

PRELIMINARY OFFICIAL STATEMENT DATED JULY 2, 2025

NEW ISSUE-BOOK ENTRY ONLY

INSURED BAM “AA” BANK QUALIFIED

In the opinion of Bond Counsel, under existing statutes, regulations, published rulings and judicial decisions, interest on the Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the “Code”), and such interest will not be treated as a preference item in calculating the alternative minimum tax that may be imposed on individuals under the Code; however, such interest may affect the alternative minimum tax imposed on certain corporations. Further, in the opinion of Bond Counsel, under existing statutes, regulations, published rulings and judicial decisions, the interest on the Bonds are not subject to income taxation by the State of Oklahoma. Under present law, the Bonds are designated by the Issuer thereof as “qualified tax-exempt obligations with the meaning of Section 265(b)(3) of the Code

\$1,310,000*
Love County Rural Water District No. 2
(Love County, Oklahoma)
Utility System Revenue Bonds, Series 2025

Dated: July 23, 2025

Due: July 1
(as shown on inside cover)

The above captioned bonds (the “Bonds”) are being issued by Love County Rural Water District No. 2, Love County, Oklahoma (the “District”). Interest on the Bonds will accrue from the date of issuance and is payable on January 1, 2026, and semi-annually thereafter on each January 1, and July 1, of each year. The Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Bonds will be made so long as Cede & Co is the registered owner of the Bonds. Individual purchases of the Bonds will be made only in book-entry form, in the minimum denominations of \$5,000 and in any integral multiples thereof. As used herein, “Bondholder” means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes. Bondholders will not receive physical delivery of bond certificates. See “BOOK-ENTRY ONLY SYSTEM.”

Principal is payable at the principal corporate trust office of BancFirst, Oklahoma City, Oklahoma, the trustee and paying agent (the “Trustee”) under the terms of a Bond Indenture (the “Indenture”) dated as of _____ 1, 2025, between the District and the Trustee. All such interest payments shall be payable to the person in whose name such Bonds are registered on the bond registration books maintained by the Trustee. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursement of such payment to Bondholders is the responsibility of DTC Participants, as more fully described herein.

The Bonds are special limited obligations of the District payable from and secured by a lien upon the revenues derived from the District’s water distribution system (as defined herein, the “Facilities”). See “THE FACILITIES. The District has covenanted in the Indenture to fix and maintain rates for water services which shall provide revenues in an amount adequate to: (i) maintain the Facilities in good repair and condition; (ii) pay all operation and maintenance expenses related to the Facilities; (iii) pay all amounts required to be paid by the District under the terms of the Indenture; (iv) generate on an annual basis an amount equal to 125% of the average annual debt service on the Bonds after payment of the amounts required in (ii) and (iii); and (v) provide for any other amounts which may be required under the terms of the Indenture. The District has no taxing power.

The Bonds and the interest therein are special, limited obligations of the District, and do not constitute a debt, liability, or obligation of the District, the town of Thackerville, Love County, the State of Oklahoma, or any political subdivision thereof

The proceeds of the Bonds will be used to (i) fund a project fund; and (ii) pay all costs of issuance.

The Bonds are subject to optional and mandatory redemption prior to maturity as more fully described herein. See “The Bonds – Redemption Prior to Maturity.”

The scheduled payment of principal of and interest on the Series 2025 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025 Bonds by Build America Mutual Assurance Company (the “Insurer”). See “BOND INSURANCE” herein.



The Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Floyd & Driver, PLLC, Norman, Oklahoma, Bond Counsel, and certain other conditions. It is expected that the Bonds in definitive form will be available for delivery through DTC or its custodial agent on or about July 23, 2025.



*Preliminary, subject to change.

\$1,310,000*
Love County Rural Water District No. 2
(Love County, Oklahoma)
Utility System Revenue Bonds Series 2025

SERIAL BONDS*

<u>\$40,000</u>	% Series 2025 Bond due July 1, 2026 – Yield _____	% CUSIP:
<u>\$45,000</u>	% Series 2025 Bond due July 1, 2027 – Yield _____	% CUSIP:
<u>\$45,000</u>	% Series 2025 Bond due July 1, 2028 – Yield _____	% CUSIP:
<u>\$50,000</u>	% Series 2025 Bond due July 1, 2029 – Yield _____	% CUSIP:

TERM BONDS*

<u>\$210,000</u>	% Term Series 2025 Bond due July 1, 2033 – Yield _____	% CUSIP:
<u>\$250,000</u>	% Term Series 2025 Bond due July 1, 2037 – Yield _____	% CUSIP:
<u>\$300,000</u>	% Term Series 2025 Bond due July 1, 2041 – Yield _____	% CUSIP:
<u>\$370,000</u>	% Term Series 2025 Bond due July 1, 2045 – Yield _____	% CUSIP:

¹⁾ CUSIP numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of McGraw-Hill Companies, Inc., and are included solely for the convenience of the owners of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

The Bonds maturing on July 1, 2030 and thereafter shall be subject to optional redemption prior to maturity as described herein. See "The Bonds - Redemption Prior to Maturity".

*Preliminary, subject to change.

**Love County Rural Water District No. 2
(Love County, Oklahoma)**

BOARD OF DIRECTORS

Robby Peyrot	President
Jim Moore	Vice President
Lana Reed	Secretary
Tony Reed	Director
Bill McGill	Director
Chris Shurbet	Superintendent

BOND COUNSEL

Floyd & Driver, PLLC
Attorneys at Law
Norman, Oklahoma

UNDERWRITER

SAMCO Capital
1700 Pacific Avenue, Suite 4650
Dallas, Texas 75201

REGARDING USE OF THE OFFICIAL STATEMENT

The Bonds are offered only by means of this Official Statement. This Official Statement does not constitute an offering of any security other than the Bonds specifically offered hereby. It does not constitute an offer to sell or a solicitation of an offer to buy the Bonds in any state or jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale, and no dealer, broker, salesman or other person has been authorized to make such unlawful offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds and, if given or made, such other information or representations must not be relied upon.

The Bonds will not be registered under the Securities Act of 1933, as amended, pursuant to an exemption under Section 3(a) thereof, and the District does not intend to list the Bonds on any stock or other securities exchange. The U.S. Securities and Exchange Commission has not passed upon the accuracy or adequacy of this Official Statement or passed upon or endorsed the merits of this offering of the Bonds. With respect to the various States in which the Bonds may be offered, no attorney general, state official, state agency or bureau, or other state or local governmental entity has passed upon the accuracy or adequacy of this Official Statement or passed on or endorsed the merits of this offering of Bonds.

All references made herein to the Bonds are qualified in their entirety by reference to the Indenture. All references made herein to the Indenture are qualified in their entirety by reference to such complete documents, original counterparts of which are on file in the offices of the District, 19348 U.S. Highway 77, Thackerville, Oklahoma 73459, and the corporate trust offices of BancFirst, 100 N. Broadway, Suite 1400, Oklahoma City, OK 73102.

Build America Mutual Assurance Company (“BAM” or “Insurer”) makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

The information contained in this Official Statement, including the cover page and Appendices hereto, has been obtained from the District and other sources which are deemed to be reliable. No representation or warranty is made by the Underwriter, however, as to the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Underwriter. This Official Statement is submitted in connection with the sale of securities as referred to herein and may not be reproduced or used in whole or in part for any other purpose. The delivery of this Official Statement does not at anytime imply that information herein is correct as of any time subsequent to its date. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

For purposes of compliance with Rule 15c2-12(b)(1) of the U. S. Securities and Exchange Commission, this Official Statement has been deemed final by the District as of the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND CERTAIN DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR 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.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE U.S. SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD LOOKING STATEMENTS.

ALL INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND APPENDICES ATTACHED HERETO, IS SUBJECT, IN ALL RESPECTS, TO THE COMPLETE BODY OF INFORMATION CONTAINED IN THE ORIGINAL SOURCES THEREOF AND NO GUARANTY, WARRANTY, OR OTHER REPRESENTATION IS MADE CONCERNING THE ACCURACY OR COMPLETENESS OF THE INFORMATION HEREIN. IN PARTICULAR, NO OPINION OR REPRESENTATION IS RENDERED AS TO WHETHER ANY PROJECTION WILL APPROXIMATE ACTUAL RESULTS, AND ALL OPINIONS, ESTIMATES AND ASSUMPTIONS, WHETHER OR NOT EXPRESSLY IDENTIFIED AS SUCH, SHOULD NOT BE CONSIDERED STATEMENTS OF FACT.

NEITHER THE DISTRICT OR THE UNDERWRITER MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING DTC (DEFINED HEREIN) OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

For additional information or copies of this prospectus, contact Robby Peyrot, President, Love County Rural Water District No. 2, 19348 U.S. Highway 77, Thackerville, Oklahoma 73459, (580) 276-2675, or SAMCO Capital, 1700 Pacific Avenue, Suite 4650, Dallas, Texas (214) 765-1428.

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\$1,310,000*
Love County Rural Water District No.2
(Love County, Oklahoma)
Utility System Revenue Bonds Series 2025

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and Appendices hereto, is furnished in connection with the offering of \$1,310,000* Utility System Revenue Bonds, Series 2025 (the “Bonds”), of the Love County Rural Water District No. 2, Love County, Oklahoma (the “District”).

The District is an Oklahoma rural water district organized and existing pursuant to the laws of the State of Oklahoma (the “State”). The District owns and operates a water system which serves approximately 1,327 residential and commercial water customers in the Town of Thackerville, Oklahoma and the surrounding area in Love County in Oklahoma (the “Facilities”).

The District is authorized under Title 82, Oklahoma Stat. (2021), Section 1324.1, et seq., as amended (the “Act”), to issue and sell revenue bonds for the purposes of financing the Project.

The Bonds are secured by a pledge of the revenues of the District, including particularly revenues derived from the sale of water services (the “Gross Revenues”). See “SECURITY FOR THE BONDS” herein.

The proceeds of the Bonds will be used to (i) fund a project fund; and (ii) pay all costs of issuance. See “SOURCES AND USES OF FUNDS” herein.

The Bonds are being issued pursuant to the laws of the State, including the Act, as provided by a Resolution of the District adopted on April 2, 2025, (the “Authorizing Resolution”). The Bonds are issued under and are subject to the terms of that certain Bond Indenture dated as of _____ 1, 2025 by and between the District and BancFirst, Oklahoma City, Oklahoma, as trustee (the “Trustee”).

This Official Statement contains brief descriptions or summaries of, among other matters, the Bonds, Security for the Bonds, the District, the Facilities and the Indenture. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to such document, and references herein to the Bonds are qualified in their entirety by reference to the form thereon included in the Indenture. Copies of such documents may be obtained during the initial offering period from the Underwriter or the District.

*Preliminary, subject to change.

THE BONDS

Description

The Bonds are issued as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof.

The Bonds, when originally issued, will be dated July 1, 2025*, and will bear interest from such date, payable on January* 1 and July 1* of each year, commencing January 1, 2026*.

The principal of the Bonds is payable upon presentation and surrender at the principal office of the Trustee in Oklahoma City, Oklahoma. Payment of interest on the Bonds will be made to the registered owner thereof by check or draft mailed by the Trustee to such owner at the address as such name and address appears on the registration book of the District kept by the Trustee. All such payments will be made in lawful money of the United States of America.

The Bonds are transferable by the registered owner thereof in person, or by an attorney duly authorized in writing, at the principal corporate trust office of the Trustee, but only upon surrender and cancellation of such Bonds. No charge will be made to any Bond owner for the privilege of registration and transfer, but any Bond owner requesting such registration or transfer will be required to pay any tax or other governmental charge required to be paid with respect thereto. Upon any such transfer, a new registered Bond or Bonds of the same series, maturity, interest rate and in authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Trustee will not be required to issue, register, transfer or exchange Bonds during a period beginning at the close of business on the 15th calendar day immediately preceding either any Interest Payment Date or any date of selection of Bonds to be redeemed and ending at the close of business on the Interest Payment Date or any day on which any applicable notice of redemption is given.

Parity Indebtedness

In accordance with the terms of the Indenture, the District is entitled to issue and incur additional indebtedness secured on a parity with the Bonds, including, but not limited to, specifically any indebtedness incurred with: (i) the Oklahoma Water Resources Board (“OWRB”); (ii) the United States Department of Agriculture (“USDA”); (iii) or Rural Development, a/k/a Rural Utility Services (“RUS”) (i.e. execution of a note or notes to OWRB, USDA or RUS), provided that, among other things:

(a) The District is not in default in the satisfaction of any covenants of the Indenture; and

(b) The District shall have filed with the Trustee a certificate of the highest ranking District official having overall responsibility for operation of the Facilities stating that revenues, less only all costs of its operation and maintenance (the “Net Revenues”) in any twelve consecutive months out of the most recent eighteen months preceding the sale of the additional bonds or the

*Preliminary, subject to change.

incurrence of the additional indebtedness, as determined from the financial statements of the District, were not less than one hundred twenty-five percent (125%) of the maximum annual principal and interest requirements (less any principal or interest capitalized from bond proceeds) of the then outstanding bonds and the additional bonds or indebtedness to be issued or incurred; provided that the Net Revenues may be adjusted to reflect rates actually in effect at the time such additional bonds or indebtedness are issued or incurred as if said rates had been in effect during the period of calculation.

Notwithstanding the foregoing, the District may issue or incur indebtedness secured by a lien on Gross Revenues subordinate to that securing the Bonds.

Redemption Prior to Maturity

Optional Redemption. The Bonds and any bonds exchanged therefor, maturing July 1, 2031*, or thereafter, shall be subject to redemption prior to maturity at the option of the District, on at least thirty (30) days notice (to be provided in the manner hereafter stated), in whole or in part, in inverse order of maturity and by lot within a maturity on any date, on and after July 1, 2030*, without premium.

Extraordinary Redemption. The Bonds are subject to redemption at the option of the District, in whole or in part, on any interest payment date, if such redemption is made from (a) insurance proceeds; (b) expropriation awards; (c) the proceeds of the sale of all or part of the Facilities; or (d) payments received from the District pursuant to an Event of Default as defined in the Indenture. In the event that such redemption is made, such redemption shall be made at the principal amount so redeemed and the interest accrued thereon to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on July 1, 2033*, July 1, 2037*, July 1, 2041*, and July 1, 2045, are subject to mandatory redemption in each of the years and in the amounts set forth below, at a redemption price of 100% of the principal amount of such Bonds called for redemption, plus interest accrued to the date fixed from redemption, but without premium:

<u>Term Bond Due July 1, 2033*</u>	
<u>Redemption Dates</u>	<u>Principal</u>
July 1, 2030	\$50,000.00
July 1, 2031	\$50,000.00
July 1, 2032	\$55,000.00
July 1, 2033*	\$55,000.00
<i>*Final Maturity</i>	

<u>Term Bond Due July 1, 2037*</u>	
<u>Redemption Dates</u>	<u>Principal</u>
July 1, 2034	\$60,000.00
July 1, 2035	\$60,000.00
July 1, 2036	\$65,000.00
July 1, 2037*	\$65,000.00
<i>*Final Maturity</i>	

*Preliminary, subject to change.

<u>Term Bond Due July 1, 2041*</u>	
<u>Redemption Dates</u>	<u>Principal</u>
July 1, 2038	\$70,000.00
July 1, 2039	\$75,000.00
July 1, 2040	\$75,000.00
<u>July 1, 2041*</u>	<u>\$80,000.00</u>
<i>*Final Maturity</i>	

<u>Term Bond Due July 1, 2045*</u>	
<u>Redemption Dates</u>	<u>Principal</u>
July 1, 2030	\$85,000.00
July 1, 2031	\$90,000.00
July 1, 2032	\$95,000.00
<u>July 1, 2033*</u>	<u>\$100,000.00</u>
<i>*Final Maturity</i>	

Notice of Redemption. In the event that any of the Bonds or portions thereof (which shall be \$5,000 or multiple thereof) are called for redemption, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than thirty (30) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. All Bonds so called for redemption will cease to bear interest after the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time.

Selection of Bonds to be Redeemed. In the event of redemption of less than all Outstanding Bonds, any maturity or maturities and amounts within maturities of Bonds to be redeemed shall be selected by the Trustee at the direction of the District. If less than all of the Bonds of the same maturity are to be redeemed, the Trustee shall select the Bonds to be redeemed by lot in such manner as the Trustee may determine. In making such selection, the Trustee shall treat each Bond as representing that number of Bonds of the lowest authorized denomination as is obtained by dividing the principal amount of such Bonds by such denomination.

PURPOSE OF ISSUE

The Bonds are being issued pursuant to the Indenture and a Resolution of the District, adopted on April 2, 2025 (the “Authorizing Resolution”), to provide funds to (i) fund capital improvements including, but not limited to, construct a new 300,000 gallon water tower and related components ; and (ii) pay all costs of issuance related to the Bonds (the “Project”). See “THE PROJECT” herein.

SECURITY FOR THE BONDS

The Bonds are secured by a pledge of the revenues and other resources of the District, including particularly revenues derived from the sale of water services.

*Preliminary, subject to change.

Specifically, the District has pledged the following to secure repayment of the Bonds:

- (a) All right, title and interest of the District in and to the Gross Revenues (including insurance proceeds and proceeds derived from the sale of the Facilities). “Gross Revenues” is defined as (i) all rates, fees, rentals, other charges, income transfers in and monies properly allocable to the Facilities in accordance with generally accepted accounting principals resulting from the interest in and operation of the Facilities, except customer deposits and any other deposits subject to refund until such deposits have become the property of the District, (ii) the proceeds of any business interruption insurance relating to the Facilities, and (iii) interest on any monies or securities held in any fund or account established by the Indenture and pledged to the payment of the Bonds pursuant to the Indenture;
- (b) All right, title and interest of the District in and to any water purchase contracts pertaining to the sale of water;
- (c) All funds and accounts created under the Indenture and under any Supplemental Indenture except any fund created by Supplemental Indenture and specifically excluded from the lien and pledge of the Indenture and any fund created by any Supplemental Indenture to receive monies subject to rebate to the United States Government which shall be held in trust for payment to the United States Government; and

The District has no taxing power. The resources of the District are limited to the water production and treatment facilities, water storage facilities, and water distribution facilities, and the revenues derived from the sale of water services.

BOND INSURANCE

The information under this caption has been prepared by the Insurer for inclusion in this Official Statement. Neither the Issuer, the District, nor the Underwriters have reviewed this information and neither the District nor the Underwriters make any guarantee the accuracy or completeness thereof. The following information is not complete and reference is made to Appendix F for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of Series 2025 Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for Series 2025 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2025 Bonds when due as set forth in the form of the Policy included as Appendix F hereto.

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

Build America Mutual Assurance Company

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

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2025 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2025 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2025 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2025 Bonds, nor does it guarantee that the rating on the Series 2025 Bonds will not be revised or withdrawn.

Capitalization of BAM.

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.1 million, \$246.4 million and \$235.7 million, respectively.

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

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated

herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available From BAM.

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

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

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2025 Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2025 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2025 Bonds, whether at the initial offering or otherwise.

EXISTING INDEBTEDNESS

The District previously issued revenue bonds dated June 1, 2001, in the original principal amount of \$130,000.00 (the “Existing Indebtedness”). The Existing Indebtedness was fully retired on July 1, 2023 and the District has no other outstanding obligations.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (also referred herein as the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Security certificate will be issued for the Securities in the aggregate principal amount of such issue and will be deposited with DTC at the office of the Trustee on behalf of DTC utilizing the DTC FAST System of registration.

DTC 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 securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with Securities and Exchange Commission.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each Bondholder is in turn to be recorded on the Direct and Indirect Participants’ records. Bondholders will not receive written confirmation from DTC of their purchase, but Bondholders are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Bondholders entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Bondholders. Bondholders will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities are discontinued.

To facilitate subsequent transfers, all Securities deposited by Participants with DTC (or the Trustee on behalf of DTC utilizing the DTC FAST System of registration) are registered in the

name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. affects no change in beneficial ownership. DTC has no knowledge of the actual Bondholders of the Securities; DTC's records reflect only the identity of the Direct Participants to whose account such Securities are credited, which may or may not be the Bondholders. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Bondholders will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Securities within the issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 account the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Securities will be made by the Bank to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Bondholders will be governed by standing instructions and customary practices, as in 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 Participants and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District or Agent, disbursement of such payments to Direct Participant shall be the responsibility of DTC, and disbursement of such payments to the Bondholders shall be the responsibility of Direct and Indirect Participants.

A Bondholder shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Agent's DTC account.

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

The Issuer may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered. In reading this Official Statement it should be understood that while the Securities are in the Book-Entry- Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Securities, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

HISTORICAL DEBT SERVICE COVERAGE INCOME & EXPENSES

Y/E June 30	Audited 2021	Audited 2022	Audited 2023	Unaudited 2024
Income				
Operating Income	950,047.00	691,220.00	1,262,664.00	797,413.70
		-	-	-
Project Reimbursement	(327,437.00)		(467,758.00)	
Interest Income	238.00	186.00	372.00	125.04
Rental	(\$18,664.08)	3,000.00	-	-
Total Income	604,183.92	694,406.00	795,278.00	797,538.74
Expenses	853,857.00	646,864.00	1,119,489.00	639,450.52
One-Time Expense (#509)	(343,516.00)	(44,822.00)	(469,408.00)	(24,757.20)
Depreciation	(68,150.00)	(67,741.00)	(65,147.00)	-
Total Expenses	442,191.00	534,301.00	584,934.00	614,693.32
 Net Available for Bond Payments	 161,992.92	 160,105.00	 210,344.00	 182,845.42
 Debt Service Coverage	 41,750.00 3.88	 39,650.00 4.04	 37,550.00 5.60	 25,750.00 7.10

(1) Less Depreciation, Interest Expense, and Capitalized Expenditures

Source: Love County Rural Water District No. 2, Love County, Oklahoma.

The June 30, 2022, and June 30, 2023, audited financial statements of the District are enclosed herein as "Appendix A". The June 30, 2022, and June 30, 2023, audited financial statements of the District are provided by Jackson, Fox and Richardson PC, Ardmore, Oklahoma. Appendix A should be read in its entirety.

ESTIMATED SOURCES AND USES OF FUNDS

Revenue Bond Issue	\$	Project Fund	
		\$	
Accrued Interest		Costs of Issuance ⁽¹⁾	
		Underwriter Discount	
		Debt Service Fund	
Total Sources	<u>\$</u>	Total Uses	<u>\$</u>

(1) Costs of issuance include legal fees, printing, rating fee, trustee and other costs involving the issuance of the Bonds.

RISK FACTORS AND CERTAIN CONSIDERATIONS FOR BONDHOLDERS

The following is a summary, which does not purport to be comprehensive or definitive, of certain risk factors and considerations relating to the purchase of the Bonds. A full review, however, should be made of the entire Official Statement in connection with any decision to purchase Bonds.

General Risks

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

Limited Security

The Bonds are special, limited obligations of the District payable solely from pledged revenues and moneys of the District, as described in "SECURITY OF THE BONDS." There is no guarantee that the District can maintain users/members in sufficient quantity to generate the revenues required for debt service on the Bonds.

Factors Affecting Ability to Pay Debt – Not General Obligations of the District

The ability of the District to pay debt service on the Bonds as due is subject to various factors that are beyond the control of the District, including the general economic conditions of the service area of the Facilities. The Bonds are not general obligations of the District; therefore, the ability of the District to pay debt service on the Bonds is entirely dependent upon the collection of sufficient revenues solely from the Facilities to allow the District to meet the debt service requirements. The District is under no obligation to use revenues or funds from any other source to pay the debt service on the Bonds. THE DISTRICT HAS NO TAXING POWER.

Furthermore, although this District has covenanted in the Indenture to maintain its rates at a level sufficient to service the debt on the Bonds, there can be no assurance that the District will be able to both raise rates and maintain customers. The inability of the District to do so could materially adversely affect the District's ability to service the debt.

Customer Base

The Bonds are payable solely from revenues of the District from the sale of residential and commercial water services to its customers. The ability of the District to pay debt service is therefore dependent on preserving and maintaining the Facilities' customer base.

Secondary Market Not Established

Prices of municipal bonds traded by the Underwriter in the secondary market, if any are subject to adjustment upward and downward in response to changes in the credit markets and changes in the performance of the issuers of such bonds. From time to time, it may be necessary for the Underwriter to suspend indefinitely secondary market trading in selected issues of municipal bonds as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the Issuer, whether or not the subject bonds are in default as to principal and interest payments, and other factors which, in the opinion of the Underwriter, may give rise to uncertainty concerning prudent secondary market practices. Municipal bonds are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Enforcement of Indenture Restricted

Enforcement of the remedies under the Indenture may be limited or restricted by laws relating to bankruptcy and rights of creditors and by application of general principles of equity applicable to the availability of specific performance, and may be substantially delayed in the event of litigation or statutory remedy procedures.

Risks Associated With Bond Insurance

In the event that the District defaults in the payment of principal of or interest on the Series 2025 Bonds when due, the Owners of the Series 2025 Bonds will have a claim under the Policy for such payments. See the caption “BOND INSURANCE.” In the event that the Insurer becomes obligated to make payments on the Series 2025 Bonds, no assurance can be given that such event will not adversely affect the market for the Series 2025 Bonds. In the event that the Insurer is unable to make payments of principal of or interest on the Series 2025 Bonds when due under the Policy, the Series 2025 Bonds will be payable solely from Pledged Revenues and amounts that are held in certain funds and accounts established under the Resolution, as described under the caption “SECURITY FOR THE BONDS.”

The long-term credit rating on the Series 2025 Bonds assigned by S&P is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Series 2025 Bonds. See the caption “MISCELLANEOUS—Ratings.”

Neither the District or the Underwriters have made an independent investigation of the claims paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the District or the Underwriters. Therefore, when making an investment decision with respect to the Series 2025 Bonds, potential investors should carefully consider the ability of the District to pay principal and interest on the Series 2025 Bonds, assuming that the Policy is not available to pay principal and interest on the Series 2025 Bonds, and the claims-paying ability of the Insurer through final maturity of the Series 2025 Bonds.

THE PROJECT

The Project consists of providing capital improvements including, but not limited to, construction of a new 300,000 gallon water tower and related components to its existing water system, and paying cost of issuance of the Bonds.

THE DISTRICT

Love County Rural Water District No. 2, Love County, Oklahoma (the “District”) is a duly organized existing water district and body politic and corporate, and an agency, and legally constituted authority of the State of Oklahoma pursuant to Title 82, Oklahoma Statutes 2021, Section 1324.1 through 1324.50, as amended. The District was created on March 27, 1968 pursuant to an Order of the Board of County Commissioners of Love County, Oklahoma. The District currently serves 1,327 residential and commercial accounts in the town of Thackerville, Oklahoma and the surrounding area in Love County, Oklahoma. The District is managed by its Board of Directors, which consists of the following individuals:

<u>Name</u>	<u>Position</u>
Robby Peyrot	President
Jim Moore	Vice President
Lana Reed	Secretary
Tony Reed	Director
Bill McGill	Director
Chris Shurbet	Superintendent

THE FACILITIES

The District operates a distribution system which serves approximately 1,327 residential and commercial customers in the Town of Thackerville, Oklahoma and the surrounding area in Love County, Oklahoma. The main water supply sources for the District are 5 wells located throughout the District.. The District's wells produce an average of 230,340 gallons of water daily. The District's water rights allow them to pump up to 157,581,543 gallons a year, or 431,730 gallons a day. The following table presents the historical water use:

<u>Fiscal Year</u>	<u>Gallons Sold</u>
2024	67,774,922
2023	71,670,809
2022	65,101,500
2021	62,263,200
2020	59,351,700

Top 10 Users in 2024:

<u>Customer Name</u>	<u>Gallons Sold</u>
Oklahoma Tourism & Recreation Department	2,061,600
Texas Red River RV Park	1,841,600
OMP LLC	1,713,000
Allsup's	890,900
Red River Equine	831,200
Tim Holland	825,400
Lee Deacon	677,800
Nikki Vanderak	667,100
Thackerville High School	266,900
Thackerville School Cafeteria	133,840

Source: Love County Rural Water District No. 2, Love County, Oklahoma

Water Rates. The District’s current water rate structure is set forth below:

RATES: No rate increase will be necessary. The current rates are an availability charge of 20.14 and a cost per 1,000 as follows:

Base	\$	20.14
Minimum	Max	Per 1,000
0	1,000	5.30
1,000	2,000	5.35
2,000	3,000	5.40
3,000	4,000	5.45
4,000	5,000	5.51
5,000	6,000	5.67
6,000	15,000	7.42
20,000	Thereafter	7.63

Source: Love County Rural Water District No. 2, Love County, Oklahoma

Financial Statements. Set forth in Appendix A to this Official Statement is the audited financial statements of the District for the fiscal years ended June 30, 2022, and June 30, 2023. The notes set forth in Appendix A are an integral part of the financial statements, and the audited statements and notes should be read in their entirety.

LOVE COUNTY, OKLAHOMA

General. Love County is located in Southern Oklahoma and is located along the border of the state of Texas. Love County includes, but is not limited to, the following cities and towns: Marietta, Leon, and Thackerville. The County Seat is Marietta. Love County has a total area of 532 square miles of which 514 square miles is land and 18.0 square miles is water. Love County is home to Winstar World Casino, operated by the Chickasaw Nation, and the county’s largest private employer.

Population. Population in 2020 according to the US Census Bureau was 10,146.

CONTINUING DISCLOSURE

The District will execute and deliver its Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) for the benefit of the Bondholders and to permit the Underwriter in the preliminary offering of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”). The District is required to observe the Continuing Disclosure Agreement for so long as it remains obligated to pay the Bonds. Pursuant to the Continuing Disclosure

Agreement, the District will be obligated to provide certain updated financial information and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. See Appendix D - Continuing Disclosure Agreement.

Annual Reports

The District will provide certain updated financial information and operating data annually. The information to be updated includes all quantitative financial information and operating data of the general type included in this Official Statement (Historical Debt Service Coverage) and Appendix A (Audited Financial Statements of the District). The District will update and provide this information within six months after the end of each fiscal year, which is currently June 30th . The District will provide updated information to the Trustee who will provide it to the MSRB.

The District may provide updated information in full text or may incorporate by reference other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements if the District commissions an audit and the audit is completed by the required time. If audited financial statements are not available by the required time, the District will provide such financial statements on an unaudited basis within the required time and audited financial statements when they become available. Any such financial statements will be prepared in accordance with generally accepted (“GAAP”) accounting principles or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

The District’s current fiscal year-end is June 30th. Accordingly, the District must provide updated information within 270 days the following year for each year. If the District changes its fiscal year, it will notify the MSRB.

Material Event Notices

The District shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701- TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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 Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, 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 District, any of which reflect financial difficulties. Neither the Bonds nor the Indenture make any provision for debt service reserves, credit enhancement, or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under “Annual Reports.”

For the purposes of (a) the event identified in (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. “Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) 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 District shall also provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the District to provide required annual financial information and notices of material events. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that has been provided except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement. Nothing in this paragraph is intended or shall act to disclaim, waive, or limit the District’s duties under federal or state securities laws.

The Continuing Disclosure Agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law,

or a change in the identity, nature, status, or type of operations of the District, but only if (1) the agreement, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Indenture) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Bondholders. The District may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District amends its agreements, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Undertakings

The Rule requires that an issuer or other obligated person disclose in an official statement any instances in the previous five years in which such issuer or other obligated person failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule. During the previous five years, the District has not been subject to continuing disclosure undertakings.

The District has covenanted to provide the final Official Statement to the purchaser within seven business days after final agreement to purchase, offer, or sell the Bonds in an offering and in sufficient time to accompany any confirmation that request payment from any customer.

UNDERWRITING

The Bonds are to be purchased by SAMCO Capital (the “Underwriter”), pursuant to a Contract of Purchase with the District (the “Contract of Purchase”). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (which represents \$_____ principal amount of Bonds **[plus/less [net] original issuer premium]discount of \$_____**), less Underwriter’s Discount of \$_____) and plus accrued interest on the Bonds to the date of delivery thereof. The Contract of Purchase provides that the Underwriter will not be obligated to purchase any Bonds if all Bonds are not available for purchase and requires the District to indemnify the Underwriter against losses, claims, damages and liabilities arising out of any incorrect or incomplete statements or information contained in this Official Statement pertaining to the Project and other matters. The initial public offering price set forth on the cover page hereof may be changed by the Underwriter.

In connection with the offering of the Bonds, the Underwriter may over allot or effect

transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

SAMCO Capital Markets Inc., an Underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, SAMCO Capital Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, SAMCO Capital Markets Inc. will compensate Fidelity for its selling efforts.

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 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, and this Official Statement is not to be construed as the promise or guarantee of the Underwriter.

TAX EXEMPTION

In the opinion of Bond Counsel, assuming continued compliance by the District with the terms of the Federal Tax and Arbitrage and Use of Proceeds Certificate of the District, under existing statutes, regulations, rulings and judicial decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

In expressing such opinions, Bond Counsel will rely on and assume continuing compliance with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which must be met subsequent to the issuance of the Bonds for the interest thereon to be and remain exempt from federal income taxation. Non-compliance with such requirements could cause the interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issue of the Bonds regardless of the date on which noncompliance is ascertained. These requirements include, but are not limited to, limitations on the use of Bond proceeds, restrictions on the yield which may be earned on the investment of Bond proceeds and other amounts, and the obligation to rebate certain investment earnings to the United States Treasury. In the Indenture, the District has covenanted to comply with the provisions of the Code relating to the exemption from federal income taxation of the interest on the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Certain foreign corporations doing business in the United States may be subject to a "branch profits tax" on their effectively connected earnings and

profits including tax- exempt interest such as interest on the Bonds. Furthermore, in the case of a Subchapter S Corporation, interest on the Bonds is treated as passive investment income which is subject to the tax imposed by Section 1375 of the Code. These categories of Bondholders should consult their own tax advisors as to the applicability of these consequences.

Bank-Qualified Obligations

The Bonds are “qualified tax-exempt” obligations for purposes of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(3) of the Code), a deduction is allowed for 80% of that portion of such financial institution’s interest expense allocable to interest on the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers falling within any of these categories should consult their own tax advisers as to the applicability of these consequences.

State Tax Considerations

Interest on the Bonds is exempt from State of Oklahoma income taxation under present laws. Depending upon the state of residence of the Bondholders, interest income on the Bonds may be subject to state income tax liability in their respective state of residence. Each Bondholder is encouraged to consult with a tax advisor in order to determine the applicability of state income taxation to this investment.

Federal Income Taxation – Accounting Treatment of Original Issue Discount

The Bonds offered at a price less than the principal amount thereof resulting in a yield greater than the interest rate for each such maturity as shown on the inside front cover hereof are herein referred to as the “OID Bonds.” The difference between such initial offering price and the principal payable at maturity or upon prior redemption constitutes original issue discount treated as interest which is not includible in gross income for federal income tax purposes subject to the caveats and provisions described above.

In the case of an owner of an OID Bond, the amount of original issue discount which is treated as having accrued with respect to such OID Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such OID Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual OID Bond, on days which are determined by

reference to the maturity date of such OID Bond. The amount treated as original issue discount on such 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, (b) less the amount of any interest payable on such OID Bond during the 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 would have been treated as original issue discount for such purposes during all prior periods. If such 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 OID Bonds who purchased such OID Bonds after the initial offering. Owners of OID Bonds including purchasers of OID Bonds in the secondary market should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such OID Bonds as of any date and with respect to the state and local tax consequences of owning such OID Bonds.

Federal Income Taxation – Accounting Treatment of Original Issue Premium

The Bonds offered at a price in excess of the principal amount thereof resulting in a yield less than the interest rate for each such maturity as shown on the inside front cover hereof are herein referred to as the “Premium Bonds.” An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of interest accruing in any semiannual period and the purchaser’s basis in such Premium Bond are reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Owners of Premium Bonds (including purchasers of Premium Bonds in the secondary market) should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of such Premium Bonds and with respect to the state and local consequences of owning and disposing of such Premium Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Floyd & Driver, PLLC., Norman, Oklahoma, Bond Counsel, who will render an opinion in substantially the form attached hereto as Appendix “C”.

LITIGATION

There is not now pending or, to the knowledge of the District, threatened, any litigation seeking to restrain or enjoin the execution and delivery of the Indenture or the Continuing Disclosure Agreement, or contest, dispute, or affect the ability of the District to secure the Bonds as described in the Indenture or in any way limit the approval or the issuance and deliver of this Official Statement or the Bonds or the proceedings or authority under which they are to be issued. There is no litigation pending, or to the knowledge of the District, threatened which in any manner challenges or threatens the powers of the District to enter into or carry out the transaction contemplated by the Indenture.

MISCELLANEOUS

Information concerning the District, the Financial Statements and the Bonds contained in this Official Statement has been furnished by the District.

The foregoing summaries or descriptions of provisions in the Indenture and all references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such provisions. For further information, reference should be made to the complete documents, copies of which are on file at the corporate trust offices of the Trustee for examination and will be furnished by the District upon request.

All projections and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Bonds.

DEEMED FINAL

THE DISTRICT HAS CERTIFIED THAT THIS OFFICIAL STATEMENT WAS DEEMED FINAL AS OF ITS DATE FOR PURPOSES OF RULE 15c2-12(b), EXCEPT FOR THE INFORMATION NOT REQUIRED TO BE INCLUDED THEREIN UNDER RULE 15c2-12(b).

Concurrently with the delivery of the Bonds, the District will furnish a certificate to the effect that the final Official Statement, as of the date of the final Official Statement and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make to the statements herein, in light of the circumstances under which they were made, not misleading.

APPROVAL OF OFFICIAL STATEMENT

This Official Statement has been approved by the District for distribution to prospective purchasers of the Bonds of Love County Rural Water District No. 2, Love County, Oklahoma.

**Love County Rural Water District No. 2,
Love County, Oklahoma**

By: _____
President

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APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

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**LOVE COUNTY RURAL WATER
DISTRICT #2**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2023 and 2022



**Jackson, Fox and Richardson PC
A Professional Corporation
Certified Public Accountants
Ardmore, Oklahoma**

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JACKSON, FOX and RICHARDSON

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Love County Rural Water District #2
Thackerville, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Love County Rural Water District #2 (the District) as of and for the years ended June 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Love County Rural Water District #2, as of June 30, 2023, and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Jackson, Fox & Richardson PC

Ardmore, Oklahoma
December 6, 2024

Love County Rural Water District #2
Statements of Net Position
June 30, 2023 and 2022
ASSETS

	2023	2022
CURRENT ASSETS		
Cash on hand and in banks	\$ 1,231,847	\$ 1,025,687
Certificates of deposit	107,597	107,268
Accounts receivable	58,212	52,192
Inventory	33,676	46,902
Total current assets	1,431,333	1,232,049
NONCURRENT ASSETS - AT COST - NOTE 3		
Water systems	1,841,116	1,841,116
Office equipment	22,777	22,777
Shop building	335,849	335,849
Land	31,450	31,450
Machinery & equipment	314,972	314,972
	2,546,165	2,546,165
Less accumulated depreciation	1,382,012	1,316,865
	1,164,153	1,229,300
Total assets	\$ 2,595,486	\$ 2,461,348

DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -
---------------------------------------	------	------

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	5,577	15,026
Accrued liabilities	6,099	5,958
Water deposits	5,521	5,621
Total liabilities	17,197	26,605

DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -
--------------------------------------	------	------

NET POSITION		
Net investment in capital assets	1,164,153	1,229,300
Unrestricted	1,414,135	1,205,443
Restricted	-	-
Total net position	2,578,288	2,434,743
	\$ 2,595,486	\$ 2,461,348

The accompanying notes are an integral part of this financial statement.

Love County Rural Water District #2
Statements of Revenues, Expenses and
Changes in Net Position
For the year ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Water sales and related revenues	\$ 789,773	\$ 686,477
Project Reimbursement	467,758	-
Penalties / late charges	5,133	4,743
	<hr/>	<hr/>
Total operating revenues	1,262,664	691,220
EXPENSES - OPERATING		
Salaries and benefits	318,927	291,223
Depreciation	65,147	67,741
Bad debt expense	(275)	2,646
Utilities and telephone	57,606	52,668
Insurance	22,695	18,335
Repairs and maintenance	2,012	42,397
Office and printing	14,288	10,954
Professional fees	50,083	20,191
Supplies	32,693	27,042
Advertising	128	125
Gas, oil and mileage	9,115	9,512
Machine hire and contract labor	469,408	44,822
Water testing	13,387	19,938
Cost of meters and supplies	33,830	21,232
Bank fees	12,999	9,148
Uniforms	-	-
Miscellaneous other expenses	17,446	8,891
	<hr/>	<hr/>
Total operating expenses	1,119,489	646,864
Operating income	143,175	44,356
NON-OPERATING REVENUES (EXPENSES)		
Rental income	-	3,000
Gain on sale of building	-	142,469
Interest income	372	186
	<hr/>	<hr/>
Total nonoperating revenues	372	145,655
CHANGE IN NET POSITION	143,546	190,011
BEGINNING NET POSITION	<hr/>	<hr/>
	2,434,743	2,244,732
ENDING NET POSITION	<hr/>	<hr/>
	\$ 2,578,288	\$ 2,434,743

The accompanying notes are an integral part of this financial statement.

Love County Rural Water District #2
Statements of Cash Flows
For the year ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:		
Cash received from customers	\$ 788,885	\$ 678,960
Cash received from grant reimbursements	467,758	-
Cash payments to supplies for goods and services	(731,739)	(276,518)
Cash payments to employees and contractors	(318,786)	(290,891)
Net cash provided (used) by operating activities	<u>206,118</u>	<u>111,551</u>
Cash flows from non-capital financing activities		
Rents received	-	3,000
Investment in certificates of deposit	(329)	(65)
Net cash provided (used) by noncapital financing activities	<u>(329)</u>	<u>2,935</u>
Cash flows from capital and related financing activities:		
Cash received from sale of equipment	-	162,839
Cash used to purchase assets	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>162,839</u>
Cash flows from investing activities:		
Interest income on unrestricted accounts	372	186
Net cash provided (used) by investing activities	<u>372</u>	<u>186</u>
 Net Increase (Decrease) in Cash	 206,161	 277,511
 Beginning Cash and certificate equivalents	 1,025,687	 748,176
 Ending Cash and certificate equivalents	 <u>\$ 1,231,848</u>	 <u>\$ 1,025,687</u>
 Reconciliation of operating income to cash flows from operating activities		
Operating income (loss)	\$ 143,175	\$ 44,356
Adjustment to reconcile net revenues to net cash provided by operating activities		
Depreciation and amortization	65,147	67,741
(Increase) Decrease accounts receivable	(6,022)	(12,260)
(Increase) Decrease other current assets	-	-
(Increase) Decrease in inventory	13,226	7,385
Increase (Decrease) accounts payable	(9,549)	3,998
Increase (Decrease) accrued liabilities	141	331
Total adjustments	<u>62,943</u>	<u>67,195</u>
 Net cash provided (used) by operating activities	 <u>\$ 206,118</u>	 <u>\$ 111,551</u>

The accompanying notes are an integral part of this financial statement.

Love County Rural Water District #2
Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of operations

Love County Rural Water District No. 2 (the "District") is a body corporate and politic, without taxing power, established in the State of Oklahoma pursuant to Title 82, Oklahoma Statutes 1991, and an Order of the Board of County Commissioners of Love County, Oklahoma dated as of July 26, 1993. All assets and liabilities of Thackerville Water and Sewerage Company were transferred to the District. Its purpose is the construction, maintenance and operation of water works within its district.

The basic financial statements of the Love County Rural Water District #2 have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District is governed by a Board of Directors consisting of five members elected by the members of the District. The Board elects a Chairman.

Basis of Presentation

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net assets for the enterprise fund represent the amount available for future operations.

Basis of accounting

The District's policy is to prepare its financial statements using the economic resources measurement focus and the accrual method. Under this method, revenues are recognized when earned, rather than when collected, and expenditures are recognized when the liability is incurred, rather than when paid.

The District's net assets are reported in three components:

1. Investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of notes that are attributable to the acquisition of those assets.
2. Restricted - consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. Unrestricted – All other assets that do not meet the definition of restricted or investment in capital assets.

Accounts receivable

The District uses the allowance method to account for uncollectible accounts receivable. Accounts receivable is presented net of an allowance for doubtful accounts of \$1,000.

Love County Rural Water District #2
Notes to the Financial Statements
June 30, 2023 and 2022

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including restricted assets.

Income Taxes

No provision is made for income taxes. The District is a public trust and therefore not subject to income taxes under the Internal Revenue Code.

Fair Value of Financial Instruments Approximates Carrying Amount

The District's financial instruments are cash and cash equivalents, accounts receivable and accounts payable. The recorded values of cash and cash equivalents, accounts receivable, and payable approximate their fair values based on their short-term nature.

Operating and Nonoperating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the cost of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Fixed Assets and Depreciation

Fixed assets are stated at original cost. The costs of additions and replacements are capitalized. Replacements of minor items of property are charged to expenses as incurred. Costs of property retired are eliminated from accounts, likewise such costs plus removal expense less salvage are charged to accumulated depreciation.

Inventory

Inventory consisting of meters, pumps, valves, and other merchandise, held for replacement purposes, is stated at cost.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Restricted and Unrestricted resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Tenant Security Deposits

Tenant security deposits are held in a segregated demand account in the name of the District.

Advertising

It is the District's policy to expense all advertising costs as incurred.

Subsequent Events

Management has evaluated all events subsequent to the balance sheet date of June 30, 2023 through the date of issuance of these financial statements, December 6, 2024, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

Love County Rural Water District #2
Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 2 – CASH AND INVESTMENTS

The District's bank deposits are categorized below per GASB Statement 3 to give an indication of the level of risk assumed at year-end. Deposits of the District are carried at cost. The carrying amount of deposits is stated in the balance sheet as "cash and cash equivalents." The District invests only in cash accounts and certificates of deposit.

June 30, 2023					
Deposits	Risk Category			Bank Balance	Financial Statement Carrying Amount
	1	2	3		
Demand Deposits	\$ 250,000	\$ 981,847	\$ -	\$ 1,231,847	\$ 1,231,847
Certificates of Deposit	-	107,597	-	107,597	107,597
Totals	\$ 250,000	\$ 1,089,444	\$ -	\$ 1,339,444	\$ 1,339,444

June 30, 2022					
Deposits	Risk Category			Bank Balance	Financial Statement Carrying Amount
	1	2	3		
Demand Deposits	\$ 250,000	\$ 775,687	\$ -	\$ 1,025,687	\$ 1,025,687
Certificates of Deposit	-	107,268	-	107,268	107,268
Totals	\$ 250,000	\$ 882,955	\$ -	\$ 1,132,955	\$ 1,132,955

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

1. Insured by Federal Deposit Insurance,
2. Collateralized by securities held by pledging financial institution, or
3. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the district's name.

None of the District's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year end.

Love County Rural Water District #2
Notes to the Financial Statements
June 30, 2023 and 2022

NOTE 3 – PROPERTY AND EQUIPMENT

Fixed assets are depreciated on a straight-line basis over their estimated useful life. At the end of the year, fixed assets consisted of the following:

June 30, 2023

	Beginning Asset	Additions	Deletions	Ending Balance
Water systems	\$1,841,116	\$ -	\$ -	\$ 1,841,116
Office equipment	22,777	-	-	22,777
Shop building	335,849	-	-	335,849
Machinery and equipment	314,972	-	-	314,972
Land	31,451	-	-	31,451
	<u>\$2,546,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,546,165</u>
Accumulated Depreciation	(1,316,865)	(65,147)	-	\$(1,382,012)
	<u>\$1,229,300</u>	<u>\$ (65,147)</u>	<u>\$ -</u>	<u>\$ 1,164,153</u>

June 30, 2022

	Beginning Asset	Additions	Deletions	Ending Balance
Water systems	\$1,841,116	\$ -	\$ -	\$ 1,841,116
Office equipment	22,777	-	-	22,777
Shop building	335,849	-	-	335,849
Machinery and equipment	394,781	-	(79,809)	314,972
Land	31,451	-	-	31,451
	<u>\$2,625,974</u>	<u>\$ -</u>	<u>\$ (79,809)</u>	<u>\$ 2,546,165</u>
Accumulated Depreciation	(1,308,564)	(67,741)	59,440	(1,316,865)
	<u>\$1,317,410</u>	<u>\$ (67,741)</u>	<u>\$ (20,369)</u>	<u>\$ 1,229,300</u>

Depreciation expense for the years ended June 30, 2023 and 2022 were \$65,147 and \$67,741, respectively.

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Health Care Coverage

During the years ended June 30, 2023 and 2022 employees of the District were covered by health insurance under a plan sponsored by the State of Oklahoma.

Workers' Compensation Coverage

Workers' compensation insurance is purchased through the Oklahoma Rural Water Association.

JACKSON, FOX and RICHARDSON

A Professional Corporation

Certified Public Accountants

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

Board of Trustees
Love County Rural Water District #2
Thackerville, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Love County Rural Water District #2, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Love County Rural Water District #2's basic financial statements, and have issued our report thereon dated December 6, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Jackson, Fox & Richardson PC

Ardmore, Oklahoma
December 6, 2024

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APPENDIX B
DEBT SERVICE SCHEDULE*

Due	Principal	Rate	Interest	Total Debt Service
01/01/2026				
07/01/2026				
01/01/2027				
07/01/2027				
01/01/2028				
07/01/2028				
01/01/2029				
07/01/2029				
01/01/2030				
07/01/2030				
01/01/2031				
07/01/2031				
01/01/2032				
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01/01/2041				
07/01/2042				
01/01/2042				
07/01/2043				
01/01/2043				
07/01/2044				
01/01/2044				
07/01/2045				
01/01/2045				

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APPENDIX C
BOND OPINION

An opinion in substantially the following form will be delivered by Floyd & Driver, PLLC, Bond Counsel, upon delivery of the Bonds, assuming no material changes in facts or law.

We have examined a certified copy of the Transcript of Proceedings of the Board of Directors of Rural Water District No. 2, Love County, Oklahoma (the "District") preliminary to, and in the issuance of Utility Revenue Bonds Series 2025 of the District, dated _____ 1, 2025 (the "Bonds"), in the principal amount of \$_____ and a specimen Bond of the issue, and based upon such examination, it is our opinion that said issue is lawfully authorized by said proceedings under present law. The Bonds are issuable only in registered form in denominations of \$5,000 and, with respect to principal maturing on the same date, integral multiples thereof are exchangeable for other Bonds of the same maturity, bear interest payable on _____ 15 and _____ 15 of each year commencing _____ 15, 20____, until the principal is paid, and mature on _____ 15 and _____ 15 in the years, in the principal amounts and bear interest at the rates all as set forth on the face thereof and in the Indenture hereinafter mentioned.

The items examined included the Rural Water District No. 2, Love County, Oklahoma Series 2025 Revenue Bond Indenture dated _____ 1, 2025 (the "Indenture"), between the District and BancFirst, Oklahoma City, Oklahoma, as trustee, the proceedings authorizing execution and delivery of all of the foregoing and the relevant provisions of the Constitution and Statutes of the State of Oklahoma.

From such examination, it is our opinion that the District is a validly existing body politic and corporate and an agency and legally constituted authority of the State of Oklahoma, that the Bonds and the aforesaid Indenture are valid and binding obligations of the District according to their terms, the Bonds being secured by the gross revenues of the District's water treatment and distribution system. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 3(a)(12) of the Securities Exchange Act of 1934, as amended, and the approval of no agency of the State of Oklahoma other than the District is required for their issuance. No qualification of the Indenture is required under the Trust Indenture Act of 1939, as amended.

It is our further opinion that interest paid by the District on the Bonds is and, assuming continuing compliance by the District with its hereinafter described covenants to comply with all of the requirements of the Internal Revenue Code of 1986, as amended, contained in the aforesaid Indenture, said interest will continue to be excluded from the gross income of the payees thereof in the computation of federal income taxes under present law and interpretation thereof and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In our opinion, the covenants contained in the aforesaid Indenture by which the District has agreed to comply with the Internal Revenue Code of 1986, as amended, to the end that interest on the Bonds shall remain exempt from federal income taxes are valid and binding obligations of the District and compliance therewith is not prohibited by or violative of any provision of law applicable to

the District. The failure of the District to comply with its aforesaid covenants could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds.

It is our further opinion that interest paid by the District on the Bonds is excluded from the gross income of the payees hereof in the computation of State of Oklahoma income taxes.

Based solely on the representations and designation of the District with respect to the aggregate principal amount of tax-exempt obligations to be issued by the District and any subordinate entities within the meaning of Section 265(b) of the Code during calendar year 2025, it is our opinion that the Bonds are “qualified tax-exempt obligations” under existing law.

FLOYD & DRIVER, PLLC

APPENDIX D

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** dated as of _____ 1, 2025 (the “Continuing Disclosure Agreement”), is executed and delivered by Rural Water District No. 2, Love County, Oklahoma (the “District”) and BancFirst, Oklahoma City, Oklahoma, as dissemination agent (the “Dissemination Agent”).

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by Rural Water District No. 2, Love County, Oklahoma (the “District”) of \$ _____ Utility System Revenue Bonds, Series 2025 (the “Bonds”), pursuant to a Bond Indenture dated as of _____ 1, 2025 between the District and BancFirst, Oklahoma City, Oklahoma, as trustee (the “Indenture”).

2. The District and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission. The District is an “obligated person” with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the District and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report filed by the District pursuant to, and as described in, **Section 2** of this Continuing Disclosure Agreement.

“Beneficial Owner” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” means BancFirst, Oklahoma City, Oklahoma, acting in its capacity as dissemination agent hereunder, or any successor Dissemination Agent designated in writing by the District.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org or such other location as may be designated in the future by the MSRB pursuant to the Rule.

“Financial Obligation” shall mean (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the District as the Fiscal Year of the District for financial reporting purposes.

“Material Events” means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

- (a) The District shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the District’s Fiscal Year, commencing with the year ending June 30, 2025, file with the MSRB, through EMMA, the following financial information and operating data and certification (the “Annual Report”):
 - (1) *Audited Financials:* The financial statements of the District for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States of America. If audited financial statements are to be prepared but are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
 - (2) *Updated Financial Data:* Each Annual Report shall add the immediately preceding Fiscal Year’s information concerning the District’s revenue, expenditures, debt service requirements, and coverage ratio as provided in the table entitled “Comparative Revenue and Expenses” provided in the Official Statement for the Bonds.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the District is an “obligated person” (as defined by the Rule), which have been filed with the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The District shall clearly identify each such other document so included by reference.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section. If the District’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3** of this Continuing Disclosure Agreement.

- (b) Not later than three (3) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall either (1) provide the Annual Report to the Dissemination Agent, with written instructions to file the Annual Report as specified in subsection (a), or (2) provide written notice to the Dissemination Agent that the District has filed the Annual Report with the MSRB or will do so prior to the deadline specified in subsection (a). The Dissemination Agent may rely conclusively on the certification of the District provided pursuant to subsection (a)(4) above that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder and shall have no independent duty to review such Annual Report.
- (c) If the Dissemination Agent has not received either an Annual Report with filing instructions or a written notice from the District that it has filed an Annual Report with the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as **Exhibit A**.
- (d) The Dissemination Agent shall, unless the District has filed the Annual Report with the MSRB, promptly following receipt of the Annual Report and instructions required in subsection (b) above, file the Annual Report with the MSRB and file a report with the District certifying that the Annual Report has been filed pursuant to this Continuing Disclosure Agreement, stating the date it was filed with the MSRB. Such confirmation may be in the form of any confirming email or submission confirmation obtained from EMMA.
- (e) In addition to the foregoing requirements of this Section, the District agrees to provide copies of the most recent Annual Report to any requesting bondowner or prospective bondowner, but only after the same have been delivered to the MSRB.

Section 3. Reporting of Material Events.

- (a) No later than ten (10) Business Days after the occurrence of any of the following events, the District shall give, or cause to be given to the MSRB by the Dissemination Agent, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (7) modifications to rights of bondholders, if material;
 - (8) bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution or sale of property securing repayment of the Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the District;

- (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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 the trustee, if material;
 - (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect bondholders, 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 District, any of which reflect financial difficulties.
- (b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the Chairman of the District or his or her designee, or such other person as the District shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the District determines that the event does not constitute a Material Event, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).
 - (c) Whenever the District obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the District shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).
 - (d) If the Dissemination Agent receives written instructions from the District to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence to the MSRB, with a copy to the District. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the registered owners of affected Bonds pursuant to the Indenture.

Section 4. Termination of Reporting Obligation. The District's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the obligations of the District under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the District, and the District shall have no further responsibility hereunder. If such termination or substitution occurs prior to legal defeasance, prior redemption or payment in full of all of the Bonds, the District shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3** of this Continuing Disclosure Agreement.

Section 5. Dissemination Agents. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor

Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the District. Except as otherwise provided herein, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the District pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is BancFirst, Oklahoma City, Oklahoma.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the District and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the District and the Dissemination Agent with its written opinion that the undertaking of the District contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the District shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3** of this Continuing Disclosure Agreement, and the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the District shall not have any obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the District or the Dissemination Agent fails to comply with any provision of this Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Indenture or the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the District or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement shall be paid as provided in the Indenture.

The Dissemination Agent shall not be responsible for the content of any notice or information provided by the District to the Dissemination Agent for filing or the District's failure to submit a complete Annual Report. The Dissemination Agent shall not be responsible for ensuring the compliance with any rule or regulation of the District or Participating Underwriter in connection with the filings of information herein, but is merely responsible for the filing of any such information provided to the Dissemination Agent by the District.

Section 10. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the District: Rural Water District No. 2, Love County, Oklahoma 17227
19348 U.S. Highway 77
Thackerville, Oklahoma 73459
ATTN: Chairman

To the Dissemination Agent: BancFirst
100 N. Broadway, Suite 1400
Oklahoma City, Oklahoma 73102
ATTN: Corporate Trust Department

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 11. Beneficiaries. Subject to the limitation on remedies contained in **Section 9** of this Continuing Disclosure Agreement, this Continuing Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Severability. If any provision in this Continuing Disclosure Agreement, the Indenture or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13. Counterparts. This Continuing Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 15. No Pecuniary Liability; General Limitation on District Obligations.

(a) Notwithstanding the language or implication of any provision, representation, covenant or agreement to the contrary, no provision, representation, covenant or agreement contained in this Continuing Disclosure Agreement or any obligation herein imposed upon the District, or the breach thereof, shall constitute or give rise to or impose upon the District a pecuniary liability. No provision

hereof shall be construed to impose a charge against the general credit of the District or any personal or pecuniary liability upon any official, director, officer, agent, or employee of the District.

(b) ANY OTHER TERM OR PROVISION OF THIS CONTINUING DISCLOSURE AGREEMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION WITH THE TRANSACTION WHICH IS THE SUBJECT HEREOF TO THE CONTRARY NOTWITHSTANDING, THE DISTRICT SHALL NOT BE REQUIRED TO TAKE OR OMIT TO TAKE, OR REQUIRE ANY OTHER PERSON OR ENTITY TO TAKE OR OMIT TO TAKE, ANY ACTION WHICH WOULD CAUSE IT OR ANY PERSON OR ENTITY TO BE, OR RESULT IN IT OR ANY PERSON OR ENTITY BEING, IN VIOLATION OF ANY LAW OF THE STATE OF OKLAHOMA.

Section 16. Governing Law. This Continuing Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma.

[Signature Pages Omitted]

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APPENDIX E
SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

THIS INDENTURE, dated the 1st day of _____, 2025, entered into by and between the Board of Directors of Rural Water District No. 2, Love County, Oklahoma, a rural water district, created and existing under the laws of the State of Oklahoma (hereinafter collectively called the “District”), and BancFirst (hereinafter called the “Trustee”), a state banking corporation organized under the laws of the State of Oklahoma with its principal office in the City of Oklahoma City, Oklahoma.

RECITALS

WHEREAS, the District has determined that it is necessary to provide funds for capital improvements to the water system of the District (the “Project”);

WHEREAS, the District has determined to finance the Project by the issuance of the Bonds hereinafter authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure the payment of principal of, premium, if any, and interest on the Bonds according to their true intent and meaning, and all other amounts due from time to time under this Indenture, including those due to the Trustee, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained in the Bonds and in this Indenture, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Bondholders (the “Bondholder”) and for other good and valuable consideration, the receipt of which is acknowledged, the Issuer, acting by and through its duly qualified and acting Directors, has executed and delivered this Indenture and absolutely and irrevocably grants, bargains, sells, conveys, pledges and assigns to the Trustee and to its successors in trust, on the basis set forth herein, and its and their assigns, all right, title and interest of the Issuer in and to the Trust Estate, as defined herein;

TO HAVE AND TO HOLD all and singular of the foregoing unto the Trustee, its successors and assigns forever, BUT IN TRUST NEVERTHELESS for the ratable and proportionate benefit and security of each and every of the persons and entities that may be or become the owner of any indebtedness incurred under the provisions of this Indenture, as amended, without preference, priority or distinction as to the participation in the lien, benefits or protection hereof of one such indebtedness over any other, by reason of priority of creation, issue or negotiation thereof, or for any other reason whatsoever (whether or not herein enumerated), so that each and all of said owners of indebtedness incurred hereunder shall have rights, liens and privileges under this Indenture, and the said indebtedness shall be secured hereby, with the same effect as though all indebtedness incurred under the provisions of this Indenture, as amended, had been incurred, created, issued and negotiated simultaneously with the execution and delivery of this Indenture.

IT IS DECLARED that all Bonds issued under and secured by this Indenture are to be issued, authenticated and delivered, and that all Revenues assigned or pledged hereby are to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture; and the Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Bondholders, as follows:

ARTICLE I: ISSUANCE AND FORM OF BONDS

SECTION 1.1: Bonds and Amount Authorized.

There hereby is authorized the issuance, registration and delivery of Rural Water District No. 2, Love County, Oklahoma, Utility Revenue Bonds Series 2025, in the principal amount of _____ Dollars (\$_____). Said Bonds shall be dated as of the 1st day of _____, 2025, and shall be in the form, bear interest at the rates, and shall mature as to principal as hereinafter in this Article I provided.

SECTION 1.2: Form of Bonds

The Bonds authorized as aforesaid shall be in substantially the form set forth in Appendix A with such appropriate variations, legends, omissions and insertions as permitted or required by this Indenture.

SECTION 1.3: Denomination of Bonds.

The Bonds authorized to be issued and delivered by Section 1.1 shall be issued and delivered to the purchaser or purchasers thereof in the aggregate principal amount of \$_____, and shall be in denominations of \$5,000.00 or any multiple thereof for each maturity thereof.

SECTION 1.4: Maturity of Bonds and Interest Rates.

All of the Bonds authorized by this Indenture shall be numbered 1 consecutively upward, shall be expressed to mature serially and shall bear interest at annual rates as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
-----------------------------	----------------------	-----------------------------

SECTION 1.5: Exchange of Bonds.

Whenever any Bond shall be exchanged at the principal corporate trust office of the Trustee for another Bond of different denomination, the Trustee, upon receipt of a written instrument of transfer satisfactory to the Trustee duly executed by the Bondholder or his legal representative duly authorized in writing, shall cancel upon the face thereof and upon the Registration Record as defined in Section 1.6 the Bond surrendered in such exchange. If the supply of Bonds for making of exchanges shall have been exhausted, the Trustee as expeditiously as practicable shall cause additional Bonds to be prepared, at the expense of the District; and the District covenants that upon request of the Trustee, its appropriate officers promptly will execute said additional Registered Bonds on behalf of the District.

SECTION 1.6: Registrar and Registration Record.

The Registrar for all Bonds registered under the provisions of this Indenture shall be the Trustee, which shall maintain a Registration Record (the "Registration Record") for the purpose of registering the name of each Bond registered as aforesaid. The Registration Record shall be kept open for registrations during all reasonable business hours. In the event of a change of Registrar, notice thereof shall be mailed, postage

prepaid, to the Bondholder of each Bond registered on said Registration Record. The name and address of the Bondholder as the same appear upon the Registration Record shall be conclusive upon all persons and for all purposes whatsoever.

SECTION 1.7: Transfer of Bonds.

Bonds shall be transferable only if transferred by the Bondholder named in the latest registration on the registration records, in person or by attorney, and upon presentation of said Bond at the principal office of the Trustee for endorsement of the new registration thereon. No transfer of a Bond shall be cognizable for any purpose unless made prior to the close of business on the first (1st) day of the month next preceding any interest payment date and after close of business on that interest payment date. All fees of the Trustee in relation to registration shall be borne by the District.

SECTION 1.8: Effect of Registration.

No person other than the Bondholder shown upon the Registration Record shall be entitled to any right or benefit under this Indenture in relation to that Bond; PROVIDED, that the foregoing shall not apply to any successor by operation of law of said Bondholder.

SECTION 1.9: Authentication.

No Bond shall be valid or obligatory for any purpose or be entitled to any benefit under this Indenture unless and until a certificate of authentication substantially in the form hereinbefore set forth shall have been executed by a duly authorized representative of the Trustee, and such executed certificate upon any Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. It shall not be necessary to have the same authorized representative of the Trustee sign the certificate of authentication on all of the Bonds issued under authority of this Indenture.

SECTION 1.10: Book Entry System.

(a) The Bonds shall be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and so long as the Bonds are held by the Depository as defined below, the following provisions of this Section shall apply, notwithstanding any contrary provision hereof.

(b) "Depository" shall mean DTC or any other securities depository appointed as a substitute therefor or successor thereto pursuant to this Section, and shall be deemed to include any nominee of the securities depository acting hereunder at any time.

(c) The Depository shall cause the Book Entry System to reflect the ownership of the Bonds and any transfers thereof.

(d) During the period of time that the Book Entry System is maintained by the Depository (the "Depository Period"), the Bondholders shall be deemed to own Bonds as though written Bonds had been issued to them pursuant to the foregoing provisions of this Article, although such Bonds shall be in book entry form only and no Bondholder shall be entitled to receive a written Bond or Bonds.

(e) Notwithstanding any other provision of this Indenture to the contrary, as long as any Bond is registered in the name of Cede & Co. as nominee of DTC, all payments with respect to the principal or redemption price of, and interest on such Bond and all notices with respect to such Bond, shall be made and given, respectively, to DTC. All notices and payment advices sent to DTC by the Trustee (the "Trustee"),

Paying Agent or Registrar, shall contain the CUSIP number of the series of Bonds to which it refers. In the event of any solicitation of consents from and voting by holders of the Bonds, the Trustee shall give notice to DTC of the Record Date applicable to such solicitation at the time of such notice.

(f) The Depository shall make payments to the Bondholders in the same manner as such payments would have been made to the Bondholders by the Trustee in the absence of this Section (with such differences in the timing of any such payment as may result from the failure of the Depository to collect moneys from the Paying Agent in sufficient time to make such payment on the dates that such payment would have been made by the Trustee). The Depository shall give notices and other communications to, and solicit consents, directions and other communications from, the Bondholders in the same manner as the Trustee is to give or solicit the same under this Indenture; PROVIDED that the Depository may give or solicit the same in accordance with its customary practices to the extent that such practices differ from the methods provided in this Indenture.

(g) All payments of principal of and premium (if any) and interest on the Bonds shall be paid to the Depository by the Trustee by wire transfer to such account as may be directed by the Depository or, in the absence of such a direction, by mailing a check therefor to the Depository at the address of the Depository shown on the registration books of the District maintained by the Trustee. If, as provided in subsection (h), the Depository holds written Bonds, the Depository shall annotate such Bonds to reflect any payment of principal so made, unless the Depository elects to surrender any such Bonds to the Trustee and to receive a new Bond for the unredeemed portion thereof. Upon the payment of any such Bond in full, the Depository shall surrender such Bond to the Trustee for cancellation.

(h) Written Bonds in the form of Section 1.1 hereof may be issued in the name of the Depository to evidence the obligation of the Trustee to make payment of the principal of and premium (if any) and interest on the Bonds to the Depository. Such forms may be appropriately revised to reflect the fact that such Bonds are held by the Depository for the benefit of the Bondholders.

(i) The Depository may resign at any time by giving notice to the Trustee and the District. If the Depository shall so resign, the Depository shall promptly give notice thereof to the Bondholders, and a substitute or successor Depository may be appointed by an instrument or substantially concurrent instruments delivered to the Trustee and signed by the holders of a majority in aggregate principal amount of Bonds then outstanding. If a substitute or successor Depository shall not be so appointed within 90 days after the Depository shall have so resigned and returned all of its Bonds to the Trustee, written certificated Bonds shall be issued to the Bondholders. In such case, the Depository Period shall end on the date such written Bonds are issued, and the Book Entry System shall not thereafter be reinstituted.

(j) The Depository and the Trustee shall each furnish the other with such information and copies of such documents, communications and records as the other may reasonably request in connection with the performance of its duties. The Depository shall, upon the request of the Trustee made at any time, furnish the Trustee with a list of the names and addresses of the Bondholders at such time and of the principal amount of Bonds then held by each Bondholder.

(k) The Book Entry System shall be maintained in such manner as to satisfy the requirements of Section 149(a) of the Code.

(l) Upon the resignation of the Depository, the Depository shall deliver to its successor all funds then held by it in such capacity and a current list of the names and addresses of the Bondholders and of the principal amount of Bonds then held by each Bondholder. If the predecessor Depository then holds written Bonds pursuant to subsection (h), it shall assign and deliver such Bonds to the successor Depository.

(m) The Trustee shall have no duty to ensure that any payment on the Bonds is properly made

to the Bondholders by the Depository, and the Trustee shall be relieved of all obligations with respect to such payment once it shall have furnished moneys therefor to the Depository. The Trustee shall have no duty to determine that any notice or other communication given by it to the Depository is given by the Depository to the Bondholders.

SECTION 1.11: Conditions of Issuance.

Notwithstanding any other provision of this Indenture appearing to be to the contrary, no Bond authorized by this Article shall be authenticated or registered by the Registrar, or be delivered to any person, until the conditions set forth in Article VII hereof have been met to the satisfaction of the Registrar.

SECTION 1.12: Conditions for Issuance.

Notwithstanding any other provision of this Indenture to the contrary, no Bond authorized by this Indenture shall be authenticated, issued or delivered by the Trustee until the following conditions shall have been met to the satisfaction of the Trustee:

SECTION 1.13: Certificate of Directors.

There shall have been delivered to the Trustee a Certificate, signed by the Chairman of the Board of Directors of the District and attested by the Secretary of the Board of Directors thereof, certifying to the following:

- (a) The amount of Bonds authorized to be issued and delivered, to whom delivery is to be made, and the amount of money to be paid to the Trustee as the purchase price thereof;
- (b) The non-existence of litigation or controversy, pending or threatened, affecting the existence of the District or the powers of its Board of Directors, or affecting the validity or enforceability of the said Bonds or of this Indenture or of any proceedings whatsoever related to the issuance of said Bonds;
- (c) The authorization of the Chairman of the Board of Directors of the District to execute said Certificate for the Board of Directors thereof, appending thereto certified evidence of said authorization.

SECTION 1.14: Market Legal Opinion.

There shall have been delivered to the Trustee, the opinion of Floyd & Driver, PLLC, Attorneys at Law, Norman, Oklahoma: (1) that the Bonds, delivery of which is directed by the Certificate described in Section 1.1 of this Article are validly authorized and, when properly issued as provided in this Indenture; and (2) that this Indenture in its entirety is a valid, binding and enforceable contract of the District; and (3) that the rights and privileges of the Trustee and of the holders of Bonds issued pursuant to this Indenture are validly existing and enforceable as set forth therein.

SECTION 1.15: Receipt of Purchase Price.

The Trustee shall have received the entire purchase price of said Bonds as specified in the Trustees' Certificate prescribed by Section 1.12 of this Article.

SECTION 1.16: Loss, Mutilation, Etc., of Bonds.

If any Bond issued hereunder shall be mutilated, lost or destroyed prior to payment of the amount thereby provided to be paid, the District, upon terms and conditions satisfactory to and with the approval thereof by the Trustee shall execute a new Bond of like tenor, amount and date, and bearing the same serial number, but with an appropriate letter thereafter or other appropriate indication of substitution, and the Trustee shall authenticate and deliver said new Bond in substitution for the aforesaid Bond upon indemnity satisfactory to it.

ARTICLE II: NATURE, PURPOSES AND POWERS OF THE DISTRICT; AND PURPOSES OF THIS BOND ISSUE

SECTION 2.1: Nature of the District.

The District is a body politic and corporate, and an agency and legally constituted authority of the State of Oklahoma, all in accordance with the laws of the State of Oklahoma, particularly, but not exclusively Section 1324.1 *et seq.* of Title 82, Oklahoma Statutes 2021, as amended.

SECTION 2.2: Purposes and Powers of the District.

The District is authorized to acquire, construct, equip, maintain and operate a water treatment and distribution system, as further defined in Article XI of this Indenture (the “System”), to procure any funds necessary therefor by pledge or other encumbrance of the District or its revenues, and to issue Bonds of the District to evidence any indebtedness so incurred.

SECTION 2.3: Purposes of This Bond Issue.

The proceeds of the Bonds issued under authority of this Indenture shall be used to provide funds to retire certain outstanding indebtedness of the District and for capital improvements to the System of the District, and to pay the costs and expenses of issuance of the Bonds.

ARTICLE III: ESTABLISHMENT OF FUNDS

SECTION 3.1: Gross Revenue Account.

The District shall establish and maintain in a bank or banks selected by the District, an account designated “Rural Water District No. 2, Love County, Oklahoma Gross Revenue Account” (the “Gross Revenue Account”) into which shall be deposited daily all money received by or for the District by reason of its ownership and/or operation of the System (the “Gross Revenues”). Except as herein otherwise specifically provided, the District shall have sole authority to withdraw money from the Gross Revenue Account.

SECTION 3.2: Payments from Account.

The Gross Revenue Account shall be chargeable with the following payments, in the following order of priority:

First: Payments into the Bond Account of the District created by Section 3.3 of this Article and to meet the debt service requirements of the Existing Indebtedness as the same shall become due and payable, as therein required;

Second: Payment of the costs and expenses of and incidental to the operation and ordinary maintenance of the System, including, but not limited to: (a) payments due under any contract for the operation and/or maintenance of the System for the District; and (b) the necessary costs and expenses of and incidental to collecting the revenues to be deposited in the Gross Revenue Account; and (c) fees and expenses due the Trustee for its services as Trustee under this Indenture;

Third: Excess moneys in the Revenue Account shall be deposited into the Debt Service Revenue Fund; and

Fourth: Use of any remainder by the District for any proper purpose or purposes of the District, including, but not limited to purchase of any Bond secured hereby on the open market, redemption, prior to maturity, of any Bonds issued under this Indenture or any supplement thereto.

SECTION 3.3: Bond Account.

There hereby is created in the Trustee, an account designated "Rural Water District No. 2, Love County, Oklahoma Series 2025 Bond Account" (the "Bond Account"), which shall be used solely for the purpose of providing for the payments into the Sinking Fund, hereinafter defined, of the District, provided for in Section 3.5 of this Article. However, the Trustee shall have sole authority to withdraw money from the Bond Account.

SECTION 3.4: Deposits in Bond Account.

During each of the annual periods hereinafter specified, the District shall make monthly deposits into the Bond Account in aggregate amount (including credits for interest) not less than the amount necessary to punctually pay the principal of and interest on the Bonds authorized by Article I of this Indenture as the same shall become due and payable and to call for redemption prior to maturity Bonds required to be so redeemed as herein provided. Each of such monthly deposits shall be made on or before the 10th day of each month (with the first of such monthly deposits to be made as of _____ 10, 20 __), and shall be equal, as nearly as practicable in the circumstances, to one-twelfth (1/12th) of the aggregate deposits so prescribed for that annual period; PROVIDED that, during any semi-annual period specified in Section 3.5 of this Article, the aggregate of such monthly deposits made into said Bond Account shall not, in any event, be less than the amount required by said Section 3.5 to be transferred from the Bond Account to the Sinking Fund of the District, created by Section 3.7 of this Article, at the close of such semi-annual period; and PROVIDED FURTHER that, if as of the 5th day of any month the aggregate of the amounts theretofore deposited into the Bond Account (from cash payments by the District and the aforesaid credits for interest) shall exceed the aggregate of the aforesaid minimum monthly payments for all of the monthly periods then elapsed, the District at its option may pay a lesser amount than the minimum herein specified for that monthly payment due on that date, but in no event shall any reduction in any such monthly payment be permitted to an extent which would result in there having been so deposited in the Bond Account an aggregate amount less than the total of the minimum monthly payments herein required for each aforesaid monthly period then elapsed.

Duplicate deposit slips, copies of certificates of deposit or other appropriate written evidence showing Bond Account deposits made in compliance with this Section shall be furnished to the Trustee forthwith upon deposits being made.

SECTION 3.5: Transfers from Bond Account to Sinking Fund.

On or before each _____ 10th and _____ 10th, beginning _____ 10, 20 __, the Trustee shall transfer from the Bond Account to the Sinking Fund of the District, created by Section 3.7 of this Article, an amount sufficient to enable payment of the maturing principal of and interest on outstanding Bonds authorized by Article I of this Indenture.

SECTION 3.6: Special Provisions in Event of Default.

Notwithstanding any other provision of this Section, in the event of any state of default under this Indenture, the Trustee may transfer and require the transfer of all or any part of the Bond Account to the Sinking Fund created by Section 3.7 or to any other fund provided in this Indenture which the Trustee deems proper.

SECTION 3.7: Sinking Fund.

There hereby is created in the Trustee, a special fund designated "Rural Water District No. 2, Love County, Oklahoma Series 2025 Sinking Fund" (the "Sinking Fund"), for the purposes of: (a) paying, as the same shall become due and payable, the interest on the Bonds issued under this Indenture; and (b) paying, at maturity the principal of the Bonds issued under this Indenture, as provided herein; and (c) paying any money for which the District shall become obligated to the Trustee under this Indenture. The District shall make semi-annual deposits into the Sinking Fund on or before each _____ 10 and _____ 10,

beginning _____ 10, 20 __, the amount then required to punctually pay the principal of and interest on the Bonds authorized by Article I of this Indenture as the same shall become due and payable. The Trustee shall hold IN TRUST all money transferred or paid into the Sinking Fund and promptly shall pay from the Sinking Fund money payable therefrom under this Indenture for the purposes specified in this Section.

SECTION 3.8: Transfers from Sinking Fund for Payment of Maturing Interest and Principal and for Redemption of Bonds.

Prior to each date on which any interest on any of the Bonds issued under this Indenture shall become due and payable, the Trustee shall transfer from the Sinking Fund, into a special trust account, an amount sufficient to pay the said interest plus an amount sufficient to pay the principal of any of the Bonds issued under this Indenture maturing on such date, and, at the same time, the Trustee also shall transfer from the Sinking Fund, into said special trust account, an amount sufficient to pay the principal of and premium on any and all of the Bonds issued under this Indenture which shall have been called by it for redemption on that date, and shall hold said money IN TRUST for the making of all said payments. As between the Trustee and the District, all money so transferred for such purposes shall be deemed to have been paid by the District, but such transfer shall not affect any obligation of the District to any person or entity.

SECTION 3.9:Disposition of Redeemed and Purchased Bonds.

All Bonds issued under this Indenture, which shall be redeemed or purchased as provided in this Indenture, shall forthwith be canceled and destroyed by the Trustee, and the Trustee shall deliver a certificate of such fact to the District. No new Bond shall be issued under this Indenture in lieu of any Bond so redeemed or purchased.

SECTION 3.10: Investment of, and Security for Sinking Fund and Project Fund.

The Trustee shall invest such portions of the Sinking Fund as shall be practicable with maturity thereof prior to the interest payment date next ensuing after date of investment and shall invest the Project Fund created in Article VI of this Indenture as directed by the District. All of said investments shall be in one or more of the Permitted Investments as defined in Article IX of this Indenture. All interest collected by the Trustee on such investments in the Sinking Fund shall be deposited as collected, in the Sinking Fund and following each interest payment date, any surplus therein shall be applied to pay the semi-annual fee of the Trustee. All interest collected by the Trustee in the Project Fund shall remain in the Project Fund; PROVIDED, the District may direct that such interest be deposited in the Sinking Fund. The fact of such deposits and the amounts thereof during each three months period described in Section 3.12 shall be reported by the Trustee to the District as provided in Section 3.12.

SECTION 3.11: Protection of Funds.

Except as otherwise provided in this Article III with respect to any particular account or fund created or provided by this Article III, no Trustee account or fund created or provided by this Indenture in any Trustee shall be permitted to exceed in aggregate amount the insurance provided therefor by the Federal Deposit Insurance Corporation, unless the Trustee in which the same shall be deposited shall secure such excess amount in the manner provided by law for the security of deposits of uninvested sinking funds of political subdivisions of the State of Oklahoma, or, in the case of deposits in the America for the security of trust funds and shall effectively waive any rights of set-off in relation thereto.

SECTION 3.12: Statements by the Trustee.

On or before the 31st day of _____, 2025, and or before the last day of each third calendar month thereafter, the Trustee shall furnish to the District a statement or statements showing: (a) the total amount of interest collected and deposited in the Sinking Fund, as provided in Section 3.7, during the last-preceding three calendar months; (b) the total investments of each account or fund of the District which is subject to investment by the Trustee, as of the last day of the last-preceding calendar month; (c) the respective

amounts, if any, transferred during the last-preceding three calendar months from the Sinking Fund to the special trust fund for the payment of principal, and for the payment of interest; and (d) the cash balance in each account or fund as of the last day of the last-preceding calendar month.

SECTION 3.13: Combining Other Funds with Sinking Fund to Complete Retirement of Bonds.

Whenever the aggregate of balances of accounts and funds of the District in the hands of the Trustee, not otherwise allocated for contracted payments, when added to the balances in the Sinking Fund and Bond Account shall be sufficient to provide for the retirement of all then outstanding Bonds issued under this Indenture and any indenture or indentures supplemental hereto (either by payment at maturity or by redemption prior to maturity, or by purchase on the open market, as provided in this Indenture and any such indenture or indentures supplemental hereto), the District may direct the Trustee to transfer to the Sinking Fund sufficient of such unallocated funds or accounts to retire all of said Bonds, and the Trustee shall make such transfer or transfers and proceed to retire said Bonds in the manner provided therefor.

SECTION 3.14: Debt Service Reserve Fund.

Whenever the aggregate of balances of accounts and funds of the District in the hands of the Trustee, not otherwise allocated for contracted payments, when added to the balances in the Sinking Fund and Bond Account shall be sufficient to provide for the retirement of all then outstanding Bonds issued under this Indenture and any indenture or indentures supplemental hereto (either by payment at maturity or by redemption prior to maturity, or by purchase on the open market, as provided in this Indenture and any such indenture or indentures supplemental hereto), the District may direct the Trustee to transfer to the Debt Service Reserve Fund sufficient of such unallocated funds or accounts to retire all of said Bonds, and the Trustee shall make such transfer or transfers and proceed to retire said Bonds in the manner provided therefor.

(a) There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated the "Debt Service Reserve Fund," which shall be used solely for the purposes set forth in this Section 3.14. There shall be deposited in the Debt Service Reserve Fund from the sale of the Bonds cash in an amount equal to the "Debt Service Reserve Requirement" for the Bonds. Moneys in the Debt Service Reserve Fund may be used to pay the principal of, and interest and premium, if any, on the Bonds and on any additional Bonds with respect for which there shall be a Debt Service Reserve Requirement. The Trustee shall deposit in the Debt Service Reserve Fund any moneys paid to the Trustee for credit or transfer to the Debt Service Reserve Fund. If the District has exercised its option or is obligated to prepay its obligations in whole or in part, as applicable, and has paid the sums as provided therein, all of the moneys then in the Debt Service Reserve Fund shall be deposited in the Sinking Fund.

(b) The Issuer hereby authorizes and directs the Trustee to withdraw funds from the Debt Service Reserve Fund to pay, first, all installments of interest then due on the Bonds and on any additional Bonds for which there shall be a Debt Service Reserve Requirement, and then all principal of and premium, if any, then due on such Bonds in the event there should be insufficient funds for said purposes in the Sinking Fund on the date such interest, principal, and premium is due. The Trustee shall give written notice to the Issuer and the Underwriter of any withdrawal from the Debt Service Reserve Fund and of any diminution in value or net losses from the investment of moneys in the Debt Service Reserve Fund which reduces the amount deposited therein or credited thereto to less than the Debt Service Reserve Requirement.

(c) When (i) the amount of principal of, and premium, if any, and interest on the outstanding Bonds is equal to or less than the sum of the balance of the Bond Fund, the balance of the Redemption Fund, and the balance of the Debt Service Reserve Fund, and (ii) the amount of principal of, and premium, if any, and interest on any outstanding additional Bonds for which there shall not be a Debt Service Reserve Requirement is equal to or less than the sum of the balance of the Bond Fund and the balance of the Redemption Fund, moneys held

in the Debt Service Reserve Fund may be deposited in the Sinking Fund and credited against payments described in Section 3.7 hereof.

(d) Amounts on deposit in the Debt Service Reserve Fund shall not be used to pay the principal of, and premium, if any, and interest on any additional Bonds for which there shall not be a Debt Service Reserve Requirement.

ARTICLE IV: COVENANTS

The District hereby covenants unto the Trustee and unto each and all of the holders of Bonds issued under this Indenture as follows:

SECTION 4.1: Title to Properties and Revenues.

The District has good right and lawful authority to execute and deliver the conveyance set forth in this Indenture, and all of said property is free and clear of all liens, claims, demands, encumbrances and governmental charges which could or in any manner might adversely affect or prejudice the rights, interests, privileges, powers and liens provided in this Indenture. PROVIDED, the Bonds shall be equally secured with the Existing Indebtedness. The District, so often as requested so to do by the Trustee or any holder of any Bond secured under this Indenture, promptly will execute and deliver all such other and further instruments and do, or cause to be done, all such other and further things, as reasonably shall be required to vest in the Trustee all of the rights, powers and benefits intended to be conveyed, assigned and conferred by this Indenture.

SECTION 4.2: Examination of Records; Furnishing Reports, Audits and Statements.

The District at all times will keep its books, and records and accounts in compliance with good accounting practices and applicable rules and regulations of any governmental authority having jurisdiction thereof; and, it shall permit access, at all reasonable times, to its properties, books, records and accounts by the Trustee, or any holder of any Bond issued under this Indenture for the purpose of inspection or examination thereof.

SECTION 4.3: Annual Audits.

Within [number] days of the close of the District's fiscal year, beginning July 1, 2025, and within [number] days of the close of the District's fiscal year each year thereafter so long as any Bond or Bonds issued under this Indenture shall remain outstanding, the District shall deliver to the Trustee, and to each holder of any Bond or Bonds issued under this Indenture who requests the same in time, the annual audit of the operation of the System during the preceding fiscal year of the District, certified by a Certified Public Accountant or Public Accountants employed by the District (and named by the Trustee or by the holders of fifty-one percent (51%) of all then outstanding Bonds issued under this Indenture, if so requested by the Trustee or by the holders of such percentage of said Bonds in writing).

SECTION 4.4: Special Covenant as to Federal Legislation.

The District covenants to comply with the Internal Revenue Code of 1986, as amended, and the District and the Trustee hereunder shall be empowered to take any and all actions necessary to comply with all of the provisions of the Internal Revenue Code of 1986, as amended, relating to the exemption from federal income taxes of the interest paid upon the Bonds authorized by Article I of this Indenture (including, but not limited to the applicable provisions of the Tax Reform Act of 1986), to the end that said interest shall remain so exempt.

SECTION 4.5: Required Rebate to the United States.

The District covenants to timely prepare and file, or cause to be prepared and filed, any and all reports or returns of whatsoever kind or nature required under the Internal Revenue Code of 1986, as amended, in order to preserve the federal tax-exempt status of the interest payable by the District on the Bonds authorized by Article I of this Indenture. The District further covenants to timely meet the rebate requirements of the Internal Revenue Code of 1986, as amended, including, but not limited to payment of any required rebates to the United States, relating to income derived from investment of the proceeds of the said Bonds.

SECTION 4.6: Required Deposit of Funds.

Without limiting the terms of any other covenant herein, the District specifically covenants faithfully to cause to be made available to the Trustee from any lawful source, sufficient money to enable the punctual payment of the principal of and interest on all indebtedness issued under this Indenture as the same shall become due and reasonable fees and expenses of the Trustee for its services hereunder.

SECTION 4.7: Maintenance of Ownership.

The District specifically covenants that it will maintain ownership of all of the properties mentioned in Article XI of this Indenture.

SECTION 4.8: Maintenance of Properties and Insurance.

The District will maintain or cause to be maintained all of the System in first-class, usable condition and good repair at all times; it will not commit or suffer any waste in respect thereof; and it will not remove or in any manner dispose of any personalty thereof without written consent of the Trustee, except as hereinafter provided in this Indenture.

The District at all times will cause the System to be covered by all forms of insurance, including, but not limited to, property damage and liability for damage to persons or the property of others, and in such amounts, as ordinarily is maintained by reasonably prudent operators of like operations; and the policies of such insurance shall provide for payment of losses covered thereby to the District, and/or the Trustee for the holders of Bonds issued under this Indenture, as their interests shall appear. All such policies of insurance, or certificates thereof, shall be delivered to the Trustee promptly upon issuance thereof.

SECTION 4.9: Operation of Properties.

(a) The District will operate the System or cause it to be operated for it so long as any indebtedness incurred under authority of this Indenture shall remain unpaid and payment thereof be not otherwise provided.

(b) The District at all times will maintain its right to carry on the operations hereinbefore described, and will do and perform all acts and things necessary that such right, and all rights appertaining thereto hereafter acquired by it shall not be diminished or impaired.

(c) The District will faithfully and fully comply with every valid statute, ordinance, rule or regulation, now in force or hereafter becoming effective, enacted or promulgated by any governmental authority having jurisdiction of the operation or maintenance of the System or of the operation of services of the District, applicable thereto and will provide no free services.

SECTION 4.10: Warranty of Declarations.

The District warrants the substantive correctness of all statements of fact contained in this Indenture.

SECTION 4.11: Expenditure of Bond Proceeds.

The District will expend all proceeds of the Bonds paid to it, pursuant to indebtedness incurred under this Indenture, solely for the purposes set forth in Article II of this Indenture.

SECTION 4.12: Maintenance of Revenues.

The District at all times will maintain schedules of rates and charges for services rendered through the System which will provide annually a sum equal to not less than one and one-quarter (1.25) times the average annual amount required to be paid in cash into the Sinking Fund for the Bonds and any indebtedness secured equally with the Bonds (including, but not limited to, the Existing Indebtedness) in cash, as provided in this Indenture, after paying or providing for the payment of and all costs and expenses of operation and maintenance of the System. For purposes of this Section, the annual amount required to be paid in cash into the Sinking Fund for the Bonds shall be calculated by adding the total charges for payment of principal of and interest on the then-outstanding Bonds divided by the number of years remaining until the final maturity of the Bonds.

SECTION 4.13: Limitations on Creation of Liens.

The District agrees that it will not create or suffer to be created or exist any lien or encumbrance upon the System or the revenues derived from the operation of the System; PROVIDED, the District may create or suffer to be created or exist:

(i) Liens or encumbrances arising by reason of good faith deposits with the District in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the District to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds and deposits as security for the payment of taxes or assessments or other similar charges;

(ii) Any lien or encumbrance arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the District to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for participating in such arrangements;

(iii) Any judgement lien or notice of pending action against the District so long as such judgement or pending action is being contested and execution thereon is stayed or while the period for responsive pleadings has not lapsed;

(iv) (A) Any liens on the System for taxes, assessment, levies, fees, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with the System, which are not due and payable or which are not delinquent or the amount or validity of which, are being contested and executed thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due for less than sixty (60) days; (B) easements, rights-of-way, servitude, restrictions and other minor defects, encumbrances, and irregularities in the title to the System which do not materially impair the use of the System or materially and adversely affect the value thereof;

(v) Liens on the System received by the District through gifts, grants or bequests, such liens being due to restrictions on such gifts, grants or bequests of the System or the income thereon;

(vi) Any lien representing rights of set-off and banker's liens with respect to funds on deposit in a financial institution in the ordinary course of business; and

(vii) Any lien or security interest created in the System to secure indebtedness in addition to the indebtedness evidenced by the Bonds in accordance with the provisions of Section 7.7 of this Indenture.

ARTICLE V: DEFAULTS AND ENFORCEMENT OF SECURITY

SECTION 5.1: Events of Default.

The happening of any one or more of the following events or failures, or the existence of any one or more of the following facts or states of inherence incompatible with any of the provisions of this Indenture (whether the same shall have been existent prior to or at the time of the execution of this Indenture or thereafter transpiring), shall be deemed forthwith to institute a state of default, caused by the District, of the obligations undertaken by the District under this Indenture:

(a) The failure, by the District to do or perform, or cause to be done or performed, any thing or act specified in any of the covenants set forth in Article IV of this Indenture;

(b) The doing, performing or committing, or the causing to be done, performed or committed, by the District, of any thing or act incompatible with any of the covenants set forth in Article IV of this Indenture;

(c) The suffering, by the District, of any act or thing incompatible with any of the covenants set forth in Article IV of this Indenture;

(d) The existence of any state or situation or circumstance incompatible with any of the covenants set forth in Article IV of this Indenture;

(e) The failure to pay the principal of and interest on the Bonds as the same shall become due and payable; and

(f) The declaration of bankruptcy by the District.

SECTION 5.2: Effect of Default.

Each and every of the foregoing enumerated elemental constituents of default shall be deemed a breach of covenant, and not a condition precedent or subsequent.

SECTION 5.3: Term of Default.

Each state of default shall be deemed to continue until all of the elemental constituents thereof shall have been completely eliminated or cured.

SECTION 5.4: Concurrence of Remedies.

No remedy herein set forth is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and in addition to each and every other remedy provided herein or now or hereafter existing at law or in equity or by statute. Among such remedies shall be those hereinafter enumerated.

SECTION 5.5: Acceleration of Maturity.

(a) Should any state of default occur the Trustee shall be entitled, at the option of the Trustee and without notice or demand, to declare the entire of the unpaid principal of the Bonds and any other

indebtedness, obligations and sums secured by this Indenture, including interest and attorney's fees, to be due and payable immediately, and, thereupon, the same shall be due and payable immediately, and all such amounts shall bear interest at the highest rate of interest provided in any such unpaid Bond; and the District expressly waives any notice or demand with respect to the aforesaid declaration by the Trustee.

(b) In the event the Trustee shall elect not to make the declaration provided in paragraph (a) of this Section 5.5, nevertheless, upon written demand to the Trustee by the holders of not less than twenty percent (20%) in amount of all outstanding Bonds issued under this Indenture, the Trustee shall be required to make such declaration.

SECTION 5.6: Control of Operations Through Temporary Directors.

(a) Should any event of default occur and be continuing, the Trustee may, upon its own initiative and without request, and upon written demand by the holders of not less than twenty percent (20%) in amount of all outstanding Bonds issued under this Indenture, the Trustee shall appoint persons, resident of Love County, Oklahoma, as temporary directors of the District for the properties mentioned in Article II of this Indenture, in such number that the persons so appointed shall constitute a majority of the Directors of the District with respect to the System and the operations of the District in relation thereto; and the Trustee shall fill any vacancy in any such temporary directorship.

(b) Every such appointment of such temporary directors shall be in writing and shall specify: FIRST, the elemental constituents of the default or defaults existing whereby such power of appointment is invoked hereunder, and SECOND, the names of the persons appointed as such temporary directors, together with the name of each regular Director of the District temporarily supplanted by each such temporary director for said purpose.

(c) The persons so appointed as such temporary directors shall be approved by the District Court of the County mentioned in paragraph (a) of this Section 5.6 or by a Judge of such Court. Upon such approval, each such temporary director shall qualify as provided under the laws of the State of Oklahoma, and, thereupon, the regular Director of the District to be supplanted by such temporary director as aforesaid, ipso facto, shall cease to have any power or authority under the laws of the State of Oklahoma, with respect to the properties mentioned in Article II of this Indenture, and shall continue to be without such power or authority until reinstated as provided in paragraph (f) of this Section 5.6.

(d) Any temporary director or directors so appointed by the Trustee may be supplanted by a person or persons appointed in writing by the holders of not less than twenty percent (20%) in amount of all outstanding Bonds issued under this Indenture. Each such person so appointed by the Bondholders shall be a resident of the State of Oklahoma and of the County mentioned in paragraph (a) of this Section 5.6 and shall be approved by the District Court of said County, or by a Judge of such Court, and shall qualify as provided under the laws of the State of Oklahoma, and, thereupon, each such appointee of the Bondholders, ipso facto, shall supplant the temporary director appointed by the Trustee specified in such appointment.

(e) The written appointment of temporary directors by the Trustee under the provisions of this subsection shall be sent by the Trustee by registered or certified mail to the official clerk of the District and a duplicate original thereof shall be filed for record in the office of the County Clerk of the County mentioned in paragraph (a) of Section 5.6. The written appointment of a temporary director or directors by Bondholders under the provisions of this subsection shall be sent by such Bondholders by registered or certified mail to the Trustee and to the official clerk of the District, and a duplicate original thereof shall be filed for record in the office of the County Clerk of the County mentioned in paragraph (a) of Section 5.6.

(f) Upon the elimination or curing of all of the elemental constituents of all events of default

(whether or not they shall be the ones whereby the power conferred by Section 5.6 shall have been invoked), the regular Director or Directors of the District not supplanted by a temporary director, may mail written notice to the Trustee and to the official clerk of the District by registered or certified mail, of the fact that no state of default exists, and cause a duplicate original of such notice to be filed for record in the office of the County Clerk of the County mentioned in paragraph (a) of Section 5.6; and, thereupon, if said notice state truly, ipso facto, any and all temporary directors appointed under the provisions of this Section shall cease to have any power or authority under the laws of the State of Oklahoma, and each regular Director of the District theretofore supplanted by a temporary director appointed under the provisions of this Section shall be reinstated in every particular under the provisions of the laws of the State of Oklahoma.

(g) During the continuation of any event of default, the District, as constituted under the provisions of paragraphs (a) to (e), inclusive, of this Section 5.6, may, at the election of the Trustee, remain in possession of all or any part of the properties mentioned in Article II of this Indenture and may conduct all or any part of the operations of the District in relation thereto, with full right of management; and, in such event, all revenues of the District from said properties shall be applied, deposited and expended as provided in this Indenture for the application and expenditure of such revenues of the District; PROVIDED, however, that such election by the Trustee shall not be deemed to eliminate or cure or waive any event of default whatsoever, but shall be deemed the election of one remedy for enforcement of the security for the obligations of the District under this Indenture, and not otherwise.

SECTION 5.7: Other Concurrent Remedies.

(a) Should any state of default occur, the Trustee may, and upon written request of the holders of not less than twenty percent (20%) in amount of all outstanding Bonds issued under this Indenture, upon being indemnified as provided in paragraph (f) of Section 1 of Article VIII of this Indenture, the Trustee shall proceed to protect and enforce its rights and the rights of the holders of Bonds issued under this Indenture and under said Bonds, by a suit or suits, whether for specific performance of any covenant or agreement herein contained or in execution or aid of any power granted herein or for the enforcement of any other proper, legal or equitable remedy as the Trustee, being advised by its counsel, shall deem most effectual.

(b) The Trustee shall be entitled, upon or at any time after commencement of any proceedings instituted in case of default, as a matter of right, upon the order of any court of competent jurisdiction, to the appointment of a receiver for the properties mentioned in Article II of this Indenture, and for any System and properties described in any indenture supplemental hereto, or for any part of either or both, and for the rents, issues and profits thereof, with power to operate such properties. Any such receiver, except as herein otherwise provided, shall have all of the usual powers and duties of receivers in similar cases, with full power, upon order of the court, to rent such properties, or any part or parts thereof, for any term provided by the court; and such receiver shall apply the money received through rents and through operation of the properties to the payment of reasonable compensation for the services of such receiver and his or its attorneys, to the payment of the expenses and charges of operating and maintaining such properties, including (but not limited to) insurance, repairs and supplies, and to pay the balance, if any, to the Trustee to be applied and paid by it in the manner set forth in Section 3 of this Article V.

SECTION 5.8: Proceedings By or Against the District.

In case of any state of default involving either the prosecution of, or the defense, or the participation in, any judicial or administrative proceedings by or against the District, or where any such action becomes expedient during any state of default, the Trustee, at its sole discretion, may conduct such prosecution, defense or participation, and it may take any action or do anything whatsoever in relation thereto or in relation to the subject matter thereof, which the District might take or do.

SECTION 5.9: Expenses in Case of Default.

(a) Should any state of default occur, the Trustee shall have the right to incur any reasonable expense for any purpose relating thereto, or for the enforcement or exercise of any remedy, right or power provided in this Indenture, or provided by law, equity or statute, or for eliminating or curing any or all elemental constituents of a state of default, and the Trustee also shall be entitled to reasonable compensation for its extraordinary services in the premises and also for its attorneys.

(b) The District shall immediately pay to the Trustee, upon its demand therefor, all of the costs, expenses, outlays, expenditures and compensations provided in the preceding paragraph. The Trustee may have and receive reimbursement for any sums so paid out by it, and payment for compensation of itself and its attorneys, together with interest thereon, out of any property or money received by it under the provisions of this Indenture.

SECTION 5.10: Protection of Remedies.

No delay or omission to exercise any right, remedy or power hereunder shall be construed as a waiver of any state of default, or as acquiescence therein; and every such right, remedy or power may be exercised or invoked from time to time and as often as may be deemed expedient, without the election of one precluding any other. No waiver of any state of default shall constitute a waiver of any other or any subsequent state of default whatsoever.

SECTION 5.11: Application of Funds on Default.

Should any state of default occur after payment of the expenses of operation and maintenance of the properties mentioned in Article II of this Indenture, all amounts collected and received by the Trustee in any manner hereunder (other than payments made under temporary director control and continuing operation by the District as provided in Section 5.6 of this Article V and even such payments, at the option of the Trustee, may be applied in accordance with this Section), shall be applied and paid out by the Trustee, from time to time, in the following order:

- (1) All charges, costs and expenses of enforcing the provisions of this Indenture;
- (2) All interest on Bonds accrued and unpaid at the time of default, payable ratably;
- (3) The then-remaining unpaid balance of all accrued indebtedness on the principal of outstanding Bonds, together with thereafter accruing interest at the rate specified in this Indenture, payable ratably;
- (4) All other accrued indebtedness, liabilities, obligations and sums secured by this Indenture, together with interest thereon, payable ratably; and
- (5) The balance, if any, to be paid to the District or to whomsoever may be lawfully entitled to receive the same, as decreed by a court of competent jurisdiction.

SECTION 5.12: Resumption of Operations by the District.

If the remedy of acceleration, as provided in Section 5.5 of this Article, shall not have been invoked or, having been invoked shall have been rescinded, and (a) if all elemental constituents of all states of default (whether or not they shall be the ones whereby any remedy available in event of default shall have been invoked) shall have been eliminated or cured, and (b) if there shall remain in the hands of the Trustee sufficient money to credit to the Sinking Fund created by this Indenture the amounts then required to be in said Sinking Fund, the District shall be entitled to resume full possession, control and management of all

of the properties mentioned in Article II of this Indenture, and all outstanding Bonds shall be payable thereafter in the same manner as though no state of default had occurred, subject, however, to the provisions of Section 5.10 of this Article.

ARTICLE VI: PROCEEDS OF THESE BONDS

All of the proceeds of the sale of the Bonds issued under this Indenture shall be disbursed by the Trustee as follows:

- First: The costs and expenses necessarily incidental to the issuance and sale of said Bonds shall be paid to the persons entitled thereto, including, but not limited to attorney's fees and expenses, printing expenses and Trustee fees and expenses, in the respective amounts, as certified to the Trustee by the District;
- Second: The balance of such proceeds shall be held by the Trustee in a special account to be designated the "Project Fund" of the District and shall be disbursed by the Trustee, upon requisitions by the District, in payment of the costs and expenses of, and incidental to providing funds for improvements to the System of the District.

ARTICLE VII: ISSUANCE AND DEFEASANCE OF BONDS

SECTION 7.1: Defeasance.

The condition of the hereinbefore habendum is such that, if the District well and truly shall pay and perform, or cause to be paid and performed, fully and promptly when due, all indebtedness, liabilities and obligations at any time provided in this Indenture and in all evidences of indebtedness issued under authority hereof to be paid and performed, then, in such event and at such time and not earlier, this Indenture shall become null and void, but otherwise shall remain in full force and effect. The District may pay and discharge the entire indebtedness on any series of Bonds outstanding under this Indenture in any one or more of the following ways, to wit:

- (a) By payment at maturity, payment pursuant to redemption prior to maturity, or by purchase of Bonds upon the open market as provided in this Indenture, or
- (b) By depositing with the Trustee, its successors or a bank with corporate trust powers, the deposits of which are insured by the Federal Deposit Insurance Corporation, in trust either monies in an amount which shall be sufficient, or direct obligations of or obligations guaranteed by the United States of America the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal and interest due and to become due on the Bonds on the maturity date thereof, or, in the alternative, on such earlier date said Bonds shall be callable for redemption prior to maturity.

SECTION 7.2: Additional Indebtedness.

Except when a state of default exists under this Indenture or any indenture supplemental hereto, the District shall have the right to incur secured indebtedness, in addition to the indebtedness evidenced by the Bonds heretofore authorized by this Indenture, and to secure the same equally with but not superior to the indebtedness evidenced by the Bonds heretofore authorized by this Indenture, by the Gross Revenues mentioned in Article III of this Indenture, but only under the conditions set forth in this Article and not otherwise.

SECTION 7.3: Authorized Purposes of Additional Indebtedness.

Any such additional indebtedness so secured shall be incurred only for acquiring or constructing properties and facilities designed for the production of new or additional revenue or for extending, improving or enlarging, or protecting any of the properties or revenues of the District, or to effect major repairs and/or replacements of any of said properties, or to fund a program to protect the assets of the District or for refunding any outstanding indebtedness of the District incurred for any of the foregoing purposes.

SECTION 7.4: Conditions of Additional Indebtedness.

(a) No such additional indebtedness so secured shall be incurred for any of the purposes set forth in Section 7.8 of this Article of this Indenture unless the Gross Revenues of the District from the properties described in this Indenture, deposited in the Gross Revenue Account, in cash, and plus investment income of the District from the Bond Account and Sinking Fund and less all expenses of operation and ordinary maintenance thereof and excluding depreciation, other non-cash items and capital improvements (the "Net Revenues") for the twelve (12) full calendar months constituting the last fiscal year of the District immediately preceding the incurring of such additional indebtedness, as certified by the highest ranking District official having overall responsibility for operation of the System, shall have been equal to at least one and one-quarter (1.25) times the maximum annual amount required to be paid in cash (calculated as provided in Section 11 of Article IV of this Indenture), during a twelve (12) month period (or if one full fiscal year shall not have elapsed since the date of the last incurring of indebtedness so secured, then at the aforesaid rate for such part of a fiscal year so elapsed) into the District's Sinking Fund under this Indenture and any prior supplement to this Indenture, as well as the maximum annual amount to be paid with respect to the additional Existing Indebtedness and the indebtedness to be incurred. PROVIDED, the aforesaid Net Revenues may be adjusted to reflect rates actually in effect at the time such additional bonds or indebtedness are issued or incurred as if such rates had been in effect during the period of calculation.

(b) Any supplemental indenture relating to the incurring of any additional indebtedness so secured shall provide:

(1) That the instruments evidencing such additional indebtedness shall be distinguishable from the Bonds or other instruments previously issued and secured under this Indenture and any prior supplement to this Indenture;

(2) For monthly deposits into the Bond Account created by this Indenture of sufficient amounts to provide for interest and principal maturity requirements for such additional indebtedness, in addition to the monthly deposits into the Bond Account required under this Indenture and any prior supplement to this Indenture; and for transfers thereof from the Bond Account to the Sinking Fund in addition to like transfers required under this Indenture and any prior supplement to this Indenture;

(3) That indebtedness secured by such supplemental indenture shall be expressed to mature, or may be required to be expressed to mature, or may be required to be redeemed prior to the expressed maturity thereof, only at such times and in such amounts as additional deposits required to be made under such supplemental indenture shall enable the same to be done and that amount of money required by this Indenture and by any intervening supplement or supplements hereto to be in the District's Sinking Fund at any particular time shall not be reduced for the prepayment (either by redemption prior to maturity or by purchase on the open market) of any indebtedness issued under authority of such supplemental indenture;

(4) That all deposits or payments made under such supplemental indenture into the Bond Account and Sinking Fund, created by this Indenture, shall be commingled therein with all

other deposits and payments made into such account or fund under this Indenture and any prior supplement to this Indenture, and that, except as provided in subparagraph 3 of this paragraph (b) any payments made from any said account or fund shall be made without preference as though such additional indebtedness were initially incurred under this Indenture.

SECTION 7.5: Modification of Indenture.

This Indenture may be changed by adding any provisions to or changing in any manner or eliminating any of its provisions by agreement of the District and the Trustee with the consent in writing of the Bondholder of not less than seventy-five percent (75%) in principal amount of all outstanding indebtedness issued and secured under authority of this Indenture, collectively; PROVIDED:

(a) The aforesaid percentage, seventy-five percent (75%), shall not be reduced without the consent of the Bondholder of all of the principal of said outstanding indebtedness;

(b) Unless the Bondholder of the instrument evidencing such indebtedness sustaining a greater reduction in interest or longer postponement of maturity shall otherwise consent in writing, (1) any reduction in the annual rate of interest borne by any said instrument may be accomplished only by subtracting the same number from the annual rate of interest borne by all outstanding debt; and (2) any postponement of the maturity date of principal may be accomplished only if all outstanding debt is made to mature on the same date or if the maturity date of all principal is deferred for the same length of time; and

(c) No change shall be made affecting the equal and ratable applicability of this Indenture as heretofore or hereafter supplemented or amended and the security provided thereby to each and all of said debt.

ARTICLE VIII: CONCERNING THE TRUSTEE

SECTION 8.1: Obligations and Duties.

The Trustee hereby accepts the trust provided in this Indenture, but only upon, and subject to, the following express terms and conditions:

(a) The Trustee may execute any of such trusts or powers and perform any duties hereunder through employees, attorneys, agents or servants, and it shall be entitled to advice of counsel in regard thereto and may rely upon such advice, and may receive or recover any reasonable costs or expenses in connection therewith from any funds in its hands.

(b) The Trustee shall not be responsible for any recitals in this Indenture or in the Bonds hereunder issued, or for doing or performing any thing or act which the District shall have covenanted to do or perform, or for any other compliance with any covenant by the District, nor shall the Trustee be bound to ascertain or inquire as to the performance of any covenant, condition or agreement by the District, but it may require full information and advice in regard to any of the foregoing.

(c) The Trustee shall not be accountable for the use of any Bonds delivered hereunder, or for any of the proceeds of such Bonds after the same shall have been paid out by it; and holders of Bonds shall not be entitled to any interest from the Trustee on funds in its hands for payment of the same.

(d) The Trustee shall not be accountable for acting upon any notice, requisition, request, consent, certificate, order, affidavit or other information believed by it to be genuine and correct to have been signed or sent by the person or persons proper to have so done.

(e) The Trustee shall not be bound to recognize any person or persons as a Bondholder or Bondholders or to take action at his or their request, unless such Bond or Bonds be deposited with the Trustee or submitted to it for inspection; and any action taken by the Trustee pursuant to this Indenture upon request or authority or consent of any person who, at the time of making such request, or giving such authority or consent, is the owner of any Bond issued hereunder, shall be conclusive and binding upon all future owners of the same Bond or any Bonds issued in exchange therefor or in place thereof.

(f) The Trustee shall not be obligated to do any act hereunder, or to take any action toward the enforcement of the covenants hereof or the Bonds issued hereunder, or to prosecute or defend or appear in any judicial or administrative proceeding, or to take any action in regard thereto, and the Trustee, unless requested so to do in writing by the holders of not less than twenty percent (20%) in amount of all outstanding Bonds issued hereunder, and then only if indemnified to its satisfaction against any loss, cost, liability or expense incurred in so doing.

(g) The Trustee shall not be liable for any action taken by it, or for any inaction on its part, in good faith and believed by it to be within its discretion or elective power hereunder; and it shall not be liable for the consequences of any error in judgment or oversight or for the acts or omissions of any person selected by it with reasonable care.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any state of default hereunder unless such notice shall be given in writing by a Bondholder.

(i) Notwithstanding any or all of the foregoing, the Trustee shall not be absolved or relieved of any liability to any person proximately resulting from any willful or grossly negligent act or omission of the Trustee.

SECTION 8.2: Special Rights.

(a) The Trustee may become the owner of any Bond or Bonds, issued hereunder with the same rights as any other Bondholder, notwithstanding any trust status it may have under this Indenture.

(b) In case of any controversy between the Trustee and the District or in case where the position of the Trustee shall be or become directly adverse to that of the District, the trust status of the Trustee shall not prevent the Trustee from maintaining such adverse position, nor shall so doing disqualify the Trustee from continuing in such trust status hereunder.

(c) The merger or consolidation of the Trustee with any other corporation, or its succession in trust business by transfer or otherwise (except in the case of receivership or liquidation) shall not operate to remove the Trustee from its status under this Indenture, but such merged, consolidated or successor corporation ipso facto shall succeed to such status without the execution or filing of any instrument whatsoever.

SECTION 8.3: Successors to the Trustee.

(a) The Trustee may be removed at any time by an instrument in writing, or concurrent instruments in writing, delivered to the Trustee and to the District, signed by the holders of more than fifty percent (50%) of all outstanding Bonds issued hereunder; or the Trustee may be removed at any time by an instrument in writing, signed by the Chairman and Secretary of Board of Directors of the District; or the Trustee may resign by giving notice thereof thirty (30) days prior thereto to the District and to Bondholders in the manner provided in this Indenture for notice of call for prior redemption of Bonds.

(b) In case of the removal or other incapacity of the Trustee to act hereunder, or in case of its resignation, a successor may be appointed by the holders of such quantum of Bonds as may effect its removal or in the case of removal of the Trustee by the District, the District shall appoint such successor. Such successor shall be appointed in writing, signed by such Bondholders or by their attorneys or the District may appoint a substitute for the Trustee to act temporarily in its place and stead in the event of a vacancy until a successor be appointed by the Bondholders as aforesaid. In the event the Board of Directors of the District shall fail to appoint such temporary substitute within thirty (30) days after a vacancy shall occur, any Bondholder or the Trustee shall have the right to apply to any court of competent jurisdiction for appointment of such temporary substitute. The Trustee and each successor shall continue as Trustee hereunder until its respective successor shall have been trustee hereunder.

(c) Every successor to the Trustee under the terms of the preceding paragraph, and every temporary substitute therefor, shall deliver to its predecessor and to the District an instrument in writing accepting such appointment under this Indenture and shall cause a copy thereof to be filed in the office of the County Clerk of Love County, State of Oklahoma, and, thereupon, such appointee shall become fully vested with all of the estates, properties, rights, powers, duties and obligations of such predecessor; but such predecessor, upon request of the District, shall execute and deliver to such successor such instrument or instruments in writing as shall be appropriate to transfer to and vest in such successor the said estates, properties, rights and powers. Every such predecessor to a successor appointed under this Section shall deliver, forthwith, to such successor all securities, money, documents and records and other papers in relation to this Indenture and proceedings hereunder; PROVIDED that, before any such delivery shall be required, all accrued fees and other sums due the retiring predecessor shall be paid in full.

ARTICLE IX: MISCELLANEOUS

SECTION 9.1: Notices.

Any notice provided for in this Indenture shall be deemed to have been given when the same shall have been deposited in the United States mail, directed to the intended recipient at the usual and customary principal business address thereof, registered or certified with postage thereon prepaid; and the time of postal cancellation shall be conclusive for all purposes.

SECTION 9.2: Successors of Parties.

All of the covenants, stipulations, conditions, agreements and undertakings herein contained shall be binding upon, and shall inure to the benefit of, the successors and assigns of the respective parties hereto and of those having beneficial interest hereunder.

SECTION 9.3: Personal Liability of Board of Directors.

All expenses and obligations, and all debts, damages, judgments, decrees or liabilities incurred by any Director or Directors of the District, and any of the foregoing incurred by any agent, servant or employee of the District, under or arising from or growing out of the provisions of this Indenture, shall be payable solely out of the System of the District. In no event shall any Director or Directors or any temporary director or directors of the District in any manner individually be liable for any damage or for breach of contract or obligation caused by, arising from, incident to, or growing out of, the execution of the trust purposes of the District; nor shall they or any of them be liable for the acts or omissions of each other, or of any agent, servant, or employee of them or any of them; PROVIDED, however, that the foregoing shall not apply to any willful or grossly negligent breach of trust.

SECTION 9.4: Partial Ineffectiveness.

The invalidity or ineffectiveness for any reason of any one or more words, phrases, clauses, sentences, paragraphs, subsections, sections, or articles of this Indenture shall not affect the remaining portions thereof so long as such remaining portions shall constitute a rational instrument. Any such invalid or ineffective

portion was inserted conditionally upon its being valid or effective only, and this Indenture shall be construed as if such invalid or ineffective portion had not been inserted therein.

SECTION 9.5: Definitions.

For all purposes of this Indenture, unless context otherwise shall indicate:

- (a) Words used in the singular shall include the plural and vice versa;
- (b) The word “person” shall include all legally cognizable entities;
- (c) The words “hereof” and “herein” shall be construed to refer to the entire of this Indenture and not restricted to the particular article, section, subsection or paragraph in which they occur;
- (d) The term “extensions and additions” to property shall include capital expenditures necessary to its management and operation as a going concern;
- (e) The term “Gross Revenues”, when used with respect to the income from specified properties, shall mean the income derived or accruing from the specified properties in Article XI of this Indenture (together with any other income specified in this Indenture as entitled to be treated as income from such properties);
- (f) “Maintenance” of the properties shall mean ordinary repairs and replacements of properties and shall be limited to minor repairs and replacements of properties which are customarily treated as a business expense by a going concern; and
- (g) “Permitted Investments” shall mean investments in one or more of the following types of obligations selected by the Trustee hereunder:

(1) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”); (2) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (3) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (4) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively “United States Obligations”).

ARTICLE X: SECURITY FOR BONDS

SECTION 10.1: Conveyance.

To secure the payment of the principal of and interest on all Bonds issued under authority of this Indenture, including any additional indebtedness issued pursuant to the provisions of Section 4 of Article VII hereof, according to their tenor and effect, and further to secure the performance of the covenants of this Indenture, and further to secure all other sums, liabilities, indebtedness and obligations at any time due or obligatory under the provisions of this Indenture, and further to secure the Trustee for payment to it of any sums which it may pay or become obligated to pay, or which shall be due to it, by reason of any provision of this Indenture, whether by operation of law or by agreement, including interest, attorney’s fees, costs and expenses of litigation or otherwise, and in consideration of the acceptance by the Trustee of the trusts and duties set forth in this Indenture, and of the acceptance of the Bonds issued under the authority of this

Indenture and the payment of the purchase price thereof to the Trustee for the use and benefit of the District:

**RURAL WATER DISTRICT NO. 2
LOVE COUNTY, OKLAHOMA,**

a body politic and corporate as aforesaid, acting by and through its duly qualified and acting Board of Directors, hereby does grant, bargain, sell, convey, transfer, assign, pledge, set over, create a security interest in

**BANCFIRST
OKLAHOMA CITY, OKLAHOMA, as trustee,**

its successors and assigns, all of its right, title and interest in and to the Gross Revenues of the System, as described in Article XI of this Indenture, together with all additions thereto and extensions and replacements thereof, as well as the proceeds from the sale or other disposition of the System, together with all funds and accounts established by the Trustee under this Indenture.

ARTICLE XI: SCHEDULE OF PROPERTIES

The System mentioned in Section 1 of Article X of this Indenture consists of the following:

All of the water production, treatment, storage, transportation and distribution system and facilities, including all tangible property, real and personal, and all interests therein appertaining or related thereto or used in connection therewith, and all rights-of-way, easements, licenses, contracts (including, but not limited to, all water purchase contracts) and other rights and privileges appertaining or related to such system and facilities or the use thereof, then belonging to said District or under its custody, management or control.

[Signatures Omitted]

APPENDIX A: FORM OF BONDS

UNITED STATES OF AMERICA

State of Oklahoma

**RURAL WATER DISTRICT NO. 2
LOVE COUNTY, OKLAHOMA
UTILITY REVENUE BONDS
SERIES 2025**

Number: R-

Dollars:

Maturity Date: **Interest Rate:**
_____ 1, 20____ %

Date of Original Issue: **CUSIP:**
_____ 1, 2025 _____

Rural Water District No. 2, Love County, Oklahoma (hereinafter called the “District”), a body politic and corporate, created and existing under the laws of the State of Oklahoma, particularly, but not exclusively Title 82, Oklahoma Statutes 2021 Supplement, Section 1324.1 et seq., by which laws the Board of Directors of the District are designated as an agency of the State of Oklahoma, hereby promises to pay to CEDE & CO., or registered assigns, on the date specified above, unless previously redeemed, the principal sum of _____ DOLLARS and in like manner to pay interest on such sum (computed on the basis of a 360-day year) from the date of delivery of this Bond, at the rate per annum specified above, semi-annually on _____ 15 and September 15 of each year, commencing September 15, 20____, until such principal sum is paid.

The principal of this Bond is payable to the Bondholder hereof or his transferee upon presentation when due, in lawful money of the United States of America, at the principal office of BancFirst, Oklahoma City, Oklahoma (the “Trustee”). Payment of the semi-annual interest hereon shall be made by check or draft, mailed on or before the respective interest payment date to the person in whose name this Bond is registered, at his address as it appears on the registration records maintained by the Trustee on behalf of the District, at the close of business on the first (1st) day of the month (whether or not a business day) next preceding each respective interest payment date.

This Bond is one of an issue of Rural Water District No. 2, Love County, Oklahoma Utility Revenue Bonds Series 2025, issued by the District under date of _____ 1, 2025, in registered form, in the aggregate principal amount of \$ _____, ratably secured under an Indenture denominated “Rural Water District No. 2, Love County, Oklahoma Series 2025 Revenue Bond Indenture”, dated _____ 1, 2025, entered into between the Board of Directors of the District and the Trustee (the “Indenture”). This Bond is executed by direction of the Board of Directors of the District solely in their capacity as Board of Directors and not as individuals; and all personal liability of the Board of Directors of the District, its officers and agents, and of the beneficiary of the District, of whatsoever kind or nature, is released and waived by the acceptance of this Bond, and the same also is released and waived by the Indenture.

This Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, Rural Water District No. 2, Love County, Oklahoma, a body politic and corporate, acting by and through its legally constituted, qualified and acting Board of Directors, has caused this Bond to be executed by its Chairman, to be attested by its Secretary and the seal of the District to be impressed hereon, all as of the 1st day of _____, 2025.

RURAL WATER DISTRICT NO. 2
LOVE COUNTY, OKLAHOMA

By _____
Chairman

ATTEST: (Seal)

Secretary

Date of Registration and Authentication:

_____, 20____

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Indenture.

BANCFIRST, OKLAHOMA CITY,
OKLAHOMA, as Trustee

By _____
Authorized Signature

This Bond is one of an issue of \$_____ principal amount of Utility Revenue Bonds Series 2025 (the "Bonds") issued by the District under date of _____, 2025. The Bonds are issuable only in the form of registered bonds in the denomination of \$5,000.00 each or any multiple thereof of the same maturity. The District and the Trustee shall not be required to issue or transfer any Bonds during a period beginning at the close of business on the first (1st) day of the month next preceding any interest payment date and ending at the close of business on that interest payment date. The District and the Trustee may deem and treat the Bondholder hereof as absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest due hereon and for all other purposes and neither the District nor the Trustee shall be affected by any notice to the contrary.

This Bond is transferable by the Bondholder hereof in person or by his attorney duly authorized in writing, at the principal office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. A Bond may be transferred upon the registration books upon delivery to the Trustee of the Bond, accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the owner of the Bond to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bond. In all cases of the transfer of a Bond, the Trustee shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the Bondholder is entitled to receive at the earliest practicable time in accordance with the provisions of the Indenture.

In case any default as defined in the Indenture shall occur, the principal amount of this Bond, together with the principal amount of all other outstanding indebtedness issued under the Indenture and any indenture supplemental thereto, may be declared immediately due and payable in the manner and with the effect provided in the Indenture.

The District hereby certifies, recites and declares that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the issue of Bonds of which it is a part, together with all other obligations of the District does not exceed or violate any constitutional or statutory limitation applicable to the District.

OPTIONAL REDEMPTION

Bonds maturing _____ 1, 20__ and thereafter shall be subject to redemption prior to maturity at the option of the District, on at least thirty (30) days notice (to be provided in the manner hereafter stated), in whole or in part, in inverse order of maturity and by lot within a maturity on any date, on and after

_____ 1, 20____, at the respective redemption prices of par plus accrued interest to the date of redemption.

MANDATORY REDEMPTION

Bonds maturing _____ 1, 20____, are subject to mandatory sinking fund redemption and payment prior to maturity on _____ 1, 20____, and on each _____ 1, thereafter through _____ 1, 20____, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, as follows:

<u>Mandatory Redemption Dates</u>	<u>Principal</u>
_____ 1, 20____	\$
_____ 1, 20____	\$
_____ 1, 20____	\$
_____ 1, 20____	\$
_____ 1, 20____	\$

Bonds maturing _____ 1, 20____, are subject to mandatory sinking fund redemption and payment prior to maturity on _____ 1, 20____, and on each _____ 1, thereafter through _____ 1, 20____, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, as follows:

<u>Mandatory Redemption Dates</u>	<u>Principal</u>
_____ 1, 20____	\$
_____ 1, 20____	\$
_____ 1, 20____	\$
_____ 1, 20____	\$
_____ 1, 20____	\$

Bonds maturing _____ 1, 20____, are subject to mandatory sinking fund redemption and payment prior to maturity on _____ 1, 20____, and on each _____ 15, thereafter through _____ 1, 20____, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, as follows:

<u>Mandatory Redemption Dates</u>	<u>Principal</u>
_____ 1, 20____	\$

_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$

Bonds maturing _____ 1, 20 _____, are subject to mandatory sinking fund redemption and payment prior to maturity on _____ 1, 20 _____, and on each _____ 15, thereafter through _____ 1, 20 _____, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date, as follows:

**Mandatory
Redemption Dates**

Principal

_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$
_____ 1, 20 _____	\$

In the event that less than all of the outstanding Bonds shall be called for redemption prior to maturity, then Bonds shall be called for redemption only in inverse order of maturity and Bonds called for mandatory or optional redemption within a maturity shall be selected by lot by the Trustee in a fair and equitable manner. Whenever, on the 1st day of the month second next preceding any interest payment date on which Bonds are subject to optional redemption prior to maturity, there shall have been deposited in the Sinking Fund established by the Indenture, out of any available funds, an amount in excess of that required to have been deposited therein for the payment of interest next becoming due on and for the payment of the principal of Bonds maturing or required to be redeemed on that date or such excess amount shall have been contracted to the satisfaction of the Trustee, and such excess amount shall be sufficient to pay the principal required to call for optional redemption one or more outstanding Bonds, the Trustee, upon direction in writing by the District so to do, shall call for redemption on the next date such number of Bonds as may be redeemed with such excess amount.

When any Bond shall be called for either mandatory or optional redemption, whether all or less than all of

the outstanding Bonds shall be redeemed prior to maturity, the Trustee, at least thirty (30) days before the date fixed for such redemption, shall mail to the Bondholder thereof, by first-class mail, postage prepaid, a notice of such call for redemption, specifying the date fixed for redemption, the number of each Bond to be redeemed and amount of principal thereof to be redeemed. Failure to give such notice or any defect therein shall not affect the validity of any proceeding for the redemption of other Bonds. Interest on the principal of any Bond so called for redemption shall cease to accrue after the date fixed for redemption.

TRANSFER

FOR VALUE RECEIVED, _____ (“Transferor”), the undersigned, hereby sells, assigns and transfers unto _____ (“Transferee”) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ as attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial Bank or trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature to this assignment corresponds with the name as it appears upon the face of the within Bond in every particular, without alteration, enlargement, or any change whatsoever.

(End of Bond Form)

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APPENDIX F
MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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