CITY OF CLARKSVILLE
CITY COUNCIL AGENDA
July 30, 2026
5:30 P.M.

2nd PUBLIC HEARING AT 5:30PM AND 5:45PM ON ISSUANCE OF BONDS FOR HATCHBO, LLC AND SF ARK1, LLC

1. **CALL TO ORDER**
2. **ROLL CALL** – Baker, Bradley, King, Risinger, C Thompson, R Thompson
3. **APPROVAL OF AGENDA**
4. **NEW BUSINESS**
   a) Ordinance: PILOT Program for HATCHBO, LLC
   b) Ordinance: PILOT Program for SF ARK1, LLC
   c) Community Development Grant Agreement
5. **Adjournment**

ADD BEFORE AGENDA APPROVAL

OLD BUSINESS:

a) 2026 CITY OF CLARKSVILLE IDBS (HATCHBO) - City Resolution of Support for Tax Back Program
b) 2026 CITY OF CLARKSVILLE IDBS (SFARK1) - City Resolution of Support for Tax Back Program

ADD UNDER NEW BUSINESS

d) Strategic Communications Consultation

ORDINANCE NO. 26-1007
(HATCHBO LLC)

AN ORDINANCE AUTHORIZING THE ISSUANCE OF A TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND, SERIES 2026, UNDER THE AUTHORITY OF ACT NO. 9 OF 1960, AS AMENDED, FOR THE PURPOSE OF SECURING AND DEVELOPING INDUSTRY WITHIN THE CITY; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT PROVIDING FOR THE SALE OF THE BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT BETWEEN THE CITY, AS LESSOR, AND HATCHBO LLC, AS LESSEE; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT FOR PAYMENTS IN LIEU OF TAXES; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS RELATING TO THE ISSUANCE OF THE BOND; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, the City of Clarksville, Arkansas (the "City") is authorized under the provisions of the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 *et seq.* (the "Act"), to own, acquire, construct, reconstruct, improve, equip and lease facilities to secure and develop industry and to assist in the financing thereof by the issuance of bonds payable from the revenues derived from such facilities; and

WHEREAS, the necessary arrangements have been made with Hatchbo LLC, a Delaware limited liability company (the "Company"), to provide for the financing of an industrial project consisting of the acquisition and installation of certain items of machinery, equipment and other tangible personal property (and maintenance and repair parts relating thereto) and certain fixtures and other real property improvements to be utilized for data center operations to be located on approximately 205 acres of land located at 101 Big Danger Road within the corporate boundaries of the City (collectively, the "Project"); and

WHEREAS, permanent financing of the Project costs, necessary costs and expenditures incidental thereto and the cost of the issuance of bonds is being furnished by the City pursuant to the Act through the issuance of its Taxable Industrial Development Revenue Bond (Hatchbo LLC Project), Series 2026, in the principal amount of not to exceed Fifty Billion Dollars ($50,000,000,000) (the "Bond"); and

WHEREAS, an open public hearing on the question of the issuance of the Bond was held before the City Council on July 30, 2026, following publication of notice thereof in *The Johnson County Graphic* on July 15, 2026; and

WHEREAS, the Bond will be issued pursuant to the terms and provisions of a Trust Indenture to be dated as of the date of delivery of the Bond (the "Indenture"), by and between the

City and a financial institution with corporate trust powers mutually acceptable to the Company and the Company, as trustee (the "Trustee"); and

WHEREAS, the necessary arrangements have been made by the City to lease the Project to the Company pursuant to the terms of a Lease Agreement to be dated as of the date of delivery of the Bond (the "Lease Agreement");

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CLARKSVILLE, ARKANSAS, THAT:

Section 1. The City Council makes the following findings and determinations:

(a) Based on information compiled and released by the Arkansas Division of Workforce Services, unemployment in Johnson County during May of 2026 averaged 5.0%. Installation and operation of the Project is expected to provide additional employment and other benefits to residents of the City.

(b) The Company currently intends to utilize the Project in its data center operations business.

(c) The Company's presence within the City is expected to be an important factor in the economic well-being and employment base for the City and its inhabitants.

(d) The Bond will not constitute a general obligation of the City within the meaning of any constitutional or statutory limitation, but will be a special limited obligation of the City as provided in the Act, the principal and interest on which shall be payable solely from the revenues or other receipts, funds, monies and property pledged therefor under the Indenture.

Section 2. There is hereby authorized and directed the issuance from time to time of the Bond and the sale thereof to an affiliate of the Company (the "Purchaser"), pursuant to the terms and provisions of a Bond Purchase Agreement to be dated as of the date of delivery of the Bond (the "Bond Purchase Agreement"), which Bond Purchase Agreement is specifically approved in Section 3 hereof. The Bond shall be sold at the purchase price of par plus accrued interest, if any, and shall be issued and delivered according to the terms and provisions of the Bond Purchase Agreement. The Bond shall be issued in the original aggregate principal amount of not to exceed Fifty Billion Dollars ($50,000,000,000), shall be dated as of the date of its delivery, shall have a final maturity of thirty (30) years from its date of issuance, shall bear interest at the rate of 5.0% per annum, shall be in the form, and shall be issued upon the terms and conditions recommended by the Company, all as more particularly set forth in the Trust Indenture approved in Section 4 hereof. The Mayor is hereby authorized and directed to execute and deliver the Bond at such time as requested by the Company, and the City Clerk is hereby authorized and directed to execute and deliver the Bond and to affix the seal of the City thereto, and the Mayor and City Clerk are hereby authorized and directed to cause the Bond to be authenticated by the Trustee.

Section 3. To prescribe the terms and conditions upon which the Bond is to be sold to the Purchaser, the Mayor is hereby authorized and directed to execute at the request of the Company the Bond Purchase Agreement on behalf of the City, by and between the City and the Purchaser, and approved by the Company. The Bond Purchase Agreement is hereby approved in

substantially the form submitted to this meeting, and the Mayor, with the counsel of the City Attorney, is hereby authorized to confer with the Purchaser, the Company and Kutak Rock LLP, Little Rock, Arkansas ("Bond Counsel"), in order to complete the Bond Purchase Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the Bond Purchase Agreement in substantially the form authorized to be executed is on file with the City Clerk and is available for inspection by any interested person.)

Section 4. To prescribe the terms and conditions upon which the Bond is to be secured, executed, authenticated, issued, accepted and held, the Mayor and the City Clerk are hereby authorized and directed to execute, acknowledge and deliver the Trust Indenture, by and between the City and the Trustee, and the Mayor and City Clerk are hereby authorized and directed to cause the Trust Indenture to be accepted, executed and acknowledged by the Trustee. The Trust Indenture is hereby approved in substantially the form submitted to this meeting, and the Mayor, with the counsel of the City Attorney, is hereby authorized to confer with the Trustee, the Company, the Purchaser and Bond Counsel in order to complete the Trust Indenture in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the Trust Indenture in substantially the form authorized to be executed is on file with the City Clerk and is available for inspection by any interested person.)

Section 5. There is hereby authorized and directed acceptance of the conveyance by the Company (or any affiliate thereof) to the City of the real and personal property comprising the Project and the lease of such property to the Company pursuant to the Lease Agreement. The execution and delivery of the Lease Agreement by and between the City, as lessor, and the Company, as lessee, is hereby authorized and directed, and the Mayor and the City Clerk are hereby authorized to execute, acknowledge and deliver the Lease Agreement for and on behalf of the City. The Lease Agreement is hereby approved in substantially the form submitted to this meeting, and the Mayor, with the counsel of the City Attorney, is hereby authorized to confer with the Company, the Trustee, the Purchaser and Bond Counsel in order to complete the Lease Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the Lease Agreement in substantially the form authorized to be executed is on file with the City Clerk and is available for inspection by any interested person.)

Section 6. The City and the Company recognize that under Article 16, Section 5, of the Constitution of the State of Arkansas, as interpreted under past decisions of the Supreme Court of the State of Arkansas applicable to facilities financed pursuant to the Act, including particularly the case of Wayland v. Snapp, 232 Ark. 57, 334 S.W.2d 663 (1960), the Project will be exempt from *ad valorem* taxation. Although the City makes no representation as to the continued

precedential value of such past decisions, the Company has agreed to enter into an Agreement for Payments in Lieu of Taxes to be dated as of the date of its execution (the "PILOT Agreement") requiring the Company to make certain payments in lieu of all *ad valorem* taxes which would otherwise be levied on the Project by local public bodies with taxing power. In order to provide for such payments, there is hereby authorized and directed the execution and delivery of the PILOT Agreement, and the Mayor is hereby authorized to execute and deliver the PILOT Agreement for and on behalf of the City. The PILOT Agreement is hereby approved in substantially the form submitted to this meeting, and the Mayor, with the counsel of the City Attorney, is hereby authorized to confer with the Company and Bond Counsel in order to complete the PILOT Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the PILOT Agreement in substantially the form authorized to be executed is on file with the City Clerk and is available for inspection by any interested person.)

Section 7. The Mayor and City Clerk, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to effect the execution and delivery of the Bond, the Bond Purchase Agreement, the Trust Indenture, the Lease Agreement and the PILOT Agreement, and to perform all of the City's obligations under and pursuant thereto. The Mayor and the City Clerk are hereby further authorized and directed, for and on behalf of the City, to execute all papers, documents, certificates and other instruments that may be required for the carrying out of such authority or to evidence the exercise thereof.

Section 8. Because the City is here involved with the acquisition, construction and equipping of a complex industrial project requiring highly specialized work and specialized types of machinery and equipment, it has been and is hereby determined by the City Council that competitive bidding be, and the same is hereby, waived as to this particular industrial project. This action is taken by the City pursuant to applicable laws of the State of Arkansas, including particularly the Act.

Section 9. Kutak Rock LLP, Little Rock, Arkansas, is hereby appointed as Bond Counsel with respect to the issuance of the Bond, the fees and expenses of which firm shall be costs of the Project and paid from the proceeds of the Bond or by the Company.

Section 10. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions.

Section 11. All ordinances, resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

ADOPTED: July 30, 2026

_____
Mayor

ATTEST:

_____
City Clerk

(S E A L)

ORDINANCE NO. 26-1008
(SF ARK1, LLC)

AN ORDINANCE AUTHORIZING THE ISSUANCE OF A TAXABLE INDUSTRIAL DEVELOPMENT REVENUE BOND, SERIES 2026, UNDER THE AUTHORITY OF ACT NO. 9 OF 1960, AS AMENDED, FOR THE PURPOSE OF SECURING AND DEVELOPING INDUSTRY WITHIN THE CITY; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT PROVIDING FOR THE SALE OF THE BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE BOND; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT BETWEEN THE CITY, AS LESSOR, AND SF ARK1, LLC, AS LESSEE; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT FOR PAYMENTS IN LIEU OF TAXES; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS RELATING TO THE ISSUANCE OF THE BOND; AND PRESCRIBING OTHER MATTERS RELATING THERETO.

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WHEREAS, the necessary arrangements have been made with SF ARK1, LLC, a Delaware limited liability company (the "Company"), to provide for the financing of an industrial project consisting of the acquisition of approximately 205 acres of land located at 101 Big Danger Road within the corporate boundaries of the City and the construction of buildings and other real and personal property components of facilities thereon for use in data center operations (collectively, the "Project"); and

WHEREAS, permanent financing of the Project costs, necessary costs and expenditures incidental thereto and the cost of the issuance of bonds is being furnished by the City pursuant to the Act through the issuance of its Taxable Industrial Development Revenue Bond (SF ARK1, LLC Project), Series 2026, in the principal amount of not to exceed Five Billion Dollars ($5,000,000,000) (the "Bond"); and

WHEREAS, an open public hearing on the question of the issuance of the Bond was held before the City Council on July 30, 2026, following publication of notice thereof in *The Johnson County Graphic* on July 15, 2026; and

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Section 1. The City Council makes the following findings and determinations:

(a) Based on information compiled and released by the Arkansas Division of Workforce Services, unemployment in Johnson County during May of 2026 averaged 5.0%. Construction and operation of the Project is expected to provide additional employment and other benefits to residents of the City.

(b) The Company currently intends to utilize the Project in its data center operations business.

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otherwise be levied on the Project by local public bodies with taxing power. In order to provide for such payments, there is hereby authorized and directed the execution and delivery of the PILOT Agreement, and the Mayor is hereby authorized to execute and deliver the PILOT Agreement for and on behalf of the City. The PILOT Agreement is hereby approved in substantially the form submitted to this meeting, and the Mayor, with the counsel of the City Attorney, is hereby authorized to confer with the Company and Bond Counsel in order to complete the PILOT Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

(Advice is given that a copy of the PILOT Agreement in substantially the form authorized to be executed is on file with the City Clerk and is available for inspection by any interested person.)

Section 7. The Mayor and City Clerk, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to effect the execution and delivery of the Bond, the Bond Purchase Agreement, the Trust Indenture, the Lease Agreement and the PILOT Agreement, and to perform all of the City's obligations under and pursuant thereto. The Mayor and the City Clerk are hereby further authorized and directed, for and on behalf of the City, to execute all papers, documents, certificates and other instruments that may be required for the carrying out of such authority or to evidence the exercise thereof.

Section 8. Because the City is here involved with the acquisition, construction and equipping of a complex industrial project requiring highly specialized work and specialized types of machinery and equipment, it has been and is hereby determined by the City Council that competitive bidding be, and the same is hereby, waived as to this particular industrial project. This action is taken by the City pursuant to applicable laws of the State of Arkansas, including particularly the Act.

Section 9. Kutak Rock LLP, Little Rock, Arkansas, is hereby appointed as Bond Counsel with respect to the issuance of the Bond, the fees and expenses of which firm shall be costs of the Project and paid from the proceeds of the Bond or by the Company.

Section 10. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions.

Section 11. All ordinances, resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

ADOPTED: July 30, 2026

_____
Mayor

ATTEST:

_____
City Clerk

(S E A L)

COMMUNITY DEVELOPMENT GRANT AGREEMENT

THIS COMMUNITY DEVELOPMENT GRANT AGREEMENT (the "Agreement") is made and effective as of July 30, 2026 (the "Effective Date") by and between the City of Clarksville, Arkansas, a municipal corporation and political subdivision of the State of Arkansas organized as a City of the First Class (the "City"), and SF ARK1, LLC, a limited liability company organized under the laws of the State of Delaware (the "Company"). The City is the owner and regulator of a utility service provider that operates under the supervision of the Clarksville Connected Utilities Commission, and, for purposes of this Agreement, the term "City" shall include Clarksville Connected Utilities Commission. The City and the Company may be referenced herein individually as a "Party" and together as "Parties".

WITNESSETH:

WHEREAS, the Company is developing and constructing a data center campus consisting of the acquisition of land, the acquisition and construction of buildings, infrastructure and improvements and the acquisition and installation of equipment used both directly and indirectly in the operation of one or more "qualified data centers" or "qualified large data centers" within the meaning of Ark. Code Ann. § 26-52-456 (the "Initial Project");

WHEREAS, the Initial Project will be located on approximately 462.56 acres west of Big Danger Road within the municipal boundary of, or soon to be annexed by, the City, as more completely described on Exhibit A (the "Development Area"), and will include not less than four (4) nor more than ten (10) data center buildings that are approximately 600,000 square feet in size (each of these, as well as any other data center building subsequently developed, a "Building"), as well as power generation, power supply and distribution, and other ancillary equipment, structures and improvements (collectively "DC Infrastructure");

WHEREAS, the Initial Project will proceed in two or more phases (each, a "Phase"), and the first Phase will be the development of four (4) Buildings, each with approximately 108 MW of power demand, and DC Infrastructure ("Phase 1");

WHEREAS, the Company will lease the Initial Project to one or more tenants (each tenant together with any entity that is related to such tenant by shareholding, contract, or other means of control, a "Tenant" and collectively, "Tenants") for operation of the Buildings and possibly other structures (such as power supply);

WHEREAS, in addition to the Initial Project, the Company is contemplating the construction and development of additional Buildings of similar size and scope (one or more "Additional Projects") east of Big Danger Road within the municipal boundary of, or soon to be annexed by, the City, as depicted in Exhibit B;

WHEREAS, upon completion of the construction of Phase 1 and the commencement of the operations of Phase 1, the Company estimates that the investment in equipment and real estate improvements by the Company (separate from its Tenant(s)) will exceed $500,000,000 per Building;

WHEREAS, the Company has requested the issuance of "Act 9" revenue bonds and approval of payment in lieu of taxes ("PILOT") agreements for the Company and one or more Tenants pursuant to Ark. Code Ann. §§ 14-164-201 et seq. and 14-164-701 et seq. (or other tax

incentive structure of equivalent benefit to the Company that may hereafter be approved under Arkansas law) and may request other assistance from the City with respect to the Initial Project;

WHEREAS, the City desires to achieve the economic advantages of the Initial Project, foster diversity in economic development, support specific needs within the City, support education, and create additional tax revenue in the Development Area, which is currently underdeveloped;

WHEREAS, in consideration for the prior, current and on-going assistance provided and to be provided by the City and to evidence the Company's investment in the City beyond the boundaries of the Development Area, the City and the Company agree that the Company will make certain payments for community development pursuant to Section 5 and Section 6 of this Agreement;

WHEREAS, the Company wishes to further its policy of good corporate citizenship to enhance the local community and future well-being and quality of life of the citizens of the City;

WHEREAS, the City has determined that the completion of and operation of the Initial Project under the terms set forth in this Agreement is in the best interest of the citizens of the City; and

WHEREAS, the Company has advised the City that the granting of two or more PILOT agreements (for both Company and Tenant(s)) for payment of an annual sum equal to 35% of the amount which otherwise would be payable as ad valorem taxes to the applicable taxing authorities for a period of thirty (30) years is of critical importance to the construction, installation and financial viability of the Initial Project, in light of the prevailing market and economic conditions within which the Company seeks to develop the Initial Project.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. Recitals Part of Agreement. The representations and recitation set forth in the foregoing recitals are material to this Agreement and are hereby incorporated into and made part of this Agreement as though they were fully set forth in this Section.

2. Scope. This Agreement shall apply to the Initial Project. As further described in Section 9 of this Agreement, the Parties agree that Additional Projects, if any, shall be subject to the same terms and conditions of this Agreement except for such modifications as may be: (1) required by rule, law, or regulation applicable to such Additional Projects, or (2) as may be agreed by the Parties.

3. Mutual Assistance. The Parties agree, subject to further proceedings required by law, to take such actions, including but not limited to the execution and delivery of such documents, instruments, petitions and certifications (and, in the case of the City, holding certain public meetings and considering ordinances and resolutions), as may be necessary or appropriate, from time to time, to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out said terms, provisions and intent. The Company will reimburse the City's reasonable legal fees and costs for such assistance provided by the

City to the Company. Prior to providing assistance, the City and the Company will agree upon cost reimbursement limits, if any, and the method through which reimbursements are made. All reimbursements made by the Company shall be subject to audit by the Company.

4. Completion of Phase 1. Subject to the execution of PILOT agreements and related bond documents required by Arkansas law and its Constitution and the issuance of necessary permits and zoning approvals, the Company shall use commercially reasonable efforts to have substantially completed construction and equipping of Phase 1 by December 31, 2028 ("Completion Date"), except as may be delayed due to Force Majeure (as defined herein) or as agreed in writing between Company and the Tenant(s) of each Building. Notwithstanding the preceding sentence, the Completion Date shall not be a date later than December 31, 2030. As used herein, the term "Force Majeure" means, any failure or delay in performance of Company's obligations under this Agreement arising out of circumstances beyond its control, including, without limitation: acts of God; earthquakes; fires; floods; civil or military disturbances; accidents; acts of war or terrorism; nuclear or natural catastrophes; sabotage; strikes; work stoppages; epidemics, pandemics, quarantines or stay-at-home orders; riots; power failures; interruptions, loss, malfunctions or failures of utilities, communications or computer (hardware or software) services; accidents; labor disputes; or governmental actions. Company shall notify City of any delay of the Completion Date within sixty (60) days of the occurrence of an event that causes the delay. For each day of delay, the Completion Date shall be extended by one day.

5. Community Development Investment. No later than ninety (90) days after the approval by the City Council of the PILOT agreements for the Initial Project for the Company and at least one Tenant, the Company agrees to pay to the City the amount of One Million Dollars ($1,000,000.00), pay to the Johnson Regional Medical Center the amount of One Million Dollars ($1,000,000.00), and pay to Johnson County, Arkansas the amount of One Million Dollars ($1,000,000.00) (together, the "Community Development Investment") that shall only be used for expenditures lawfully authorized by the respective governing bodies of the recipients. As a condition to receiving the Community Development Investment, each recipient shall agree to provide the Company an annual report or financial statements on the use of the Community Development Investment until such funds are depleted.

6. Community Development Payments.

(a) *Payment Amount*. In addition to the Community Development Investment, within ten (10) days of the issuance of a certificate of occupancy for a Building, the Company shall begin making an annual community development payment (each, a "Community Development Payment") with respect to such Building. The annual Community Development Payment for each Building shall be $200,000.00 until $1,000,000.00 has been paid with respect to such Building, then $20,000.00 per year, with such $20,000 annual payments (but not the $200,000 payments) increasing each year thereafter by the lesser of (a) a percentage equal to the percentage increase of the Consumer Price Index for the twelve (12) months immediately preceding such anniversary or (b) 3% for so long as the Company receives the PILOT described in Section 6(d) of this Agreement. The annual Community Development Payments shall be due by January 31 of a given calendar year. An example of the Community Development Payments is provided on Exhibit C attached hereto. "Consumer Price Index" or "CPI" shall mean the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor for "All Urban Consumers" in the table entitled "Consumer Price Index: United States City Average", All items (1982-84=100). If the base period of the

CPI is changed from the 1982-84 base period, then the CPI shall be converted in accordance with the conversion factor, formula or table published by the Bureau of Labor Statistics of the United States Department of Labor. If a conversion factor, formula or table is unavailable, then the City and the Company shall agree on another method to adjust the CPI to the figure that would have been arrived at had the manner of compiling the CPI in effect on the date of this Agreement not been altered. If the CPI is discontinued during the term hereof, then a comparable index shall be substituted for purposes of this Agreement. Such comparable index shall be mutually agreed to by the City and the Company.

(b) *Community Foundation*. Each Community Development Payment shall be made to an organization that is qualified as tax-exempt under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code (a "Community Foundation") designated by the City and organized for the benefit of: (i) the City, (ii) Johnson County, Arkansas, (iii) the eleemosynary needs of persons in and about the City, (iv) educational needs of persons in and about the City, and (v) healthcare organizations within the City. The governing body of the City will select, and may annually reselect, the appropriate Community Foundation to receive payment and provide written notice thereof to the Company no less than sixty (60) days prior to the date a Community Development Payment is due. The Company shall, within fifteen (15) days of receiving such notice provide written approval or rejection of such selection. The Company shall not unreasonably withhold, condition, or deny approval. The Company shall support any rejection with the basis thereof. A failure by Company to respond within fifteen (15) days shall be deemed approval. If the Company rejects the Community Foundation selected by the City, the Company's payment to the Community Foundation shall be delayed until a suitable Community Foundation is selected by the City and the City shall, within ten (10) days of Company's rejection, submit an alternative selection for Company's review and approval. The Company may designate one person to serve on the governing board of the Community Foundation, or in the alternative, a sub-board within the Community Foundation, which is solely responsible for determining distributions of the monies set forth in this Section 6(b). The Community Foundation or City will provide the Company an annual report on the use of the Community Development Payments until such funds are depleted.

(c) *Disclaimer of Liability*. The Company shall have no liability for any third-party demands and proceedings, and all resulting losses, judgments, liabilities, damages, settlements, costs and expenses (including reasonable attorneys' fees and expenses) arising from or related to how the Community Foundation uses and disperses any portion of the Community Development Payment. The City shall ensure that a Community Foundation selected under Section 6(c) of this Agreement shall, prior to the receipt of funds, execute documents that require such Community Foundation, or sub-board within the Community Foundation, to reasonably: (i) ensure the Community Development Payments are used or disbursed in a manner consistent with the law and the purposes described in Section 6(b) of this Agreement; (ii) assume all responsibility for the use and disbursement of the Community Development Payments; and (iii) prior to consenting to the entry of any judgment or entering into any settlement, obtain the Company's prior written consent, which shall not be unreasonably withheld.

(d) *Condition Precedent*. The Company has requested that the City grant PILOT agreements providing for the payment of an annual sum equal to thirty-five percent (35%) of the amount which otherwise would be payable as ad valorem taxes to the applicable

taxing authorities for a period of thirty (30) years for all Phases of the Initial Project. The Parties are entering into this Agreement in reliance on the approval of this request and the Company's (including any Company Affiliate's) and one or more Tenants' payment of PILOT amounts to the local taxing units as a result of the investment by the Company and its Tenants in the Initial Project. If a PILOT for a Building in the Initial Project is not approved, the PILOT, then Company may (1) modify payments provided herein to account for the additional costs or (2) or seek other relief as may be provided by law or by this Agreement. For further clarity, the Company shall have no obligation to pay the Community Development Payments or the Community Development Investment until the requested PILOT agreements for the Initial Project are approved by the City Council for Company and one or more Tenants.

7. Limitations on Special Local Taxes and Fees.

(a) *Franchise Fee Limit*. The Parties enter this Agreement in contemplation that: (i) City will limit the application of franchise fees imposed by City on utility and telecommunication services provided by the City or the City's utility, Clarksville Connected Utilities, to the rate components shown in the Oversized Demand Rate in effect at the time of the execution of this Agreement (the "Franchise Fee Limit"), which is attached as Exhibit D. until such time that Community Development Payments cease; and (ii) any franchise fees directly or indirectly imposed upon the Company or its Tenants that exceed the Franchise Fee Limit will be promptly refunded to Company or its Tenants, as applicable, upon receipt by the City.

(b) *Privilege License Limit*. Under Arkansas law, the City may require all businesses located within the boundary of the City to obtain a privilege license for a fee under the authority of Ark. Code Ann. § 26-77-102. The Parties enter this Agreement in contemplation that the City will limit the amount of privilege license fees payable to the City with respect to the operation of a data center to Forty Thousand Dollars ($40,000.00) per year, per Building (the "Privilege License Limit") until such time that Community Development Payments cease, and any privilege license fees imposed directly or indirectly in connection with the operation of the a qualified data center that exceed the Privilege License Limit will be promptly refunded to the payor upon receipt by the City. On the anniversary of the date that this Agreement is made, and every anniversary thereafter, the Privilege License Limit shall be increased by the lesser of (a) a percentage equal to the percentage increase of the Consumer Price Index for the twelve (12) months immediately preceding such anniversary or (b) 3%.

(c) *Permit Limit*. Under Arkansas law, the City may impose permit and inspection fees for buildings constructed within the boundary of the City. The Parties enter this Agreement in contemplation that the City will limit the amount of permit and inspection fees payable to the City by the Company for each Building to Two Hundred Ten Thousand Dollars ($210,000.00) (the "Permit Limit") until such time that Community Development Payments cease, and any permit and inspection fees imposed upon the Company by the City that exceed the Permit Limit will be promptly refunded to Company upon receipt by the City. On the anniversary of the date that this Agreement is made, and every anniversary thereafter, the Permit Limits shall be increased by the lesser of (a) a percentage equal to the percentage increase of the Consumer Price Index for the twelve (12) months immediately preceding such anniversary or (b) 3%. The foregoing notwithstanding, the City and Company hereby acknowledge and agree that $2,100,000.00 in permit and inspection fees have been paid by the Company for the Initial Project satisfying the Permit Limit for the Initial Project, and no

additional permit and inspection fees shall be payable to the City with respect to the Initial Project.

8. City Assistance. To the extent allowed by law, the City shall provide reasonable assistance to Company in obtaining such approvals, permits, licenses, or other governmental approvals, or other actions as are required or necessary for the Company to commence construction and completion of the Initial Project and the use and operation of the Initial Project, and the City shall refrain from taking any action or inaction that impedes, hinders or delays construction or the completion of the Initial Project or the use and operation of the Initial Project or alters negatively the economics of the Initial Project for the Company from those anticipated by the Company in connection with the Company seeking its PILOT agreement and agreeing to the Community Development Payments set forth in this Agreement, including without limitation:

(a) refraining from rescinding or modifying the approval of or the receipt of PILOT incentives the Company or its Tenant(s) expect to receive;

(b) refraining from modifying the zoning of the Development Area other than as requested by the Company or otherwise agreed to by the Company;

(c) issuing and delivering in due course, without unreasonable delay and in conformity with the City's normal operating procedures, any construction, environmental, building or other permit or license necessary for the construction, installation, use and/or operation of the Initial Project;

(d) providing police and fire protection for the Development Area, including areas where the Development Area may be extended;

(e) except as may be agreed by Company, refraining from charging or attempting to charge utility rates, tap fees or other charges for services provided to the Initial Project or Development Area including, but not limited to water, sewer, wastewater, garbage, solid waste and/or recycling services, that are discriminatory or greater than the charges, rates, or fees charged to other users receiving substantially similar services from the City;

(f) cooperating with the Company in obtaining any necessary and/or requested approval, permit, license, or easement while the agreements relating to tax abatement are effective; or

(g) cooperating with the Company in obtaining the abandonment, relocation or implementation of easements, licenses, access agreements, or other agreements relating to, in or serving the Development Area as determined to be necessary or convenient to the Company for the operation of the Initial Project.

With respect to municipal services referenced in subparagraph (e) hereof, the utilization of services made available to the City's residents is not modified by this Agreement.

9. Additional Projects and Development Area Expansion. Before applying for any building occupancy permits for one or more additional Buildings developed as part of an Additional Project, the Company may request the City to agree to the extension of the Development Area to encompass the Additional Project (a "Development Area Expansion"),

and the City's agreement will not be unreasonably withheld, delayed, or conditioned. Any Development Area Expansion will require a new agreement between the Parties, which the Parties intend will be, unless otherwise agreed therein, on substantially similar terms to this Agreement, specifically including:

(a) *Additional PILOT Agreements.* The Parties intend for additional PILOT agreements on the same terms (35% PILOT for 30 years).

(b) *Additional Initial Community Development Investment*. For an Additional Project that receives a PILOT agreement, then, once the certificate of occupancy for the first Building in the Additional Project is issued, an additional Community Development Investment will be made in proportion to the square footage and operational characteristics (primarily, megawatts of power demand) of the Additional Project.

(c) *Additional Community Development Payments*. For an Additional Project that receives a PILOT agreement, then, once the certificate of occupancy for a Building in the Additional Project is issued, an additional Community Development Payment will be added in proportion to the square footage and operational characteristics (primarily, megawatts of power demand) of said Building to the Buildings constructed for the Initial Project.

(d) *Franchise Fee Limit, Privilege License Limit, and Permit Limits*. The Franchise Fee Limit, Privilege License Limit, and Permit Limit shall be applied *mutatis mutandis* to the operation, construction, and development of Additional Projects.

10. Disputes.

(a) In the event there is a dispute or disagreement between the City and the Company relating to the terms and conditions of this Agreement, and it is not resolved within the later of (a) ninety (90) days of delivery of written notice by one Party to the other or (b) thirty (30) days following non-binding mediation between the Parties, a Party may bring suit for specific performance of this Agreement. The venue for such suit shall be the Circuit Court in Johnson County, Arkansas.

(b) The Parties shall use all reasonable efforts to settle disputes through negotiation between authorized members of each Party's senior management. Either Party may, by written notice to the other Party, request a meeting to initiate negotiations to be held within five (5) business days of the other Party's receipt of such request, at a mutually agreed time and place. If the matter is not resolved within fifteen (15) business days of their first meeting, either Party may, by written notice to the other Party, refer the matter to meditation.

(c) If either Party elects to refer a dispute to non-binding mediation, the Parties will cooperate in selecting a qualified neutral mediator and in scheduling the time and place of the mediation within the municipal boundary of the City as soon as reasonably possible, but in no event later than thirty (30) days after the request for mediation is made. Unless otherwise agreed, the mediation will be scheduled for a date not later than sixty (60) days after the selection of the mediator. The Parties agree to participate in the non-binding mediation in good faith and to share the costs of the mediation, including the mediator's fee, equally, but such shared costs shall not include each Party's own attorneys' fees and costs, which shall be borne solely by such Party.

(d) The Parties agree that monetary damages would be inadequate to remedy any breach of this Agreement. Accordingly, each Party's sole and exclusive remedy for any actual or threatened breach shall be injunctive or other equitable relief, and no Party shall be liable to the other for any consequential, incidental, special, punitive, or monetary damages of any kind arising out of or relating to this Agreement.

(e) Each Party shall bear its own attorneys' fees, court costs, and expenses incurred in connection with the negotiation, interpretation, enforcement, or defense of this Agreement, including any litigation, arbitration, or other dispute-resolution proceedings arising out of or relating to this Agreement.

11. Time of Essence. Time is of the essence with respect to performance of this Agreement. Parties shall make every reasonable effort to perform expeditiously (subject to limitations as described herein), and the Parties acknowledge that the successful performance of this Agreement requires their continued cooperation.

12. Arkansas Law. This Agreement shall be construed in accordance of the laws of the State of Arkansas.

13. Notices. All notices and requests required pursuant to this Agreement shall be deemed sufficiently made if delivered, in writing, as follows:

If to Company:

SF ARK1, LLC
ATTN: CEO
PO Box 2156
444 N. Nash Street
El Segundo, CA 90245

If to the City:

The City of Clarksville, Arkansas
ATTN: Mayor
205 Walnut Street
Clarksville, Arkansas 72830

Each Party may change its address for receipt of notices by sending notice of such change to the other Party in the manner specified in this Section.

14. Due Diligence; Permitted Delays. Whenever performance is required of any Party hereunder, such Party shall use all due diligence and take all necessary measures in good faith to perform; provided, however, that any failure or delay in the performance of its obligations under this Agreement arising out of or caused by, directly or indirectly, from a Force Majeure event shall not be a violation of this Agreement.

15. No Waiver of Assessment or Administrative Processes. Nothing in this Agreement shall prohibit Company (or owner(s) of any portion of the Development Area, as their interests may appear) from reviewing, appealing, or otherwise challenging, at any time, (i) the assessed value of the Initial Project in the same manner as any taxpayer may seek review

of the assessed value of his, her or its real and personal property that are subject to ad valorem taxation, (or equivalent procedures specified in a PILOT agreement), or (ii) the implementation of new, the elimination of existing, or the modification of existing ordinances, rules, regulations, codes or ordinances in the same manner that any individual or corporate citizen of the City may pursue.

16. Assignment; Subletting; and Mortgages.

(a) The City recognizes that both the Company and its Tenant(s) may utilize multiple legal entities to effectuate the Initial Project and any Additional Project. Some or all of the rights and obligations contained in this Agreement, including with respect to a specific Building, may be assigned by the Company to one or more entities that are related to the Company by shareholding, contract, or other means of control ("Affiliates"), unrelated third-parties, or both Affiliates and unrelated third-parties, without the prior approval of the City, including, without limitation, the Company may enter into any partnership or contractual arrangement, including but not limited to, a partial or conditional assignment of equitable interest in the Company or its parent to any person or entity, including but not limited to tax equity investors, or by security, charge or otherwise encumber its interest under this Agreement for the purposes of financing the development, construction and/or operation of the Initial Project (any of the foregoing actions, a "Collateral Assignment").

(b) The City shall agree to execute and deliver any reasonably requested consents, estoppels, certificates, and agreements related to a Collateral Assignment, pursuant to which, among other matters, the City will acknowledge its consent to the Collateral Assignment, and will agree to provide certain notices or information to the assignee related to performance or non-performance of the Company's obligations under this Agreement, and to perform its obligations under this Agreement in favor of any assignee pursuant to the Collateral Assignment (subject to performance by the assignee and other reasonable conditions). Promptly after making such encumbrance, the Company shall notify the City in writing of the name, address, and telephone and facsimile numbers of each party in favor of which the Company's interest under this Agreement has been encumbered (each such party, a "Financing Party" and together, the "Financing Parties"). Such notices shall include the names of the account managers or other representatives of the Financing Parties to whom all written and telephonic communications may be addressed. After giving the City such initial notice, the Company shall promptly give the City notice of any change in the information provided in the initial notice or any revised notice. **The Company shall, in the event of any such Collateral Assignment, remain bound to the terms of this Agreement**.

(c) The City acknowledges that the Company (and any of its Affiliates) has the right and ability to sublet and/or assign all or a portion of the Development Area to both Affiliates and unrelated third parties at its sole and absolute discretion. Further, the Company may encumber, hypothecate, mortgage, pledge or alienate Company's fee and/or leasehold estate and rights related to the Development Area as security for payment of any indebtedness of Company or its Affiliates to one or more institutional lenders or other secured creditors of Company or its Affiliates. **The Company shall, in the event of any such subletting, assignment, encumbrance, hypothecation, mortgage, pledge or alienation, remain bound to the terms of this Agreement.**

17. Consent Required for Modification. It is agreed that the Parties shall not alter, modify or amend any of the terms of this Agreement except by mutual written agreement.

18. Third-Party Beneficiaries. The Parties agree that each Company Affiliate now or hereafter holding an interest (whether in fee or leasehold) in all or any portion of the Development Area, as it may be expanded under Section 9 of this Agreement, and each Tenant is an intended third-party beneficiary to this Agreement and is entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party to this Agreement.

19. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined to be invalid or unenforceable, the remainder of this Agreement and the application of its provisions to persons or circumstances other than those as to which it has been determined to be invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

20. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21. Authorization. The execution, delivery and performance of this Agreement by the City and the Company and the consummation by the City and the Company of the matters contemplated hereby has been duly authorized by all necessary action on the part of the City and the Company.

22. Joint Preparation. This Agreement shall be deemed to have been prepared jointly by the Parties, and any uncertainty or ambiguity existing herein shall not be interpreted against any Party by reason of its drafting of this Agreement but shall be interpreted according to the application of the general rules of interpretation for arm's length agreements.

23. No Joint Venture or Partnership. This Agreement shall not be considered to create any type of joint venture, partnership, or any other legal relationship between the Parties where either Party shall share or be responsible for the debts or liabilities of the other Party. In addition, this Agreement shall not be construed as making either Party an agent of the other Party beyond the extent expressly provided in and limited by this Agreement, or as giving the right of one Party to legally bind the other in any manner so as to permit the incurrence of debts and liabilities on behalf of the other Party.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement pursuant to all requisite authorizations as of the Effective Date.

CITY OF CLARKSVILLE, ARKANSAS

_____
Mayor David Rieder

ATTEST:

_____
City Clerk

[Seal]

COMPANY:

SF ARK1, LLC

By: _____
Name: Avner Papouchado
Title: CEO

EXHIBIT A

Development Area

EXHIBIT B

Additional Projects

EXHIBIT C

Sample Community Development Payments Calculation

For example, assuming four Buildings are issued certificates of occupancy on July 1 of 2027, 2028, 2029, and 2030, respectively, an annual 3% increase in CPI, and the Company receives PILOT payments for each of the foregoing years, Community Development Payments for the Phase 1 of the Initial Project would be as follows, through 2034:

	2028	2029	2030	2031	2032	2033	2034
Building 1	$200,000	$200,000	$200,000	$200,000	$200,000	$20,000	$20,600
Building 2		$200,000	$200,000	200,000	$200,000	$200,000	$20,000
Building 3			$200,000	200,000	$200,000	$200,000	$200,000
Building 4				200,000	$200,000	$200,000	$200,000
Annual Total	$200,000	$400,000	$600,000	$800,000	$800,000	$620,000	$440,600

**Subject to annual adjustment as set forth in Section 6(a).

EXHIBIT D

Oversized Demand Customer Rate

ORDINANCE NO. 26-_____

AN ORDINANCE CREATING A NEW ELECTRIC RATE, AMENDING APPLICATION OF THE POWER COST ADJUSTMENT; AND FOR OTHER PURPOSES

WHEREAS, the City of Clarksville, Arkansas ("City") is the owner and regulator of a municipal utility providing electric, water, wastewater, and broadband services; and

WHEREAS, through the adoption of Ordinance No. 23-911, the City reestablished a commission known as the Clarksville Connected Utilities Commission of the City of Clarksville, Arkansas ("Commission") for the purpose of operating and managing the City's municipal utility in accordance with Ark. Code § 14-201-201 et seq., and the authority granted by the City; and

WHEREAS, the City withheld from the Commission the authority to establish rates and standard fees, except to the extent that the Commission charges less than the amount authorized by the City; and

WHEREAS, the Commission has determined that a new electric rate should be established for extremely large power customers whose electrical needs exceed the Commission's currently available resources; and

WHEREAS, the Commission has requested the City to adopt the rates and delegate authority over certain matters as described in this ordinance.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Clarksville, Arkansas that:

Section 1. **Power Cost Adjustment**. The Power Cost Adjustment approved through the adoption of Ordinance No. 24-959 is hereby amended to add an exemption for oversized demand customer accounts as shown on the revised **Exhibit E-Electric-2024**.

Section 2. **Oversized Demand Rate**. Clarksville Connected Utilities ("CCU") is hereby authorized to charge for oversized demand electric service in accordance with the rates described on **Exhibit G-Electric-2026** which is attached to this ordinance and incorporated herein as if set forth word for word. For purposes of this ordinance, "oversized demand electric service" shall mean large commercial/industrial electric service that is provided to a location with electrical requirements, or anticipated electrical requirements, that, but for customer-oriented contracts described in the rate, exceed CCU's existing: (a) available electric transmission, (b) available electric generating capacity, (c) available electric energy, (d) available electric services, or (e) any combination of (a)-(d).

Section 3. **Amendment to Clarksville Municipal Code Section 4.04.20**. Section 4.04.20 of the Clarksville Municipal Code is hereby deleted and replaced with the following:

"Section 4.04.20 Electric rates for Clarksville Connected Utilities. The Clarksville City Council hereby determines that the following rates schedules are just and reasonable, and hereby directs Clarksville Connected Utilities to charge and collect from customers an amount that does not exceed the amount shown for electric services provided to the customer classes described below as soon as administratively practical:

A. Residential electric service rates shown on Exhibit A-Electric-2024.

B. Single-Phase commercial electric rates shown on Exhibit B-Electric-2024.

C. Three-Phase commercial electric rates shown on Exhibit C-Electric-2024.

D. Large commercial/industrial electric rates shown on Exhibit D-Electric-2024.

E. Power cost adjustment shown on Exhibit E-Electric-2024.

F. Special electric service rates shown on Exhibit F-Electric-2024.

G. Oversized demand electric service rates shown on Exhibit-G-Electric-2026.

Until such time that the rates and charges described in this section are implemented, Clarksville Connected Utilities shall continue to charge and collect rates according to rate schedules that were effective immediately prior to the approval of these rates. All previously approved electric rates and charges in conflict with this section shall be repealed upon implementation of the rates and charges described in this section.

The rate and charge exhibits described in this section shall not be codified as part of the Clarksville Municipal Code; rather, Clarksville Connected Utilities is directed to maintain a copy of all applicable rates and charges on its website in a manner that is available for public inspection."

Section 4. **Other rates.** This ordinance is supplemental to Ordinance 24-959 and shall not be construed to alter any rate that was approved prior to the adoption of this ordinance.

Section 5. **Severability**. The provisions of this ordinance are declared to be severable and, if any part of this ordinance is declared to be unlawful or unenforceable, the remainder of this ordinance shall continue to be effective.

Section 6. **Effective Date**. This ordinance shall be effective thirty (30) days after passage.

Passed this _____ day of _____, 2026.

APPROVED:

_____
David Rieder, Mayor

ATTEST:

_____
Lisa Venson, City Clerk/Treasurer

POWER COST ADJUSTMENT

EXHIBIT E-Electric-2024

The power cost adjustment clause shall be made monthly based on a six-month period ending with the preceding month. The base cost for a six-month period is $0.0475 per KWH after adjusting for transmission and distributing system losses. The current cost per KWH is calculated by dividing the "total power cost" by the "total KWH sold" (using power cost and KWH sold for a six-month period with the preceding month). "Total power cost" includes fees, associated costs, and other charges made by the wholesale power suppliers to the Company.

The adjustment is found by subtracting the "base energy cost" from the "current energy cost." The adjustment is applied to all KWH as determined under each rate schedule. The adjustment is not applied to Rate Schedule L, Security Light Service or the Oversized Demand Electric Service Rate Schedule.

1

OVERSIZED DEMAND ELECTRIC SERVICE RATE SCHEDULE

EXHIBIT G-Electric-2026

Availability: Oversized demand service is an electric service that Clarksville Connected Utilities ("CCU") may provide to an oversized demand customer within CCU's electric service area. For purposes of this rate schedule, an "oversized demand customer" is a customer that requires electric service to a location within CCU's electric service area that, but for customer-oriented contracts described below, exceeds CCU's existing: (a) available electric transmission, (b) available electric generating capacity, (c) available electric energy, (d) available electric services, or (e) any combination of (a)-(d). Oversized demand service to a customer shall be limited by the terms of such customer-oriented contracts as may be entered into by CCU to serve the customer, as described below, and such other restrictions as may be applied by governmental authorities and transmission system operators.

Application: CCU may negotiate and execute agreements with oversized demand customers for oversized demand services, so long as such agreements: (a) ensure all costs for such services are included in the Net Rate charged to oversized demand customers as described below, and (b) ensure all risks of financial loss attributable to the provision of all such services are reasonably mitigated through Security requirements imposed on the oversized demand customers as described below. Agreements between CCU and oversized demand customers may contain such other terms as are agreeable between the parties. It is the intent of this section to ensure that the costs and risks associated with CCU providing electric service to an oversized demand customer are borne by the oversized demand customer.

Character of Service: Electric service may be delivered using single-phase, three-phase, or other method that is mutually agreeable to the customer and CCU. As may be agreed between CCU and the oversized demand customer, oversized demand service may be unmetered.

Customer-Oriented Contracts: As an exception to the limitation on contract approvals found in Section 2.60.03 of the Clarksville Municipal Code, CCU may, in consultation with an oversized demand customer, enter contracts of any and every nature with third parties as the CCU Commission may determine to be necessary or advisable to provide services to such oversized electric customer. The costs of such third-party contracts shall be included in the Net Rate described below. Risks of financial loss associated with such third-party contracts shall be included in Security requirements described below. Oversized demand customers shall be authorized to inspect and audit the performance of any contract that forms the basis of a charge applicable under the Net Rate or a Security requirement as described below.

Net Rate: CCU will bill oversized demand customers according to a regular schedule with billing intervals that do not exceed one month each. The total bill issued by CCU shall be the sum of the following rate components, subject to applicable discounts, applicable taxes, and adders for nonstandard service:

a. **Market Charge:** A charge that is equal to the actual costs of all customer-oriented payments to Southwest Power Pool by CCU, other than Transmission Charges, to provide services to the oversized demand customer.

b. **Transmission Charge:** A charge that is equal to the actual costs of all customer-oriented third-party contracts for transmission entered by CCU and the customer's pro-rata share of Southwest Power Pool charges to provide services to the oversized demand customer.

c. **Generation Charge:** A charge that is equal to the actual costs of all customer-oriented third-party contracts for capacity, energy, RECs or any combination thereof entered by CCU to provide services to the oversized demand customer less revenues derived therefrom.

d. **Service Availability Charge:** A fixed monthly charge or rate that is based on the total capacity available to an oversized demand customer for capacity-related services provided by CCU to the oversized demand customer according to the following schedules that differentiate between service provided through interconnection with the grid and service provided through locally sited generation:

1. Grid connected service:
   (A) Less than or equal to 500 MW: $480,000
   (B) More than 500 MW but less than or equal to 1000 MW: $710,000
   (C) Greater than 1,000 MW: $960,000
2. Locally sited generation service:
   (A) $1.50/kW

e. **Administrative Charge:** A monthly rate that is based on the total energy consumption of an oversized demand customer for energy-related and administrative services provided by CCU to the oversized demand customer according to the following schedules that differentiate between service provided through interconnection with the grid and service provided through locally sited generation:

1. Grid connected service:
   (A) Less than or equal to 13,140 MWh: $6.40/MWh
   (B) More than 13,140 MWh but less than or equal to 365 GWh: $5.40/MWh
   (C) Greater than 365 GWh but less than 730 GWh: $4.40/MWh
   (D) Greater than 730 GWh: $3.40/MWh
2. Locally sited generation:
   (A) None. ($ 0)

Costs within a third-party contract that are applicable to more than one type of charge may be combined into any charge, other than the Service Availability Charge or Administrative Charge. Some charge types described above may not apply to an oversized demand customer.

Security: As a continual condition of oversized electric service, CCU shall require an oversized demand customer to provide CCU reasonable financial security against any potential losses attributable to a Customer-Oriented Contract as described above, Southwest Power Pool participation, or other identifiable risk that is directly related to the oversized demand customer, and to maintain such financial security throughout the period of service.

Power Cost Adjustment: The Power Cost Adjustment shall not apply to oversized demand services.

Franchise Fees: Any tax or fee lawfully applied to the gross revenues of CCU by the Clarksville City Council pursuant to Ark. Code Ann. §14-200-101 shall be based upon the Service Availability Charge and Administrative Charge of the Net Rate and shall not be applicable to Market, Transmission or Generation Charges.

Other Taxes: The Net Rate shall be subject to such sales and use taxes as are required by law.

Payment: Payment shall be due fifteen (15) days from the billing date and if not paid on or before the fifteenth (15th) day following the billing date, a late charge of ten percent (10%) may be added to the bill. Additionally, on or about the fifteenth (15th) day following the billing date, CCU shall provide notice of late payment and that service shall be subject to disconnection for nonpayment on the tenth (10^{th}) day after such notice is sent. Notice may be provided by any means reasonably calculated to inform the customer of payment status, including but not limited to: first-class mail, prominent posting at the service location, phone, email, text messaging, or other reasonable manner of communication. CCU and an oversized demand customer may agree to payment through an independent third-party.

Contract Period: A contract between CCU and an oversized demand customer shall not terminate until the latest date of termination of any Customer-oriented contract entered by CCU to serve such oversized demand customer.

COMMUNICATIONS GROUP
Marketing | Public Relations

STRATEGIC COMMUNICATIONS CONSULTATION

Prepared for: City of Clarksville

By: The Communications Group

July 22, 2026

Overview

This proposal outlines a comprehensive strategic communications planning process and ongoing consultation with The Communications Group (ComGroup) to develop a communications plan, support proactive stakeholder engagement, enable rapid-response communications, and provide ongoing communications consultation and support for the construction of a data center within the Clarksville city limits.

The objective of the communications engagement is to support proactive, accurate and responsive communication with citizens and stakeholders about the project impact on the community throughout the duration of the data center project. The scope below covers strategic communications planning, tactical communications response and implementation through the tools and channels needed to communicate clearly with residents, community leadership, media, and other stakeholders.

Ethics-Led Communications Consulting Practice

ComGroup adheres to the PRSA Code of Ethics and is led by a nationally recognized thought leader in ethical public relations. The Communication Group's public relations department director serves as Ethics Officer for the local PRSA chapter and has earned the Page Center Integrity Badge, which recognizes demonstrated competency in ethics and integrity in public communication — a standard of transparency that matters when a city communicates a major public works project to its residents.

Advocacy, honesty, expertise, independence, loyalty, and fairness govern every recommendation ComGroup provides - the same six values that hold across the profession and anchor the company's counsel to the city.

Crisis Communications Certified

ComGroup has extensive experience helping public-sector agencies and globally recognized brands navigate important and emerging issues and successfully overcome crises. Our PR department head leads the crisis communications response team and holds a Public Relations Society of America certification in crisis communications — specialized training in crisis preparedness, response strategy, stakeholder communications, media relations, and reputation recovery. This credential ensures the city is supported by disciplined experts trained in industry best practices, ethical decision-making, and clear, credible, and confident communication. The company president, also certified as an APR, holds a master's degree in organizational communication. The entire PR team is APR-certified.

The Communications Group's approach is process-driven and grounded in strategic counsel, enabling the delivery of experienced, measured communications under pressure without compromising accuracy or ethics. ComGroup's experience spans 40 years and includes public-sector agencies, municipalities, and community-facing organizations, as well as many public infrastructure projects, including high-voltage power transmission construction, right-of-way community communications, multi-state natural gas pipeline transmission projects, telecommunications service provider construction, and infrastructure communications, many of which occurred in regulated environments.

Expertise includes:

- Strategic communications assessment & auditing
- Strategic communications plans
- Community engagement programs
- Crisis Communications and Management
- Crisis Communications Planning
- Internal & External Stakeholder Communications
- Issues Management
- Key Message Development
- Media and Spokesperson Training
- Proactive and Reactive Media Relations

- Reputation Recovery
- Risk Audits and Vulnerability Assessments
- Social Listening and Monitoring
- Strategic Communications Counsel

The ComGroup Communications Team

- Lisa Van Hook, MA, APR — President
- Carson Horn, APR, Vice President - Director of Public Relations
- Lora Mosley, MS, APR — Account Manager & Sr. Public Relations Specialist
- Kassie Booker, Vice President – Director of Account Service

Scope of Services

The scope of The Communications Group services includes:

1. Strategic Communications Assessment & Planning

Assess the current communications tools and plan; evaluate readiness and potential risks, as well as points of public concern associated with the data center project, so response planning is grounded in the issues most relevant to the City.

2. Stakeholder Mapping

Identify and prioritize the individuals, organizations, agencies, and community groups with a direct interest in the project, along with their level of influence, concerns and preferred communication channels.

3. Rapid Response Team

Assemble and train a designated internal and agency team to monitor developments and issue timely, coordinated responses to emerging issues.

4. Chain of Communication Protocol

Document clear internal approval and notification pathways so every spokesperson, sign-off and stakeholder touchpoint is defined before an issue arises.

5. Response Protocols

Create protocols covering response triggers, message clearance and distribution channels for anticipated scenarios.

6. MessageMAPPING™

Develop core messages, supporting proof points and audience-specific variations to ensure consistent, on-strategy communication across every channel and spokesperson.

7. FAQs and Stakeholder Statements

Draft ready-to-deploy Frequently Asked Questions and stakeholder statements throughout the duration of the project and as community needs dictate.

8. Project Landing Page

Design and launch a centralized web page (“landing page”) serving as the public system of record for project updates, FAQs and statements.

9. Citizen Email Inbox

   Build and monitor a dedicated inbox for citizen questions, with response protocols and tracking to ensure timely, consistent replies.

10. Community and Social Listening

    Ongoing monitoring of social platforms, news coverage and community forums to flag emerging concerns and inform response strategy in real time.

11. Ongoing Strategic Communications Counsel as needed.

Recommended Services

These services are one-time programs that are outside the previously described scope, but recommended.

Community Sentiment Polling

Citizen polling should occur twice annually. Benchmark polling at project launch is important for establishing a statistically sound baseline for community sentiment. Community sentiment polling achieves several important communications objectives, including: 1) it surfaces issues or concerns that might otherwise go unheard in a meeting or forum; 2) it signals to the community that their opinions are important and that they are being heard; 3) it provides baseline citizen data from which city leaders can make data-informed rather than anecdotal decisions; 4) it indicates measurable movement in citizen sentiment, helping city leaders with future communications planning and implementation. The sample consists of Clarksville and Johnson County residents.

Press Power Media Training

PRESS POWER is a media and spokesperson training program that prepares individuals and teams to deliver responsive, accurate communications to external stakeholders, including community groups, the media, and others. The training covers rapid-response messaging, anticipating and messaging for the unexpected, and tools for aligned, consistent messaging related to the data center project and community impact. Hands-on sessions use a methodology for strategic communications mastery. Each program is led by credentialed communications specialists and tailored to equip professionals with the tools, techniques, and confidence to ensure external communications readiness, with clear, engaging, and strategic messaging.

Consultation Pricing

The scope of work and identified communications services will be provided at a rate of $9,975 per month. This rate includes 62 hours of service per month from The Communications Group's team of communications specialists, including on-call services. All services listed in the Scope of Services are included in the monthly cost. The Recommended Services are one-time programs outside the described scope and will be invoiced separately in the month the services are rendered.

The monthly project fee provides the City with always-on communications support throughout the project. This is a 1-year engagement with an option to renew at the end of the contract term. The current contracted rate is not guaranteed upon renewal.

Traditional rapid-response hourly rates are $202-$267 per hour. This contract offers a discounted rate and is valid for 60 days. The monthly fee includes up to 62 hours per month of communications support. If services exceed the total hours, additional services will be provided at a rate of $185 per hour.

Outside expenses are not included in the monthly retainer fee and may include the following:

Landing page hosting and domain fee- $1,500 annually

Polling service (recommended 2x annually)- $21,000 per survey deployment

Travel – as requested by the City and billed as a pass-through cost

Fee structure will be based on the final approved scope of services. A detailed payment schedule will be confirmed upon engagement.

RESOLUTION NO. 26-1141

A RESOLUTION OF THE CITY COUNCIL OF CLARKSVILLE, ARKANSAS CERTIFYING LOCAL GOVERNMENT ENDORSEMENT OF HATCHBO LLC TO PARTICIPATE IN THE TAX BACK PROGRAM (AS AUTHORIZED BY SECTION 15-4-2706(d) OF THE CONSOLIDATED INCENTIVE ACT OF 2003)

WHEREAS, in order to be considered for participation in the Tax Back Program, the local government must endorse a business to participate in the Tax Back Program; and

WHEREAS, the local government must authorize the refund of local sales and use taxes as provided in the Consolidated Incentive Act of 2003; and

WHEREAS, said endorsement must be made on the specific form available from the Arkansas Economic Development Commission; and

WHEREAS, Hatchbo LLC, whose facilities are to be located at 101 Big Danger Road, Clarksville, AR 72830, has sought to participate in the program and more specifically has requested benefits accruing from acquisition, construction and equipping of the specific facilities; and

WHEREAS, Hatchbo LLC has agreed to furnish the local government all necessary information for compliance;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF CLARKSVILLE, ARKANSAS, THAT:

Section 1. Hatchbo LLC be endorsed by the City Council of Clarksville for benefits from the sales and use tax refunds as provided by Section 15-4-2706(d) of the Consolidated Incentive Act of 2003.

Section 2. The Department of Finance and Administration is authorized to refund local sale and use taxes to Hatchbo LLC.

Section 3. This Resolution shall take effect immediately.

ADOPTED this 30th day of July, 2026.

By:_____
Mayor

ATTEST:

By:_____
City Clerk

(SEAL)

RESOLUTION NO. 26-1142

A RESOLUTION OF THE CITY COUNCIL OF CLARKSVILLE, ARKANSAS CERTIFYING LOCAL GOVERNMENT ENDORSEMENT OF SF ARK1, LLC TO PARTICIPATE IN THE TAX BACK PROGRAM (AS AUTHORIZED BY SECTION 15-4-2706(d) OF THE CONSOLIDATED INCENTIVE ACT OF 2003)

WHEREAS, in order to be considered for participation in the Tax Back Program, the local government must endorse a business to participate in the Tax Back Program; and

WHEREAS, the local government must authorize the refund of local sales and use taxes as provided in the Consolidated Incentive Act of 2003; and

WHEREAS, said endorsement must be made on the specific form available from the Arkansas Economic Development Commission; and

WHEREAS, SF ARK1, LLC, whose facilities are to be located at 101 Big Danger Road, Clarksville, AR 72830, has sought to participate in the program and more specifically has requested benefits accruing from acquisition, construction and equipping of the specific facilities; and

WHEREAS, SF ARK1, LLC has agreed to furnish the local government all necessary information for compliance;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF CLARKSVILLE, ARKANSAS, THAT:

Section 1. SF ARK1, LLC be endorsed by the City Council of Clarksville for benefits from the sales and use tax refunds as provided by Section 15-4-2706(d) of the Consolidated Incentive Act of 2003.

Section 2. The Department of Finance and Administration is authorized to refund local sale and use taxes to SF ARK1, LLC.

Section 3. This Resolution shall take effect immediately.

ADOPTED this 30th day of July, 2026.

By:_____
Mayor

ATTEST:

By:_____
City Clerk

(SEAL)