have each duly authorized the delivery of this Official Statement.

Members of the LGC staff have participated in the preparation of this Official Statement and other documents related to the issuance of the 2026 Bonds, but the LGC and its staff assume no responsibility for the accuracy or completeness of any representation or statement in this Official Statement, other than those in Appendix D.

APPENDIX A
DESCRIPTION OF THE CITY

APPENDIX B

CITY FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

APPENDIX C
SUMMARY OF INDENTURE

APPENDIX D

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

APPENDIX D

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

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

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

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

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

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

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

APPENDIX E

PROPOSED FORM OF BOND COUNSEL'S OPINION

APPENDIX F
BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), a New York corporation, will act as securities depository for the 2026 Bonds. The 2026 Bonds will be delivered as fully-registered certificates registered in the name of Cede & Co., DTC’s partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate for each maturity of each series of the 2026 Bonds will be registered in the name of Cede & Co., as nominee for DTC, each in the aggregate principal amount of such maturity and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2026 BONDS, AS DTC’S PARTNERSHIP NOMINEE, REFERENCES HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE 2026 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2026 BONDS.

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

Purchases of 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of 2026 Bonds (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchases. 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 Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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 physical certificates representing their ownership interests in the 2026 Bonds, except in the event that use of the book-entry system for the 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Bonds deposited by Direct Participants with the Trustee, as custodian for DTC, are registered in the name of DTC’s partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of 2026 Bonds with the Trustee, as custodian for DTC, and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual identities of the Beneficial Owners of the 2026 Bonds; DTC’s records reflect only the identities of the Direct Participants to whose accounts the 2026 Bonds are credited, which may or may not be the Beneficial

Owners. The Direct and Indirect Participants are responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct and Indirect Participants to Beneficial Owners of the 2026 Bonds 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 the 2026 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2026 Bonds, such as redemption, tenders, defaults and proposed amendments to the security documents.

Redemption notices shall be sent to DTC. If less than all of the 2026 Bonds are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such 2026 Bonds to be prepaid.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participants and not of DTC (nor its nominee), the City or the Trustee subject to any statutory or regulatory requirements as may be in effect front time to time. Payments of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursements of such payments to the Beneficial Owners shall be -the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its service as securities depository with respect to the 2026 Bonds at any time by giving reasonable notice to the City and Trustee. Under such circumstances, or in the event that a successor depository is not obtained, 2026 Bonds will be printed and delivered. The City may decide to discontinue participation in the system of book-entry transfer through DTC (or a successor securities depository). In that event, 2026 Bonds will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC, and the City take no responsibility for the accuracy thereof.

The City and the Trustee cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the 2026 Bonds (a) payments of principal and interest with respect to the 2026 Bonds, (b) confirmations of their ownership interests in the 2026 Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the 2026 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

NEITHER THE CITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR REDEMPTION PRICE OR INTEREST WITH RESPECT TO THE 2026 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE 2026 BONDS UNDER THE TERMS OF THE INDENTURE; AND (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2026 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER.