

NEW ISSUE
BOOK-ENTRY ONLY

RATING: S&P: A+ (stable outlook)

*In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the condition that the City comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds (and the interest on the Bonds is exempt from State of Arkansas income taxes and the Bonds are exempt from property taxation in the State of Arkansas). In the opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. See **LEGAL MATTERS, Tax Exemption** herein.*

\$24,475,000
CITY OF PARAGOULD, ARKANSAS
WATER, SEWER AND ELECTRIC
REFUNDING AND IMPROVEMENT REVENUE BONDS
SERIES 2020

Dated: Date of Delivery

Due: December 1, as described below

The Bonds will not be general obligations of the City of Paragould, Arkansas (the "City"), but will be special obligations, secured by a pledge of and payable from revenues derived from the operation of the City's water, sewer and electric system (the "System"). The pledge of the System's revenues in favor of the Bonds is on a parity with the pledge in favor of the City's Water, Sewer and Electric Refunding Revenue Bonds, Series 2016.

Interest on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2021, and the Bonds mature (on December 1 of each year), bear interest and are priced to yield as follows:

MATURITY SCHEDULE

\$10,720,000 Serial Bonds

<u>YEAR</u>	<u>AMOUNT</u>	<u>RATE (%)</u>	<u>YIELD (%)</u>	<u>YEAR</u>	<u>AMOUNT</u>	<u>RATE (%)</u>	<u>YIELD (%)</u>
2021	\$270,000	5.000	0.400	2029	\$ 995,000	4.000	1.360*
2022	265,000	5.000	0.450	2030	1,035,000	3.000	1.470*
2023	280,000	5.000	0.500	2031	1,065,000	3.000	1.610*
2024	290,000	5.000	0.550	2032	1,100,000	3.000	1.720*
2025	305,000	5.000	0.650	2033	1,130,000	3.000	1.860*
2026	320,000	5.000	0.850	2034	1,165,000	3.000	1.930*
2027	340,000	5.000	1.050	2035	1,200,000	3.000	2.030*
2028	960,000	4.000	1.200*				

\$3,795,000 2.250% Term Bonds due December 1, 2038 to Yield 2.300%

\$4,065,000 2.375% Term Bonds due December 1, 2041 to Yield 2.430%

\$5,895,000 2.500% Term Bonds due December 1, 2045 to Yield 2.600%

The Bonds of each maturity will be initially issued as a single registered bond registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Bonds will be available for purchase in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the Bonds will not receive physical delivery of Bonds. Payments of principal of and interest on the Bonds will be made by Centennial Bank, Jonesboro, Arkansas, as the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Bonds, all as further described herein.

The Bonds are offered when, as and if issued and received by the Underwriter named below, subject to approval as to legality by Friday, Eldredge & Clark, LLP, Bond Counsel, and subject to satisfaction of certain other conditions.

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Stephens Inc.

Dated: November 5, 2020

* Priced to first optional redemption date, December 1, 2027.

No dealer, broker, salesman or any other person has been authorized by the City or the Underwriter 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 described herein and, if given or made, such information or representations must not be relied upon as having been authorized by the City. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the business, operations or financial condition of the City since the date hereof. This Official Statement does not constitute an offer or solicitation in any state in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or is made to any person to whom it is unlawful to make such offer or solicitation.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Authorizing Ordinance described herein been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions in such laws from such registration and qualification.

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OFFICIAL STATEMENT

\$24,475,000
CITY OF PARAGOULD, ARKANSAS
WATER, SEWER AND ELECTRIC
REFUNDING AND IMPROVEMENT REVENUE BONDS
SERIES 2020

INTRODUCTION TO THE OFFICIAL STATEMENT

This Introduction is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the cover page hereof and exhibits hereto. A full review should be made of the entire Official Statement, as well as the Authorizing Ordinance described herein.

This Official Statement is provided to furnish certain information in connection with the issuance by the City of Paragould, Arkansas (the "City") of its Water, Sewer and Electric Refunding and Improvement Revenue Bonds, Series 2020 in the aggregate principal amount of \$24,475,000 (the "Bonds"). The Bonds are being issued to current refund the City's Water, Sewer and Electric Refunding Revenue Bonds, Series 2013 (the "Bonds Refunded"), to finance all or a portion of the costs of betterments and improvements to the sewer facilities of the City's water, sewer and electric system (the "System"), to fund a debt service reserve, and to pay expenses of issuing the Bonds.

The City is a city of the first class organized under the laws of the State of Arkansas (the "State") located in Greene County, Arkansas (the "County") which is in northeastern Arkansas. The City is authorized and empowered under the laws of the State, including particularly Title 14, Chapter 234, Subchapter 2, Title 14, Chapter 235, Subchapter 2, Title 14, Chapter 203 and Title 14, Chapter 164, Subchapter 4 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation") to issue revenue bonds and to expend the proceeds thereof for the intended purposes. See **THE CITY AND THE COUNTY**.

The Bonds are not general obligations of the City, but are special obligations payable solely from the revenues derived from the operation of the System. The pledge of the System's revenues ("System Revenues") in favor of the Bonds is on a parity with the pledge in favor of the City's Water, Sewer and Electric Refunding Revenue Bonds, Series 2016 (the "Parity Bonds"). See **THE BONDS, Security**. The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Authorizing Legislation, and Ordinance No. 93-13, adopted on April 26, 1993 and Ordinance No. 2020-21, adopted on October 26, 2020, as supplemented (collectively, the "Authorizing Ordinance"). See **THE AUTHORIZING ORDINANCE**.

The Bonds will be initially issued in book-entry form and purchasers of Bonds will not receive certificates representing their interest in Bonds purchased. See **THE BONDS, Book-Entry Only System**. The Bonds will contain such other terms and provisions as described herein. See **THE BONDS, Generally**.

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or integral multiple thereof. Interest is payable June 1, 2021, and semiannually thereafter on each June 1 and December 1. Payment of principal of the Bonds will be made to the owners of the Bonds at the principal office of Centennial Bank, Jonesboro, Arkansas, as trustee and paying agent for the Bonds (the "Trustee"). Interest is payable by check mailed by the Trustee to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Bond may be transferred, in whole or in part (in integral multiples of \$5,000), but only upon delivery of the Bond, together with a written instrument of transfer, to the Trustee. See **THE BONDS, Generally** and **Book-Entry Only System**.

The Bonds are subject to extraordinary redemption from proceeds of the Bonds not needed for the purposes intended and optional redemption on and after December 1, 2027. The Bonds maturing on December 1 in the years 2038, 2041 and 2045 are subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days notice of redemption. See **THE BONDS, Redemption**.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, (iii) interest on the Bonds is exempt from State income taxes and (iv) the Bonds are exempt from property taxation in the State. See **LEGAL MATTERS, Tax Exemption**.

It is expected that the Bonds will be available for delivery on or about December 10, 2020, through the facilities of The Depository Trust Company in New York, New York.

The City and the Trustee have entered into a Continuing Disclosure Agreement in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Continuing Disclosure Agreement"). See **CONTINUING DISCLOSURE AGREEMENT**.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Authorizing Ordinance and the Continuing Disclosure Agreement summarized herein are available upon request from Stephens Inc., 111 Center Street, Little Rock, Arkansas 72201, Attention: Public Finance.

THE BONDS

Book-Entry Only System. The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Bonds. The Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity will be issued in the principal amount of the maturity, and will be deposited with DTC.

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 ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (referred to herein as "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant

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

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

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

Redemption notices will be sent to Cede & Co. If fewer than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

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

Principal, interest and premium, if any, payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriter nor the City make any representation or warranty regarding the accuracy or completeness thereof.

So long as the Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Authorizing Ordinance, including receipt of all principal of and interest on the Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Authorizing Ordinance. The City and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any

Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Authorizing Ordinance to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.

Generally. The Bonds shall be dated, mature and bear interest, and interest is payable on the Bonds as set forth on the cover page hereof. The Bonds are issuable in the form of registered Bonds without coupons in the denomination of \$5,000 each or any integral multiple thereof, interchangeable in accordance with the provisions of the Authorizing Ordinance. In the event any Bond is mutilated, lost or destroyed, the City shall, if not then prohibited by law, execute and the Trustee may authenticate a new Bond in accordance with the provisions therefor in the Authorizing Ordinance.

Each Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Bond or Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

No charge shall be made to any owner of any Bond for the privilege of transfer or exchange, but any owner of any Bond requesting any such transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. The City shall not be required (1) to issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen days before any selection of Bonds of that maturity for redemption and ending at the close of business on the day of the first mailing of the relevant notice of redemption, or (ii) to transfer or exchange any Bonds selected for redemption in whole or in part.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest of any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. Neither the City nor the Trustee shall be affected by any notice to the contrary.

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday or Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

Redemption. (1) Extraordinary Redemption. The Bonds must be redeemed from proceeds of the Bonds not needed for the purposes intended, on any interest payment date, in whole or in part, at a price equal to the principal amount being redeemed plus accrued interest to the redemption date, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine).

(2) Optional Redemption. The Bonds are also subject to redemption at the option of the City, from funds from any source, on and after December 1, 2027, in whole or in part at any time, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular maturities to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(3) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Bonds maturing on December 1 in the years 2038, 2041 and 2045 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on December 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Bonds Maturing December 1, 2038

Year (December 1)	Principal Amount
2036	\$1,235,000
2037	1,265,000
2038 (maturity)	1,295,000

Bonds Maturing December 1, 2041

Year (December 1)	Principal Amount
2039	\$1,325,000
2040	1,355,000
2041 (maturity)	1,385,000

Bonds Maturing December 1, 2045

Year (December 1)	Principal Amount
2042	\$1,420,000
2043	1,455,000
2044	1,490,000
2045 (maturity)	1,530,000

The Trustee shall give notice of the call for redemption by first class mail or other standard means, including electronic or facsimile communication, placed in the mails or sent not less than thirty days prior to the date fixed for redemption, to the registered owner of any Bond called for redemption, addressed to such registered owner's registered address. Failure to mail or send an appropriate notice of any such notice to one or more registered owners of Bonds to be redeemed shall not affect the validity of the proceedings for redemption of other Bonds as to which notice of redemption is duly given. After the date specified in such call, the Bond or Bonds so called will cease to bear interest provided funds for their payment have been deposited with the Trustee.

With respect to notice of redemption of the Bonds at the option of the City, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice, such notice shall state that redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption. If such moneys shall not have been so received, such notice shall be of no effect, the City shall not redeem such Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

In any selection of Bonds by lot, each \$5,000 of face value of each Bond shall be treated as a separate Bond of the denomination of \$5,000.

Notwithstanding the above, so long as the Bonds are issued in book-entry only form, if fewer than all the Bonds of an issue are called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Bonds.**

Purpose for Bonds. The Bonds are being issued to current refund the Bonds Refunded (the "Refunding"), finance all or a portion of the costs of betterments and improvements to the sewer facilities of the System (the "Improvements"), fund a debt service reserve and pay costs of issuing the Bonds.

The Bonds Refunded shall be redeemed on the date the Bonds are issued, or the first practicable date thereafter, at a price of par plus accrued interest. The Bonds Refunded were issued to current refund the City's Water, Sewer and Electric Refunding Revenue Bonds, Series 2005 (the "2005 Bonds"). The 2005 Bonds were issued to advance refund the City's Water, Sewer and Electric Revenue Bonds, Series 2000, which financed the construction of extensions, betterments and improvements to the electric and sewer facilities of the System.

The Improvements consist of betterments and improvements to the headworks at the wastewater treatment plant, betterments and improvements to the wastewater collection system and upgrades to lift stations. The estimated completion date of the Improvements is December 2023.

The sources and uses of funds to accomplish the Improvements and the Refunding, fund a debt service reserve and pay expenses of issuing the Bonds are estimated by the City as follows:

SOURCES:

Principal Amount of Bonds	\$24,475,000
Net Original Issue Premium	1,071,295
Existing Funds for Bonds Refunded	<u>486,678</u>
Total Sources	\$26,032,973

USES:

Costs of Improvements	\$20,510,000
Refunding Costs	4,378,721
Debt Service Reserve	784,459
Underwriter's Discount	244,750
Costs of Issuance	<u>115,043</u>
Total Uses	\$26,032,973

The payment of Underwriter's discount and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. See **MISCELLANEOUS, Underwriting** for a description of the Underwriter's discount. The City will deposit the net proceeds of the Bonds (principal amount plus any original issue premium, less any original issue discount and less Underwriter's discount, Refunding deposit, debt service reserve deposit and certain issuance costs) into a special fund established in a depository that is a member of the Federal Deposit Insurance Corporation ("FDIC") and designated "Water, Sewer and Electric Revenue Bond Construction Fund, Series 2020" (the "Construction Fund"). Moneys contained in the Construction Fund will be disbursed by the City solely for the purpose of paying costs of the Improvements, paying necessary expenses incidental thereto and paying expenses of issuing the Bonds. Disbursements shall be on the basis of checks or requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. For a description of how the Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE AUTHORIZING ORDINANCE, Investments**.

Security. The Bonds are not general obligations of the City but are special obligations, secured by a pledge of System Revenues. The lien of System Revenues securing the Bonds is on a parity with the lien on System Revenues in favor of the Parity Bonds. See **DEBT SERVICE REQUIREMENTS** for a description of the debt service due on the Parity Bonds.

There is a debt service reserve securing the Bonds and the Parity Bonds in an amount equal to (a) one-half of the maximum annual principal and interest requirement on the Bonds plus one-half of the maximum annual principal and interest requirement on the Parity Bonds or (b) 10% of the aggregate principal proceeds of the bonds and the Parity Bonds as originally issued, whichever is lesser.

The Bonds are secured under the Authorizing Ordinance. For a summary of the terms of the Authorizing Ordinance, see **THE AUTHORIZING ORDINANCE** herein.

The City may issue additional bonds on a parity of security with the Bonds and the Parity Bonds. See **THE AUTHORIZING ORDINANCE, Parity Bonds**.

COVID-19 Pandemic. The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Arkansas Governor Asa Hutchinson (the "Governor") has declared a state of emergency due to the outbreak of COVID-19 in the State. There have been significant volatility in the financial markets in the United States attributed to concerns about the duration of the pandemic and its continued economic impact. If the financial markets decline and/or market volatility continues, the ability to sell or trade securities in the financial markets could be materially constrained.

In an attempt to slow the spread of COVID-19 in the State, the Governor has taken numerous and wide-spread actions designed to mandate or encourage "social distancing." Developments with respect to COVID-19 and the State's responses to COVID-19 (including governmental mandates) continue to occur at a rapid pace, including on a daily basis, and the swift spread of the outbreak may continue to increase in severity for an unknown period of time.

The City. The City's current operational and financial status is strong. City revenue collections have remained fairly constant during the pandemic with two notable exceptions: park revenues declined due to the temporary closure of the City's waterpark and fine revenues declined due to a change in the District Court Clerk's calendar. The City expects that the majority of fine revenues will be collected over time, but the waterpark revenue will not.

The City officials and employees have attempted to implement the Arkansas Department of Health guidelines as they pertain to the use of face coverings, social distancing, cleanliness and other similar measures. Some unbudgeted costs were incurred for cleaning supplies, personnel costs and other COVID-19 preventative measures, but such costs did not have a material effect on the City's budget.

The City's finances have remained stable for many years, and current liquidity is expected to be adequate to fund essential services and to make timely payments to all affected parties. As of September 10, 2020, the General Fund and Street Fund balances were \$7,642,657 and \$11,032,737, respectively.

The City has received a grant in the amount of \$25,200 from the Arkansas Department of Human Services for the Fire Department and has been approved for federal grants for the Police Department and the Municipal Airport in the amounts of \$42,565 and \$30,000, respectively, in order to help defray the costs associated with the City's response to COVID-19.

The System. The System's revenues have not been negatively impacted in a significant way. Disconnections due to nonpayment were ceased March 14, 2020. The System did resume nonpayment disconnections on June 9, 2020. Since the return of disconnections for nonpayment, the System is up to date with customers' accounts that were at one time up to three months past due. Along with an extended amount of time without disconnections for nonpayment, the System also removed late fees from customers' accounts from April 2020 until September 2020. In October the System will commence charging late fees again. It is estimated that the cost of forfeited late fees will be \$130,000.

The water, sewer and electric usage has been minimally impacted by the pandemic. The System saw a temporary reduction in electricity usage by industry and commercial entities, but by late summer, this usage was nearing normal. The System has been able to maintain adequate cash flow positions and has not curtailed any major projects or services. The System has operating cash on hand at the end of August that was slightly higher than its internally stated goal of 45 days operating cash on hand. No increase in water, sewer or electric rates are anticipated due to COVID-19.

The System has implemented guidelines issued by the Arkansas Department of Health and the Governor to protect customers and employees. Masks and/or social distancing is in effect for employees and System offices have been closed to the public indefinitely except for by appointment only. Services of utilities and services by customer care personnel are being provided, including non-face-to-face payment options and availability of many functions in an online capacity. Additional costs have been incurred for personal protective equipment, but these costs have not been material compared to normal operations.

THE CITY AND THE COUNTY

Location. The City is a city of the first class organized and existing under the laws of the State. The City is the seat of government of the County. The City is located in the northeast part of the State approximately 158 miles northeast of Little Rock, Arkansas and 90 miles northwest of Memphis, Tennessee. The City lies within an area which is considered by a number of seismologists to be subject to major earthquake damage in the event of an earthquake along and in proximity of the New Madrid Fault. Whether an earthquake might occur while any of the Bonds are outstanding, the extent of damage to properties located within the City and the effect upon the City’s ability to pay debt service cannot be predicted.

The Population. The population trends for the City and County since 1970 are set forth below:

<u>Year</u>	<u>City</u>	<u>County</u>
1970 ⁽¹⁾	10,639	24,765
1980 ⁽¹⁾	15,214	30,744
1990 ⁽¹⁾	18,540	31,804
2000 ⁽¹⁾	22,017	37,331
2010 ⁽¹⁾	26,113	42,090
2019 ⁽²⁾	29,986	45,325

⁽¹⁾Census

⁽²⁾Estimate as of July 1

Transportation. The City is served by U.S. Highways Nos. 49 and 412. Motor freight carriers and the Union Pacific Railroad make daily shipments from the City to major cities across the United States.

A municipal airport with a 4,500 foot, paved runway serves public aircrafts. Charter service is available. The nearest commercial airport is approximately 20 miles away in Jonesboro, Arkansas.

Government. The government of the City operates under the Mayor-City Council form of government. The current Mayor and aldermen of the City, their principal occupations and their terms are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term Expires</u>
Mike Gaskill	Mayor	December 31, 2022*
Randy Aden	Retired	December 31, 2020
Josh Agee	Self-Employed	December 31, 2020
Jackie Branch	Flower Shop Network	December 31, 2020
Farrell Gibson	Self-Employed	December 31, 2020
Charles Long	CPA	December 31, 2020
Mark Rowland	Professional Credit Management, Inc.	December 31, 2020
Jeremy Biggs	CASA	December 31, 2020
Susan Williams	Dental Hygienist	December 31, 2020

*On June 27, 2020, Mayor Gaskill announced his resignation effective December 31, 2020. The City Council of the City has called a special election to be held on November 3, 2020 to fill the unexpired term of the office of Mayor, beginning January 1, 2021 and ending on December 31, 2022.

Medical Facilities. The City is served by one hospital (with approximately 129 beds).

Financial Institutions. The City is served by First National Bank which has its principal offices in the City. The following banks have branch offices in the City: BancorpSouth Bank, Centennial Bank, Regions Bank, Simmons Bank, Southern Bank and Unico Bank.

Education. Primary and secondary education for the City’s inhabitants are provided by two public school systems. Located within the City, there are ten public elementary schools and four public middle schools/high schools. There are also two parochial school systems within the City. Crowley’s Ridge College is also located in the City. Arkansas State University, Black River Technical College and Arkansas Northeastern College have branch campuses in the City.

Economy. The economy of the City is a mixture of industry, agriculture and commercial trade. The principal crops grown in the County are soybeans, wheat, rice and cotton. Set forth below are the characteristics of the major employers in the City.

<u>Company</u>	<u>Number of Employees</u>	<u>Product or Service</u>
American Railcar Industries	1,450	Rail Cars
Tenneco Automotive	1,350	Shock Absorbers
Anchor Packaging	725	Plastic Food Containers
Arkansas Methodist Hospital	700	Health Care
Utility Trailer Manufacturing	680	Truck Trailers
L.A. Darling Co.	225	Custom Store Fixtures
Nidec	200	Electric Motors and Parts
Martin Sprocket & Gear	200	Sprockets and Gears
Prestolite Wire Corp./General Cable	185	Auto Wires Cable
Teleflora Florist Service	175	Flower Wire Service
Allen Engineering	130	Concrete Finishing Equipment
Garlock Rubber Technologies	90	Rubber Conveyor Belts

Litigation. There are no lawsuits or regulatory proceedings pending or, to the knowledge of the City, threatened against the City, in which claims of damage are made which, individually or in the aggregate, create a financial exposure which would substantially impair the financial solvency of the City.

County Economic Data. Per capita personal income estimates for the County are as follows⁽¹⁾:

<u>Year</u>	<u>Per Capita Personal Income</u>
2014	\$31,797
2015	32,025
2016	32,299
2017	33,696
2018	34,895

Total personal income estimates for the County are as follows⁽¹⁾:

<u>Year</u>	<u>Total Personal Income</u>
2014	\$1,392,285,000
2015	1,418,662,000
2016	1,444,738,000
2017	1,515,565,000
2018	1,581,614,000

Set forth below are the annual average unemployment rates for the State and the County since 2015 according to the Arkansas Department of Workforce Services.

<u>Year</u>	<u>Annual Average Unemployment Rate (%)</u>	
	<u>County</u>	<u>State</u>
2015	5.2	5.0
2016	4.3	4.0
2017	3.7	3.7
2018	3.4	3.6
2019	3.5	3.5
2020	7.1*	7.4**

*Preliminary as of July

**Preliminary as of August

THE SYSTEM

General. The System, consisting of electric, water and sewer utilities, is owned by the City and operated under the direct control of the Paragould Light and Water Commission (the "Commission"). The names and occupations of members of the Commission and the year in which their terms expire are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term Expires</u>
Dr. Mack Shotts	Medical Doctor	December 31, 2021
Bobby Kasserman	Banker	December 31, 2020
David Neighbors	Utility Trailer Plant Manager	December 31, 2020
Kelly Wright	Retired	December 31, 2023
Mark Miller	Business Owner/Insurance Agent	December 31, 2021

Operation and management of the System is provided by a utility staff under the direction of a general manager. Darrell Phillips currently serves as the General Manager and Chief Executive Officer of the System, a position he has held since April 2013. Prior to April 2013, Mr. Phillips served as Chief Operating Officer of the System for 26 years.

(1) Source: Bureau of Economic Analysis, United States Department of Commerce, Regional Economic Accounts; data for 2019 is not yet available.

The System employs approximately 136 persons. The names and positions of the key employees and how long each has served in such capacity are set forth below:

<u>Name</u>	<u>Position</u>	<u>Time Served in Position</u>
Darrell Phillips	General Manager and Chief Executive Officer	7 years
Janet Chronister	Director of Finance	2.5 years ⁽¹⁾

⁽¹⁾Prior to taking the position of Director of Finance, Ms. Chronister served as the Accounting Department Manager for 20 years.

Electric System. The electric system was established in 1938. The peak load for 2015 was 131 MW. The distribution lines are 13,200 KVA. The electric system is meter connected with the Southwestern Power Administration and balances real-time load with Southwest Power Pool. The electric system has eight electrical substations, a 19 megawatt generating plant and a 16 megawatt generating plant for peaking purposes.

The City purchases all of the power for its electric facilities from Southwestern Power Administration ("SPA") and the Grand River Dam Authority ("GRDA") under power sales contracts. The contract with SPA terminates on March 31, 2027. The contract with GRDA terminates on June 30, 2038. Under its contract, SPA has agreed to sell to the City up to 50,500 KW of hydroelectric power. GRDA has agreed to sell the City up to 80,000 KW of power. The City believes that the power sales contracts, together with its generating plant, provide adequate assurance of sufficient power for its reasonably foreseeable needs.

The City serves electric users within the City limits. As of December 31, 2019, there were approximately 13,822 electric users. The year end number of electric users by category for each of the past five (5) years is as follows:

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
2019	11,903	1,880	39	13,822
2018	11,817	1,863	39	13,719
2017	11,692	1,834	40	13,566
2016	11,591	1,837	40	13,468
2015	11,466	1,828	39	13,333

Water System. The System's water supply is obtained from eight artesian wells that are 400-500 feet deep. The water is pumped back to an iron removal treatment plant. Chlorine and fluoride are added.

The City serves water users within the City limits and approximately 479 water users outside the City limits. As of December 31, 2019, there were approximately 11,914 water users. The year end number of water users by category for each of the past five (5) years is as follows:

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
2019	10,629	1,247	38	11,914
2018	10,535	1,235	37	11,807
2017	10,426	1,241	37	11,704
2016	10,303	1,239	34	11,576
2015	10,173	1,221	35	11,429

The average daily water use in gallons, the maximum daily water use in gallons and the total water use for the year in gallons for each of the past five (5) years is as follows:

<u>Year</u>	<u>Average Daily Water Use in Gallons</u>	<u>Maximum Daily Water Use in Gallons</u>	<u>Total Water Use for Year in Gallons</u>
2019	3,026,303	3,793,000	1,105,057,904
2018	3,160,301	4,393,000	1,154,310,572
2017	3,036,333	4,166,000	1,108,983,000
2016	3,247,242	4,567,000	1,185,268,952
2015	3,133,087	4,131,000	1,143,635,939

Sewer System. The sanitary sewer system provides service inside the corporate boundaries of the City. The sewage is collected through a collection system consisting of 64 pumping stations which pump the sewage to a 6.0 mgd activated sludge plant. The plant has two 18 acre lagoons; one is for sludge and the other is a flow equalization basin for wastewater retention.

The City serves sewer users within the City limits and one sewer use located outside the City limits. As of December 31, 2019, there were approximately 10,936 users. The year end number of sewer users by category for each of the past five (5) years is as follows:

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
2019	9,743	1,158	35	10,936
2018	9,646	1,158	35	10,839
2017	9,538	1,163	35	10,736
2016	9,426	1,156	33	10,615
2015	9,287	1,147	34	10,468

Largest Users of System. The following users of the System accounted for more than 5% of gross System Revenues for the fiscal year ended December 31, 2019:

<u>Company</u>	<u>Percentage of Total Gross System Revenues (%)</u>
Anchor Packaging	10.3%

The following are the top five users of the System:

1. Anchor Packaging
2. Tenneco Automotive
3. American Railcar Industries
4. General Cable
5. Nidec

Litigation. There is no litigation pending, or to the knowledge of the City, threatened against the System in which claims of damages are made which, individually or in the aggregate, would have a material adverse effect on the operation of the System or the System Revenues.

Rates. Set forth in Exhibit C are the water and sewer rates currently in effect. A schedule of the electric rates currently in effect is attached hereto as Exhibit D.

THE AUTHORIZING ORDINANCE

The Bonds are being issued and secured pursuant to the Authorizing Ordinance, to which reference may be had in its entirety for a detailed statement of its provisions, the description set forth below being a summary of certain provisions. The City will covenant as set forth below in the Authorizing Ordinance.

Rates and General Covenants to Operate. (a) The rates charged for services of the System heretofore fixed by ordinances of the City and the conditions, rights and obligations pertaining thereto, as set out in those ordinances, are ratified, confirmed and continued. None of the facilities or services afforded by the System shall be furnished without a charge being made therefor.

The City covenants that the rates shall never be reduced while any of the Bonds are outstanding unless there is obtained from an independent certified public accountant ("Accountant") a certificate that the net revenues of the System (net revenues being defined as gross System Revenues less the expenses of operation and maintenance of the System, including all expense items properly attributable to the operation and maintenance of the System under generally accepted accounting principles applicable to municipal electric, water and sewer facilities other than depreciation, interest and amortization of deferred bond discount expenses), with the reduced rates, will always be equal to the amount required to be set aside for the Depreciation Fund (described below) and leave a balance equal to at least 140% of the average annual principal and interest requirements on all outstanding bonds to which System Revenues are pledged ("System Bonds"). The City further covenants that the rates shall, if and when necessary from time to time, be increased in such manner as will produce net revenues at least equal to 120% of the average annual principal and interest requirements on all System Bonds, which net revenues shall also be sufficient to deposit the amounts required to be paid into the Depreciation Fund in accordance with the Authorizing Ordinance.

(b) The System shall be continuously operated as a revenue producing undertaking, and all moneys received from its operation shall be deposited in such depository or depositories for the City as may be lawfully designated from time to time by resolution of the Commission, subject, however, to the giving of security as now or as hereafter may be required by law, and provided that such depositories shall hold membership in the Federal Deposit Insurance Corporation ("FDIC").

Funds and Disposition of Revenues. (a) All System Revenues shall be paid into a special fund designated "Water, Sewer and Electric Fund" (the "Revenue Fund"). The revenues in the Revenue Fund shall be applied to the payment of the reasonable and necessary expenses of operation and maintenance of the System, to the payment of the principal of and interest on the System Bonds, to the providing of the Depreciation Fund, to the maintenance of debt service reserves and otherwise as described in the Authorizing Ordinance.

(b) There shall be first paid from the Revenue Fund into a fund designated "Water, Sewer and Electric Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), on the first business day of each month, an amount sufficient to pay the reasonable and necessary monthly expenses of operation, repair and maintenance of the System for such month and from which disbursements shall be made only for those purposes. Fixed annual charges such as insurance premiums and the cost of major repair and maintenance expenses may be computed and set up on an annual basis, and one-twelfth (1/12) of the amount thereof may be paid into the Operation and Maintenance Fund each month.

If in any month for any reason there shall be a failure to transfer and pay the required amount into the Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid therein during the next succeeding month. If any surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which shall be necessary to defray the reasonable and necessary costs of operation, repair and maintenance of the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred to the Depreciation Fund.

(c) There shall next be paid from the Revenue Fund into a special fund designated "1993 Water, Sewer and Electric Revenue Bond Fund" (the "Bond Fund") on the first business day of each month the sums in the amounts for the purpose of providing funds for the payment of the principal of and interest on the Bonds and Parity Bonds as they become due, with fees of the Trustee and the trustee for the Parity Bonds in connection therewith.

There shall be paid into the Bond Fund on the first business day of each month, commencing January 2021 until all outstanding Bonds, with interest thereon, have been paid in full or provision made for such payment the sums necessary to pay the principal of and interest on the Bonds and the Parity Bonds as follows: a sum equal to 1/6 of the next installment of interest due on the Bonds and the Parity Bonds, plus 1/12 of the next installment of principal of the Bonds and the Parity Bonds; provided, however that the monthly payments into the Bond Fund shall be increased in order to make the interest payment on the Bonds due June 1, 2021 and the principal payment on the Bonds due December 1, 2021.

The City shall also pay into the Bond Fund such additional sums as necessary to provide for the Trustee's fees and expenses, fees and expenses of the trustee for the Parity Bonds and any arbitrage rebate payment due to be paid to the United States Treasury under Section 148(f) of the Code. The City shall receive a credit against monthly deposits into the Bond Fund for all interest earnings on moneys in the Bond Fund, for transfers into the Bond Fund derived from earnings on the Debt Service Reserve during the preceding month, and for transfers from funds held in connection with the Bonds Refunded.

There is created, as a part of the Bond Fund, a Debt Service Reserve which shall be maintained by the City in an amount equal to (a) one-half of the maximum annual principal and interest requirements on the Bonds plus one-half of the maximum annual principal and interest requirements on the Parity Bonds or (b) 10% of the aggregate principal proceeds of the Bonds and the Parity Bonds as originally issued, whichever is lesser (the "Required Level"). Should the Debt Service Reserve become impaired or be reduced below the Required Level, the City shall make additional monthly payments from the Revenue Fund until the impairment or reduction is corrected within a twenty-four month period.

If for any reason the City should fail at any time to make any of the required payments into the Bond Fund, any sums then held in the Debt Service Reserve shall be used to the extent necessary for the payment of principal of or interest on the Bonds and the Parity Bonds, but the Debt Service Reserve shall be reimbursed from the Revenue Fund before any moneys in the Revenue Fund shall be used for any other purpose other than the making of payments required to be made into the Operation and Maintenance Fund and the Bond Fund.

If System Revenues are insufficient to make the required payment on the first business day of the following month into the Bond Fund, then the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund on the first business day of the next month.

If a surplus shall exist in the Bond Fund over and above the amount required for making all principal and interest payments during the next succeeding twelve month period, and in excess of the Required Level for the Debt Service Reserve such surplus shall either be applied to the redemption of the Bonds or the Parity Bonds that may be called for redemption prior to maturity or transferred to the Revenue Fund.

There shall be withdrawn from the Bond Fund at least five (5) business days before the due date for the principal and/or interest on any Bond or Parity Bond, at maturity or redemption prior to maturity, and deposited with the Trustee or the trustee for the Parity Bonds, as applicable, an amount equal to the amount of such Bond or Parity Bond or interest due thereon for the sole purpose of paying the same, together with the fees of the Trustee and the trustee for the Parity Bonds. There shall also be withdrawn and paid to the United States Treasury any arbitrage rebate due at the times and in the amounts in accordance with Section 148(f) of the Code.

(d) There shall next be paid from the Revenue Fund into a fund designated "Water, Sewer and Electric Depreciation Fund" (the "Depreciation Fund"), on the first business day of each month while any of the Bonds are outstanding, 2% of the gross System Revenues for the preceding month. The moneys in the Depreciation Fund shall be used solely for the purpose of paying the cost of replacements made necessary by the depreciation of the System.

(e) Any surplus in the Revenue Fund after making all disbursements and providing for all funds described may be used, at the option of the City, for any lawful municipal purpose authorized by the City.

Parity Bonds. So long as any of the Bonds are outstanding, the City shall not issue or attempt to issue any bonds claimed to be entitled to a priority of lien on System Revenues over the lien securing the Bonds.

The City reserves the right to issue additional bonds to finance or pay the cost of making any future extensions, betterments or improvements to the System, or to refund bonds issued for such purposes, but the City shall not authorize or issue any such additional bonds ranking on a parity with the Bonds unless and until there have been procured and filed with the City Clerk and the Trustee a statement by an Accountant reciting the opinion, based upon necessary investigation, that the net revenues of the System for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds shall equal not less than 120% of the average annual principal and interest requirements on all the then outstanding System Bonds and the additional bonds then proposed to be issued. The term "net revenues" means gross System Revenues less operation and maintenance expenses other than depreciation, interest and amortization of deferred bond discount expenses, determined in accordance with generally accepted accounting principles. In making the computation set forth above, the City, and the Accountant, on behalf of the City may, based upon the opinion or report of a registered professional engineer not in the regular employ of the City, treat any increase in rates for the System enacted subsequent to the first day of such preceding fiscal year as having been in effect during or throughout such fiscal year and may include in gross System Revenues for such fiscal year the amount that would have been received, based on such opinion or report, had the increase been in effect during or throughout such fiscal year.

Accounts and Records. The City will keep proper books of accounts and records (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the operation of the System, and such books shall be available for inspection by the registered owner of any of the Bonds at reasonable times and under reasonable circumstances. The City agrees to have these records audited by an Accountant at least once each year, and a copy of the audit shall be delivered to the Trustee and made available to registered owners requesting the same in writing. In the event that the City fails or refuses to make the audit, the Trustee or any registered owner of the Bonds may have the audit made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

Maintenance; Insurance. The City covenants and agrees that it will maintain the System in good condition and operate the same in an efficient manner and at reasonable cost. While any of the Bonds are outstanding, the City agrees that it will insure and at all times keep insured, in the amount of the full insurable value thereof, in a responsible insurance company or companies selected by the Commission and authorized and qualified under the laws of the State of Arkansas to assume the risk thereof, properties of the System, to the extent that such properties would be covered by insurance by private companies engaged in similar types of businesses, against loss or damage thereto from fire, lightning, tornados, winds, riot, strike, civil commotion, malicious damage, explosion, extended coverage and against any other loss or damage from any other causes customarily insured against by private companies engaged in similar types of business. The insurance policies are to carry a clause making them payable to the Trustee as its interest may appear, and are either to be placed in the custody of the Trustee or satisfactory evidence of said insurance shall be filed with the Trustee. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work. If such proceeds are more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the Revenue Fund, and if such proceeds shall be insufficient for such purposes the deficiency shall be supplied first from moneys in the Depreciation Fund and second from moneys in the Operation and Maintenance Fund and third from surplus moneys in the Revenue Fund. Nothing shall be construed as requiring the City to expend any moneys for operation and maintenance of the System or for premiums on its insurance which are derived from sources other than the operation of the System, but nothing shall be construed as preventing the City from doing so.

Defeasance. Any Bond shall be deemed to be paid within the meaning of the Authorizing Ordinance when payment of the principal of and interest on such Bond (whether at maturity or upon redemption, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) cash sufficient to make such payment and/or (2) direct obligations

of or obligations fully guaranteed by (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America ("Government Securities") (provided that such deposit will not affect the tax exempt status of the interest on any of the Bonds or cause any of the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. In determining the sufficiency of the deposit of Government Securities there will be considered the principal amount of such Government Securities and interest to be carried thereon until the maturity of such Government Securities.

On the payment of any Bonds within the meaning of the Authorizing Ordinance, the Trustee shall hold in trust, for the benefit of the owners of such Bonds, all such moneys and/or Government Securities.

When all the Bonds shall have been paid within the meaning of the Authorizing Ordinance, if the Trustee has been paid its fees and expenses and if any arbitrage rebate due the United States Treasury under Section 148(f) of the Code has been paid or provided for to the satisfaction of the Trustee, the Trustee shall take all appropriate action to cause (i) the pledge and lien of the Authorizing Ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to the Authorizing Ordinance and which are not required for the payment of such Bonds to be paid over or delivered to or at the direction of the City.

Default and Remedies. (a) If there be any default in the payment of the principal or interest on any of the Bonds, or if the City defaults in any Bond Fund requirements or in the performance of any of the other covenants contained in the Authorizing Ordinance, the Trustee may, and upon the written request of the owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall, by proper suit, compel the performance of the duties of the officials of the City under the laws of Arkansas. And, in the case of a default in the payment of the principal or interest on any of the Bonds, the Trustee may, and upon the written request of the owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall, apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the System on behalf of the City and the owners of the Bonds, with power to charge and collect (or by mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the payment of the expenses of operation, maintenance and repair and to pay any Bonds and interest outstanding and to apply the revenues in conformity with the laws of the State and with the Authorizing Ordinance. When all defaults in principal and interest payments have been cured, the custody and operation of the System shall revert to the City.

(b) No registered owner of any of the outstanding Bonds shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of power or right under the Authorizing Ordinance or under the laws of the State unless such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of any remedy. No one or more registered owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Authorizing Ordinance, or to enforce any right thereunder except in the manner described in the Authorizing Ordinance. All proceedings at law or in equity shall be instituted, had and maintained in the manner herein described and for the benefit of all registered owners of the outstanding Bonds.

(c) No remedy conferred upon or reserved to the Trustee or to the registered owners of the Bonds is intended to be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Authorizing Ordinance or by law.

(d) The Trustee may, and upon the written request of the registered owners of not less than a majority in principal amount of the Bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of the Authorizing Ordinance or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

(e) In any proceeding to enforce the provisions of the Authorizing Ordinance, the Trustee or any plaintiff bondholder shall be entitled to recover costs of such proceeding, including reasonable attorneys' fees.

Amendment of Authorizing Ordinance. The terms of the Authorizing Ordinance constitute a contract between the City and the owners of the Bonds and no variation or change in the undertaking set forth in the Authorizing Ordinance shall be made while any of the Bonds are outstanding, except as hereinafter set forth below.

The Trustee may consent to any variation or change in the Authorizing Ordinance to cure any ambiguity, defect or omission therein or any amendment thereto or any other change or variation that the Trustee determines is not to the material prejudice of the owners of the Bonds without the consent of the owners of the outstanding Bonds.

The owners of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Authorizing Ordinance to the contrary notwithstanding, to consent to and approve, the adoption by the City of such ordinance supplemental hereto as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Authorizing Ordinance or in any supplemental ordinance; provided, however, that nothing contained in the Authorizing Ordinance shall permit or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) the creation of a lien or pledge superior to the lien and pledge created by the Authorizing Ordinance, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance.

The Trustee. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Trustee shall not be required to take any action as Trustee unless it shall have been requested to do so in writing by the registered owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by giving sixty (60) days' notice in writing to the City Clerk and the registered owners of the Bonds, and the majority in value of the registered owners of the outstanding Bonds or the City, so long as the City is not in default under the Authorizing Ordinance, at any time, with or without cause, may remove the Trustee. In the event of a vacancy in the office of Trustee, either by resignation or by removal, the City shall forthwith designate a new Trustee by a written instrument filed in the office of the City Clerk. The original Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts imposed upon it or them but only upon the terms and conditions set forth in the Authorizing Ordinance and subject to the provisions of the Authorizing Ordinance, to all of which the respective registered owners of the Bonds agree. Any successor Trustee shall have all the powers granted to the original Trustee.

Investments. (a) Moneys held for the credit of the Bond Fund (other than for the Debt Service Reserve therein) shall be invested and reinvested in Permitted Investments (as hereinafter defined), all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the next payment date for interest or principal and interest on the Bonds.

(b) Moneys held for the credit of the Construction Fund may be continuously invested and reinvested by the City in Permitted Investments or other investments as may from time to time be permitted by law, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys held for the credit of the Construction Fund will be required for the purposes intended.

(c) Moneys held for the credit of the Debt Service Reserve shall be invested and reinvested in Permitted Investments, all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than five (5) years after the date of investment or the final maturity date of the Bonds, whichever is earlier.

(d) Moneys held for the credit of any other fund may be invested and reinvested in Permitted Investments or other investments as may, from time to time, be permitted by law, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys held for the credit of the particular fund will be required for purposes intended.

(e) Obligations so purchased as an investment of moneys in any fund shall be deemed at all times to be a part of such fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund, except that interest earnings and profits on investments of moneys in the Debt Service Reserve which increase the amount thereof above the Required Level shall to the extent of any such excess be transferred into the Bond Fund and used as a credit against the monthly Bond Fund payments due.

(f) "Permitted Investments" are defined as (i) direct or fully guaranteed obligations of the United States of America (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) ("Government Securities"), (ii) direct obligations of any agency, instrumentality or government-sponsored enterprise created by an act of the United States Congress and authorized to issue securities or evidences of indebtedness, regardless of whether the securities or evidences of indebtedness are guaranteed for repayment by the United States Government, (iii) demand deposits or certificates of deposit of banks, including the Trustee, which are insured by the FDIC, or, if in excess of insurance coverage, collateralized by Government Securities or other securities authorized by State law to secure public funds, or (iv) money market funds comprised exclusively of investments described in (i) or (ii) above.

CONTINUING DISCLOSURE AGREEMENT

Over the last five years, the City has been a party to certain continuing disclosure agreements in connection with its outstanding bonds. Such agreements require the City to file annual reports with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system ("EMMA") within the time periods set forth in the agreements. The following summarizes a non-exhaustive discussion of the City's compliance with its continuing disclosure obligations over the past five years.

As part of each annual report, the City has been obligated to file audited financial statements on EMMA. The City timely filed on EMMA all required audited financial statements for each of the past five years; however, the audited financial statements of the System for the years ended December 31, 2017, 2018 and 2019 were not uploaded to the CUSIPs assigned to the Bonds Refunded. A notice concerning such failures was not filed on EMMA.

All continuing disclosure agreements also required that certain supplemental financial and operating data be provided as part of the annual report. The supplemental data to be provided varies depending on the type of bond issue and how each is secured.

Supplemental data to be provided was included in the audited financial statements of the System. Accordingly, supplemental data was timely filed on EMMA during the past five years; however, the supplemental data for the years ended December 31, 2017, 2018 and 2019 was not uploaded to the CUSIPs assigned to the Bonds Refunded. A notice concerning such failures was not filed on EMMA. In addition, the City failed to file all supplemental financial and operating data due each year. In the report for the fiscal year ended December 31, 2015, the City failed to include System rates in effect during the fiscal year ended December 31, 2014. Additionally, in the reports for the fiscal years ended December 31, 2016 through 2019, the City failed to report the top five users of the System and any user who accounted for 5% or more revenues of the System in such fiscal year.

The continuing disclosure agreements also obligated the City to file a notice of the occurrence of any event listed in Securities and Exchange Commission, Rule 15c2-12(b)(5)(i)(C). The City has timely filed all notices of the occurrence of listed events during the past five years.

Set forth below is a summary of certain portions of the Continuing Disclosure Agreement to be executed in connection with the Bonds. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of its provisions.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement is executed and delivered by the City and the Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

Definitions. In addition to the definitions set forth in this Official Statement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual report provided by the City pursuant to, and as described in, the Continuing Disclosure Agreement.

"Beneficial Owner" of a Bond shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

- (A) debt obligation;
- (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) guarantee of obligations described in (A) or (B).

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.

"Listed Events" shall mean any of the events listed hereunder.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Rule" shall mean 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.

Provision of Annual Report. (a) The City shall, or cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the System's fiscal year (presently December 31), commencing with the report after the end of the 2020 fiscal year, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. 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 the Continuing Disclosure Agreement; provided that the audited financial statements of the System may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted within (30) days after receipt thereof by the City. If the System's fiscal year changes, it shall give notice of such change in the manner as for a Listed Event.

(b) Not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the City and the Dissemination Agent to determine if the City is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report (containing the information required in (1) under Content of Annual Report, below) has been provided to the MSRB by the date required in subsection (a), the Trustee shall file a notice to the MSRB.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the following:

(1) (a) Information of the type set forth in this Official Statement under the caption **THE SYSTEM** with respect to (i) average daily water use in gallons, maximum daily water use in gallons and total annual water use in gallons for the preceding fiscal year and the previous four fiscal years, (ii) the number of water, sewer and electric users by category for the fiscal year then ended and the four previous fiscal years and (iii) the top five users of the System for the previous fiscal year and a statement as to which users, if any, accounted for 5% or more of System Revenues for the preceding fiscal year; and (b) the water, sewer and electric rates for the fiscal year then ended.

(2) The annual financial statements of the System prepared using accounting principles generally accepted in the United States of America, which shall be audited in accordance with auditing standards generally accepted in the United States of America.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so incorporated by reference.

Reporting of Listed Events. (a) This caption describes the giving of notices of the occurrence of any of the following 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 security, or other material events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls (excluding mandatory sinking fund redemptions), if material.
9. Defeasances and tender offers.
10. Release, substitution, or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person.
13. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) After the occurrence of a Listed Event (excluding an event described in (a)(8) above), the City shall promptly notify the Dissemination Agent (if other than the City) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence.

(c) After the occurrence of a Listed Event (excluding an event described in (a)(8) above), whether by notice from the Trustee or otherwise, the City shall file (or shall cause the Dissemination Agent to file), in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Trustee (if the Trustee is not the Dissemination Agent). Each notice of the occurrence of a Listed Event shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as

prescribed by the MSRB. In the event of a Listed Event described in (a)(8) above, the Trustee shall make the filing in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event.

Termination of Reporting Obligation. The City's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the Bonds.

Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Amendment; Waiver. Notwithstanding any other provision of the Continuing Disclosure Agreement, the City and the Trustee may amend the Continuing Disclosure Agreement, and any provisions of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, to the contents of the Annual Report or the reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Bonds in the same manner as provided in the Authorizing Ordinance for amendments to the Authorizing Ordinance with the consent of Beneficial Owners, or (ii) does not, in the opinion of the Trustee, materially impair the interests of the Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the City shall describe such amendment 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 City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) 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.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the City shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default. In the event of a failure of the City or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee, the City or any Beneficial Owner may (and the Trustee, at the request of the Underwriter or the Beneficial Owners of at least 25% aggregate principal amount of outstanding Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a default under the Authorizing Ordinance, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties of Trustee and Dissemination Agent and Right of Indemnity. The Dissemination Agent (if other than the Trustee) and the Trustee in its capacity as Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's gross negligence or willful misconduct.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Underwriter and the Beneficial Owners and shall create no rights in any other person or entity.

FINANCIAL INFORMATION

Set forth in Exhibit A to this Official Statement are the audited financial statements for the System for the fiscal year ended December 31, 2019. Such audited financial statements were prepared using accounting principles generally accepted in the United States of America and were audited 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. These financial statements deal with the System and System Revenues and should be read in their entirety, together with any notes and supplemental information affixed thereto.

The Commission operates the City's cable television system and it provides internet services to customers in and around the City. As such, the financial statements reflect cable television system and internet service revenues and assets and liabilities related thereto. Cable television system revenues and internet service revenues are not pledged to the Bonds, and liabilities related to the provision of cable television services and internet services are not liabilities of the System.

Revenues and expenses of the System (electric, water and sewer facilities) after elimination of inter-System sales and expenses, are summarized by management of the System as follows for the preceding five years (years ended December 31) and for the nine-month period ended September 30, 2020:

	Unaudited Nine-Month Period Ended September 30, 2020	Audited				
		2019	2018	2017	2016	2015
Operating Revenues	\$35,781,769	\$48,806,845	\$51,265,492	\$49,044,166	\$47,160,871	\$49,344,964
Operating Expenses (Excluding Depreciation)	<u>(30,766,612)</u>	<u>(40,351,712)</u>	<u>(43,388,245)</u>	<u>(41,188,770)</u>	<u>(39,331,254)</u>	<u>(41,977,081)</u>
Operating Income	5,015,157	8,455,133	7,877,247	7,855,396	7,829,617	7,367,883
Depreciation	(3,606,046)	(4,685,141)	(4,635,164)	(4,538,295)	(4,294,623)	(4,257,054)
Other Income (Expense)	<u>140,997</u>	<u>(33,784)</u>	<u>(105,885)</u>	<u>(197,540)</u>	<u>(280,968)</u>	<u>(417,430)</u>
Net Income	<u>\$1,550,108</u>	<u>\$3,736,208</u>	<u>\$3,136,198</u>	<u>\$3,119,561</u>	<u>\$3,254,026</u>	<u>\$2,693,399</u>

DEBT SERVICE COVERAGE

The following table shows the net revenues available for debt service on the Bonds and the Parity Bonds for the fiscal year ended December 31, 2019, the amount of maximum annual debt service expected to be due, and the extent to which debt service is covered by such funds:

Revenues ⁽¹⁾	\$48,806,845
Less: Expenses ⁽¹⁾⁽²⁾	<u>(40,351,712)</u>
Net Revenues Available for Debt Service ^(A)	8,455,133
Maximum Annual Debt Service Requirements on Bonds and Parity Bonds ^{(B)(3)}	1,568,919
Debt Service Coverage ^(A/B)	5.39x

⁽¹⁾ Based on the audited financial statements of the System for the fiscal year ended December 31, 2019.

Revenues do not include non-operating income.

⁽²⁾ Total operating expenses before depreciation, interest and bond amortization expenses.

⁽³⁾ Using a year ending December 31.

DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 270,000	\$ 694,059.85	\$ 964,059.85
2022	265,000	698,356.26	963,356.26
2023	280,000	685,106.26	965,106.26
2024	290,000	671,106.26	961,106.26
2025	305,000	656,606.26	961,606.26
2026	320,000	641,356.26	961,356.26
2027	340,000	625,356.26	965,356.26
2028	960,000	608,356.26	1,568,356.26
2029	995,000	569,956.26	1,564,956.26
2030	1,035,000	530,156.26	1,565,156.26
2031	1,065,000	499,106.26	1,564,106.26
2032	1,100,000	467,156.26	1,567,156.26
2033	1,130,000	434,156.26	1,564,156.26
2034	1,165,000	400,256.26	1,565,256.26
2035	1,200,000	365,306.26	1,565,306.26
2036	1,235,000	329,306.26	1,564,306.26
2037	1,265,000	301,518.76	1,566,518.76
2038	1,295,000	273,056.26	1,568,056.26
2039	1,325,000	243,918.76	1,568,918.76
2040	1,355,000	212,450.00	1,567,450.00
2041	1,385,000	180,268.76	1,565,268.76
2042	1,420,000	147,375.00	1,567,375.00
2043	1,455,000	111,875.00	1,566,875.00
2044	1,490,000	75,500.00	1,565,500.00
2045	1,530,000	38,250.00	1,568,250.00
TOTALS	\$24,475,000	\$10,459,916.29	\$34,934,916.29

[Remainder of page intentionally left blank]

Set forth below are the debt service requirements for the Bonds and the Parity Bonds:

Year	Bond Debt Service	Debt Service for Parity Bonds	Total Debt Service
2021	\$ 964,059.85	\$ 599,062.50	\$ 1,563,122.35
2022	963,356.26	603,512.50	1,566,868.76
2023	965,106.26	602,712.50	1,567,818.76
2024	961,106.26	606,382.50	1,567,488.76
2025	961,606.26	604,232.50	1,565,838.76
2026	961,356.26	601,147.50	1,562,503.76
2027	965,356.26	592,166.25	1,557,522.51
2028	1,568,356.26		1,568,356.26
2029	1,564,956.26		1,564,956.26
2030	1,565,156.26		1,565,156.26
2031	1,564,106.26		1,564,106.26
2032	1,567,156.26		1,567,156.26
2033	1,564,156.26		1,564,156.26
2034	1,565,256.26		1,565,256.26
2035	1,565,306.26		1,565,306.26
2036	1,564,306.26		1,564,306.26
2037	1,566,518.76		1,566,518.76
2038	1,568,056.26		1,568,056.26
2039	1,568,918.76		1,568,918.76
2040	1,567,450.00		1,567,450.00
2041	1,565,268.76		1,565,268.76
2042	1,567,375.00		1,567,375.00
2043	1,566,875.00		1,566,875.00
2044	1,565,500.00		1,565,500.00
2045	1,568,250.00		1,568,250.00
TOTALS	\$34,934,916.29	\$4,209,216.25	\$39,144,132.54

LEGAL MATTERS

Legal Proceedings. There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Bonds, or questioning or affecting the legality of the Bonds or the proceedings and authority under which the Bonds are to be issued, or questioning the right of the City to adopt the Authorizing Ordinance or to issue the Bonds.

Legal Opinions. Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel.

Tax Exemption. In the opinion of Bond Counsel, under existing law, the interest on the Bonds is exempt from all State income taxes and the Bonds are exempt from property taxation in the State.

Also, in the opinion of Bond Counsel, interest on the Bonds under existing law is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth above are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Bonds and the System. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted in the Authorizing Ordinance to comply with all such requirements.

Prospective purchasers of the Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (ii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Bonds.

Prospective purchasers of the Bonds should be further aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code).

As shown on the cover page of this Official Statement, certain of the Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth on the cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption, or payment at maturity). Amounts received upon disposition of such Discount 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 Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield of maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been 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.

Owners of the Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

As shown on the cover page of this Official Statement, certain of the Bonds are being sold at an original issue premium (collectively, 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 the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is 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. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. On December 20, 2017, Congress passed The Tax Cuts and Jobs Act (the "Tax Legislation"), which, for tax years beginning after December 31, 2017, among other things, significantly changed the income tax rates for individuals and corporations, modified the current provisions relative to the federal alternative minimum tax on individuals and eliminated the federal alternative minimum tax for corporations. The Tax Legislation or the introduction or enactment of any other legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation (including particularly, without limitation, the Tax Legislation), regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

MISCELLANEOUS

Enforceability of Remedies. Rights of the registered owners of the Bonds and the enforceability of the remedies available under the Authorizing Ordinance may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Authorizing Ordinance resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

Underwriting. Stephens Inc., the Underwriter, has agreed, subject to certain conditions precedent, to purchase the Bonds from the City at an aggregate purchase price of \$25,301,545.30 (representing the aggregate principal amount of the Bonds plus net original issue premium of \$1,071,295.30 and less Underwriter's discount of \$244,750). The Underwriter is committed to purchase all of the Bonds if any are purchased.

The Bonds are being purchased by the Underwriter for reoffering in the normal course of the Underwriter's business activities. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment accounts) and others at prices lower than the offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

Rating. S&P Global Ratings ("S&P") is expected to assign its municipal bond rating of "A+" (stable outlook) to the Bonds. Any explanation of such rating may only be obtained from S&P. Generally, rating agencies base their ratings upon information and materials supplied to them and on their own investigations, studies and assumptions. There is no assurance that such ratings, once assigned, will remain for any given period of time or that they will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change or withdrawal of the rating assigned to the Bonds by S&P may have an adverse effect on the market price of the Bonds. The Underwriter and the City have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Information in the Official Statement. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds.

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned the Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement on behalf of the City has been authorized by the City.

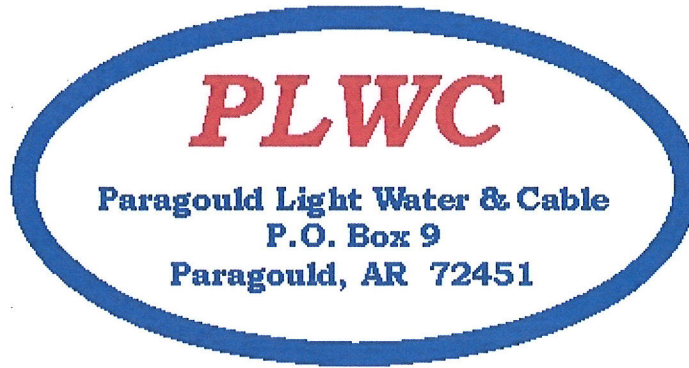
CITY OF PARAGOULD, ARKANSAS

By /s/ Mike Gaskill
Mayor

Dated: As of the Cover Page hereof.

EXHIBIT A

**Audited Financial Statements of the System for the Fiscal Year
Ended December 31, 2019**



**PARAGOULD LIGHT AND WATER COMMISSION
D/B/A
PARAGOULD LIGHT, WATER AND CABLE**

December 31, 2019

**Financial Statements
And
Supplementary Information**

With

Independent Auditor's Report



EXHIBIT B

**Unaudited Financial Statements of the System for the
Nine-Month Period Ended
September 30, 2020**

PARAGOULD LIGHT WATER & CABLE
Statement of Revenues
For the Nine Months Ended September 30, 2020

	2020 Period Actual	2020 YTD Actual	2020 YTD Budget	2019 Period Amt	2019 YTD
CABLE					
Revenues					
Subscriber Revenue	\$ 513,663.51	\$ 4,693,089.36	\$ 4,771,609.47	\$ 534,446.56	\$ 4,909,275.29
Advertising Revenue	26,616.77	203,094.80	226,875.00	24,755.41	221,917.24
Other Operating Revenue	12,900.00	108,008.78	109,500.00	12,450.00	115,974.72
Total Revenues	\$ 553,180.28	\$ 5,004,192.94	\$ 5,107,984.47	\$ 571,651.97	\$ 5,247,167.25
Expenses					
Programming	\$ 376,876.68	\$ 3,352,219.40	\$ 3,658,392.97	\$ 405,613.86	\$ 3,764,160.78
Production & Distribution	138,440.61	1,355,956.24	1,337,079.33	144,350.10	1,322,584.03
Customer Account Operation	12,417.59	133,609.58	137,408.43	19,209.45	134,488.90
Admin & Gen Operations	20,842.75	222,319.36	182,751.19	19,184.35	189,107.42
Depreciation & Amortization	94,212.12	866,440.36	1,086,750.00	88,373.87	809,221.76
Total Expenses	\$ 642,789.75	\$ 5,930,544.94	\$ 6,402,381.92	\$ 676,731.63	\$ 6,219,562.89
Operating Income	\$ (89,609.47)	\$ (926,352.00)	\$ (1,294,397.45)	\$ (105,079.66)	\$ (972,395.64)
Non Operating Revenues & Exp.					
Interest & Misc. Income	\$ 453.99	\$ 20,904.35	\$ 15,000.00	\$ 1,585.56	\$ 17,048.13
Interest & Misc. Expense	-	-	-	-	-
Contributions in Aid of Const	-	-	7,500.00	-	9,487.08
Net Non Operating Income	\$ 453.99	\$ 20,904.35	\$ 22,500.00	\$ 1,585.56	\$ 26,535.21
Change in Net AssetsCable	\$ (89,155.48)	\$ (905,447.65)	\$ (1,271,897.45)	\$ (103,494.10)	\$ (945,860.43)

TELECOMMUNICATIONS					
Revenues					
Operating Revenue	\$ 549,128.89	\$ 4,623,387.97	\$ 4,006,983.58	\$ 471,673.80	\$ 4,097,418.78
Expenses					
Production & Distribution	\$ 103,370.67	\$ 1,114,809.98	\$ 1,103,801.96	\$ 113,782.71	\$ 999,956.20
Customer Account Operation	6,768.64	74,066.31	86,285.97	11,659.81	77,302.98
Admin & Gen Operations	14,071.48	132,851.32	125,298.60	11,937.73	127,136.39
Depreciation & Amortization	65,379.29	464,743.32	476,250.00	40,316.31	341,513.24
Telco Services	30,104.05	246,132.91	328,125.00	40,596.64	291,952.34
Total Expenses	\$ 219,694.13	\$ 2,032,603.84	\$ 2,119,761.53	\$ 218,293.20	\$ 1,837,861.15
Operating Income	\$ 329,434.76	\$ 2,590,784.13	\$ 1,887,222.05	\$ 253,380.60	\$ 2,259,557.63
Non Operating Revenues & Exp.					
Interest & Contributions in Aid Incom	\$ 408.61	\$ 19,883.11	\$ 8,250.00	\$ 939.50	\$ 9,812.52
Change in Net AssetsTelecom.	\$ 329,843.37	\$ 2,610,667.24	\$ 1,895,472.05	\$ 254,320.10	\$ 2,269,370.15

	2020	2020	2020	2019	2019
ELECTRIC	Period Actual	YTD Actual	YTD Budget	Period Actual	YTD
Revenues					
Operating Revenue	\$ 3,652,006.02	\$ 29,769,866.59	\$ 30,989,641.29	\$ 3,681,259.05	\$ 31,166,132.72
Wholesale Revenue	-	-	-	-	-
Total Revenues	\$ 3,652,006.02	\$ 29,769,866.59	\$ 30,989,641.29	\$ 3,681,259.05	\$ 31,166,132.72
Expenses					
Production & Distribution	\$ 427,531.90	\$ 3,389,002.50	\$ 3,277,331.00	\$ 290,329.13	\$ 3,187,175.90
Customer Account Operation	15,726.07	264,837.90	294,838.98	82,032.65	293,701.43
Admin & Gen Operations	31,411.78	402,239.39	485,949.35	26,635.07	471,568.05
Depreciation & Amortization	182,992.08	1,641,913.69	1,688,835.00	180,095.76	1,627,909.21
Purchased Power	2,404,477.47	21,659,167.49	22,188,583.15	2,381,494.80	22,011,336.35
Total Expenses	\$ 3,062,139.30	\$ 27,357,160.97	\$ 27,935,537.48	\$ 2,960,587.41	\$ 27,591,690.94
Operating Income	\$ 589,866.72	\$ 2,412,705.62	\$ 3,054,103.81	\$ 720,671.64	\$ 3,574,441.78
Non Operating Revenues & Exp.					
Interest & Misc. Income	\$ 11,738.70	\$ 151,557.67	\$ 210,000.00	\$ 30,587.26	\$ 292,474.19
Interest & Misc. Expense	14,158.33	127,424.97	129,000.00	16,096.01	141,399.37
Contributions in Aid of Const	52,308.01	76,062.22	18,750.00	4,111.41	41,123.88
Net Non Operating Income	\$ 49,888.38	\$ 100,194.92	\$ 99,750.00	\$ 18,602.66	\$ 192,198.70
Change in Net AssetsElectric	\$ 639,755.10	\$ 2,512,900.54	\$ 3,153,853.81	\$ 739,274.30	\$ 3,766,640.48
WATER					
Revenues					
Operating Revenue	\$ 348,828.97	\$ 2,746,134.43	\$ 2,715,303.75	\$ 338,183.08	\$ 2,691,462.87
Expenses					
Production & Distribution	\$ 216,813.38	\$ 2,160,225.13	\$ 2,178,549.77	\$ 245,000.31	\$ 2,168,154.07
Customer Account Operation	11,611.84	124,114.47	127,073.18	15,654.47	122,130.60
Admin & Gen Operations	24,328.50	255,777.90	228,515.75	23,387.25	236,089.23
Depreciation & Amortization	90,413.25	820,078.50	825,000.00	92,455.02	825,261.84
Total Expenses	\$ 343,166.97	\$ 3,360,196.00	\$ 3,359,138.70	\$ 376,497.05	\$ 3,351,635.74
Operating Income	\$ 5,662.00	\$ (614,061.57)	\$ (643,834.95)	\$ (38,313.97)	\$ (660,172.87)
Non Operating Revenues & Exp.					
Interest & Misc. Income	\$ 7,539.49	\$ 69,229.29	\$ 70,500.00	\$ 7,759.98	\$ 69,924.86
Contributions in Aid of Const	10,450.00	24,550.00	33,750.00	14,650.00	46,325.00
Net Non Operating Income	\$ 17,989.49	\$ 93,779.29	\$ 104,250.00	\$ 22,409.98	\$ 116,249.86
Change in Net AssetsWater	\$ 23,651.49	\$ (520,282.28)	\$ (539,584.95)	\$ (15,903.99)	\$ (543,923.01)
SEWER					
Revenues					
Operating Revenue	\$ 399,015.99	\$ 3,265,767.69	\$ 3,290,438.25	\$ 391,143.96	\$ 3,269,794.51
Expenses					
Production & Distribution	\$ 214,525.13	\$ 2,196,084.40	\$ 2,437,074.72	\$ 256,703.32	\$ 2,220,241.55
Customer Account Operation	11,297.66	119,110.69	125,129.86	16,099.50	118,971.93
Admin & Gen Operations	18,417.64	196,052.28	167,568.77	18,026.24	174,277.48
Depreciation & Amortization	126,904.62	1,144,053.69	1,204,320.00	128,787.02	1,114,065.30
Total Expenses	\$ 371,145.05	\$ 3,655,301.06	\$ 3,934,093.35	\$ 419,616.08	\$ 3,627,556.26
Operating Income	\$ 27,870.94	\$ (389,533.37)	\$ (643,655.10)	\$ (28,472.12)	\$ (357,761.75)
Non Operating Revenues & Exp.					
Interest & Misc. Income	\$ 613.59	10,119.66	\$ 13,500.00	\$ 1,676.53	\$ 17,970.58
Interest & Misc. Expense	7,021.88	67,446.92	67,500.00	7,871.88	75,013.57
Contributions in Aid of Const	2,350.00	4,350.00	5,250.00	1,000.00	4,650.00
Net Non Operating Income	\$ (4,058.29)	\$ (52,977.26)	\$ (48,750.00)	\$ (5,195.35)	\$ (52,392.99)
Change in Net AssetsSewer	\$ 23,812.65	\$ (442,510.63)	\$ (692,405.10)	\$ (33,667.47)	\$ (410,154.74)
COMBINED CHANGES IN NET ASSETS	\$ 927,907.13	\$ 3,255,327.22	\$ 2,545,438.36	\$ 840,528.84	\$ 4,136,072.45

PARAGOULD LIGHT WATER & CABLE
Combined Statement of Revenues
For the Nine Months Ended September 30, 2020

	2020 Period Actual	2020 YTD Actual	2020 YTD Budget	2019 Period Amt	2019 YTD
Operating Revenue	\$ 5,502,160	\$ 45,409,350	\$ 46,110,351	\$ 5,453,912	\$ 46,471,976
Expenses					
Production & Distribution	\$ 1,100,682	\$ 10,216,078	\$ 10,333,837	\$ 1,050,166	\$ 9,898,112
Customer Account Operation	57,822	715,739	770,736	144,656	746,596
Admin & Gen Operations	109,072	1,209,240	1,190,084	99,171	1,198,179
Depreciation & Amortization	559,901	4,937,230	5,281,155	530,028	4,717,971
Purchased Power	2,404,477	21,659,167	22,188,583	2,381,495	22,011,336
Programming	376,877	3,352,219	3,658,393	405,614	3,764,161
Telco Services	30,104	246,133	328,125	40,597	291,952
Total Expenses	\$ 4,638,935	\$ 42,335,807	\$ 43,750,913	\$ 4,651,725	\$ 42,628,307
Non Operating Revenues & Exp.					
Interest & Misc. Income	\$ 20,754	\$ 271,694	\$ 317,250	\$ 42,549	\$ 407,230
Interest & Misc. Expense	21,180	194,872	196,500	23,968	216,413
Contributions in Aid of Const	65,108	104,962	65,250	19,761	101,586
Net Non Operating Income	\$ 64,682	\$ 181,784	\$ 186,000	\$ 38,342	\$ 292,403
Change in Net Assets-All Depts.	\$ 927,907	\$ 3,255,327	\$ 2,545,438	\$ 840,529	\$ 4,136,072

**Paragould Light Water Cable
Statement of Net Assets
September 30, 2020**

	Combined	Cable	Electric	Water	Sewer	Telecom
Assets						
Plant in Service	\$ 221,862,583	\$ 20,844,178	\$ 94,639,283	\$ 37,708,208	\$ 54,636,530	\$ 14,034,385
Accumulated Depreciation	(119,249,621)	(15,513,283)	(54,143,474)	(19,622,283)	(27,262,388)	(2,708,193)
Construction in Progress	12,339,742	548,094	1,284,420	2,494,668	6,660,672	1,351,888
Total Utility Plant	<u>\$ 114,952,704</u>	<u>\$ 5,878,989</u>	<u>\$ 41,780,229</u>	<u>\$ 20,580,592</u>	<u>\$ 34,034,814</u>	<u>\$ 12,678,080</u>
Current Assets						
Cash Working Funds	\$ 9,028,518	\$ 4,807	\$ 5,884,604	\$ 2,774	\$ 143,791	\$ 2,992,543
Accounts Receivable	7,514,961	602,035	5,571,304	425,972	526,241	389,409
Material/Supplies Inventory	3,373,936	1,018,979	1,853,255	382,001	118,918	783
Prepaid Expenses	632,218	174,502	159,526	130,921	71,366	95,903
Total Current Assets	<u>\$ 20,549,634</u>	<u>\$ 1,800,323</u>	<u>\$ 13,468,689</u>	<u>\$ 941,667</u>	<u>\$ 860,317</u>	<u>\$ 3,478,638</u>
Restricted & Reserved Funds						
Legally Restricted Funds	\$ 1,976,260	\$ -	\$ 1,387,043	\$ -	\$ 589,217	\$ -
Board Restricted Funds	9,998,851	-	9,998,851	-	-	-
Total Restricted & Reserved Funds	<u>\$ 11,975,112</u>	<u>\$ -</u>	<u>\$ 11,385,894</u>	<u>\$ -</u>	<u>\$ 589,217</u>	<u>\$ -</u>
Other Assets						
Bond Issue Costs & Def.Outflow	\$ 3,664,253	\$ 513,722	\$ 1,420,064	\$ 610,040	\$ 927,783	\$ 192,644
Intangible Assets	897,323	498,704	391,869	-	-	6,750
Total Other Assets	<u>\$ 4,561,577</u>	<u>\$ 1,012,426</u>	<u>\$ 1,811,933</u>	<u>\$ 610,040</u>	<u>\$ 927,783</u>	<u>\$ 199,394</u>
Total Assets	<u>\$ 152,039,027</u>	<u>\$ 8,691,739</u>	<u>\$ 68,446,746</u>	<u>\$ 22,132,299</u>	<u>\$ 36,412,131</u>	<u>\$ 16,356,112</u>
Current Liabilities						
Accrued Interest Payable	\$ 84,721	\$ -	\$ 56,633	\$ -	\$ 28,088	\$ -
Accounts Payable	4,024,201	345,597	3,248,755	47,061	349,910	32,878
Customer Deposits	1,214,559	-	1,212,359	2,200	-	-
Advance Payments-Solar	2,000,000	-	2,000,000	-	-	-
Bank Transfer Clearing	-	15,800,622	(52,229,275)	11,923,817	33,616,782	(9,111,947)
Total Current Liabilities	<u>\$ 7,323,482</u>	<u>\$ 16,146,220</u>	<u>\$ (45,711,527)</u>	<u>\$ 11,973,079</u>	<u>\$ 33,994,779</u>	<u>\$ (9,079,069)</u>
NonCurrent Liabilities						
Compensated Abs & Pension Liab	\$ (482,294)	\$ (137,760)	\$ (245,451)	\$ (33,582)	\$ (63,891)	\$ (1,610)
Bonds Payable	9,065,000	-	5,170,000	-	3,895,000	-
Def.Inflow of Resources	2,180,370	348,860	806,736	414,271	479,683	130,820
Total NonCur. Liab.& Def.Inflows	<u>\$ 10,763,076</u>	<u>\$ 211,100</u>	<u>\$ 5,731,285</u>	<u>\$ 380,689</u>	<u>\$ 4,310,792</u>	<u>\$ 129,210</u>
Total Liabilities	<u>\$ 18,086,557</u>	<u>\$ 16,357,319</u>	<u>\$ (39,980,243)</u>	<u>\$ 12,353,768</u>	<u>\$ 38,305,572</u>	<u>\$ (8,949,859)</u>
Net Assets						
Earnings Reinvested	\$ 121,871,743	\$ (6,777,747)	\$ 105,066,184	\$ 5,537,120	\$ (4,649,118)	\$ 22,695,303
Contributions in Aid of Const	8,825,400	17,613	847,904	4,761,694	3,198,188	-
Current Earnings	3,255,327	(905,448)	2,512,901	(520,282)	(442,511)	2,610,667
Total Net Assets	<u>\$ 133,952,469</u>	<u>\$ (7,665,581)</u>	<u>\$ 108,426,989</u>	<u>\$ 9,778,532</u>	<u>\$ (1,893,440)</u>	<u>\$ 25,305,971</u>
Total Liabilities and Net Assets	<u>\$ 152,039,027</u>	<u>\$ 8,691,739</u>	<u>\$ 68,446,746</u>	<u>\$ 22,132,299</u>	<u>\$ 36,412,131</u>	<u>\$ 16,356,112</u>

**Paragould Light Water & Cable
Statement of Cash Flow
September 2020**

	All Departments	C	E	W	S	T
Changes in Net Assets September 30, 2020	\$ 927,907	\$ (89,155)	\$ 639,755	\$ 23,651	\$ 23,813	\$ 329,843
Add back:						
Depreciation & Amortization	559,901	94,212	182,992	90,413	126,905	65,379
Add'l Curr.Liabilities incurred (neg.=liab.paid off)	(8,293)	20,467	(41,349)	8,821	2,343	1,426
Interest exp. accrued	21,180	-	14,158	-	7,022	-
Less:						
Accum.Depr.removed from books	-	-	-	-	-	-
Principal pd on debt	-	-	-	-	-	-
Int.pd but expensed in prior months	-	-	-	-	-	-
Increase (decrease) in A/R balances	212,490	13,174	170,330	7,905	9,222	11,858
Increase in inventory on hand	5,287	91,295	(77,228)	(2,616)	(6,164)	-
Increases to other current assets	17,284	46,590	(5,431)	(12,767)	(6,641)	(4,467)
Increases in plant assets& other assets	696,660	51,301	190,101	130,246	18,594	306,417
Add Advance Pmts	-	-	-	-	-	-
Add: InterDept. /Transfers	-	130,000	-	-	-	(130,000)
Net Cash Flow	\$ 568,976	\$ (46,837)	\$ 517,784	\$ 117	\$ 145,071	\$ (47,160)
Cash in Bank September 1	20,434,656	51,644	16,752,715	2,657	587,937	3,039,703
Cash in Bank September 30	<u>\$ 21,003,630</u>	<u>\$ 4,807</u>	<u>\$ 17,270,498</u>	<u>\$ 2,774</u>	<u>\$ 733,008</u>	<u>\$ 2,992,543</u>
<i>Check figure</i>	21,003,632	4,807	17,270,499	2,774	733,008	2,992,543

	All Departments	C	E	W	S	T
Changes in Net Assets	\$ 3,255,327	\$ (905,448)	\$ 2,512,901	\$ (520,282)	\$ (442,511)	\$ 2,610,667
Add back:						
Depreciation & Amortization	4,937,230	866,440	1,641,914	820,079	1,144,054	464,743
Neg.amt.=liabilites pd.that had been accrued prior periods	(32,221)	(123,099)	221,459	(77,494)	(4,589)	(48,498)
Interest exp. accrued (pd.but accrued prior mo.)	194,872	-	127,425	-	67,447	-
Less:						
Principal pd on debt	510,000	-	-	-	510,000	-
Int..pd. But expensed in prior months	132,181	-	84,950	-	47,231	-
Increase (decrease) in A/R balances	392,885	22,248	321,182	13,942	15,550	19,963
Increase in inventory on hand	(214,199)	(244,117)	31,912	(12,449)	10,454	-
Increases to other current assets	182,934	87,200	33,149	35,573	17,010	10,002
Increases in plant assets & other assets	7,645,635	572,195	1,453,573	1,990,952	706,597	2,922,317
Accum.Depr.removed from books	13,489	13,489	-	-	-	-
Add Bond defeasance transactions. & Advance Pmts	2,000,000	-	2,000,000	-	-	-
InterDept.Transfers & Prior Yr Aud.Adj.	-	780,000	(2,245,000)	1,682,000	563,000	(780,000)
Net Cash Flow	\$ 1,692,283	\$ 166,879	\$ 2,333,932	\$ (123,717)	\$ 20,559	\$ (705,370)
Add Cash in Bank Beg. Of Period Jan.1,2020	19,311,346	(162,072)	14,936,565	126,491	712,449	3,697,913
Cash in Bank September 30	<u>\$ 21,003,630</u>	<u>\$ 4,807</u>	<u>\$ 17,270,498</u>	<u>\$ 2,774</u>	<u>\$ 733,008</u>	<u>\$ 2,992,543</u>
<i>Breakdown of Cash in Bank:</i>						
Cash Restricted for Bonds	\$ 1,976,260					
Cash Restricted for Solar	2,000,000					
Cash for Long Term Reserves	4,010,768					
Construction Fund	5,988,083					
Cash Available for Operating Expenses	7,028,518					
	<u>\$ 21,003,630</u>					

EXHIBIT C
WATER AND SEWER RATES

Rates. Set forth below are the monthly water and sewer rates for the System currently in effect.

Water Rates

Fixed Charge:

<u>Meter Size</u>	<u>Rate</u>
5/8"	\$ 8.10 per month
3/4"	8.10 per month
1"	12.13 per month
1 1/2"	12.13 per month
2"	20.25 per month
3"	60.72 per month
4"	87.69 per month
6"	148.40 per month
8"	256.31 per month
10"	372.88 per month
12"	490.10 per month

Volume:

For the first 2,000 gallons per month, or portion thereof	\$1.68 per 1,000 gallons
For the next 18,000 gallons per month, or portion thereof	\$2.96 per 1,000 gallons
For the next 20,000 gallons per month, or portion thereof	\$2.76 per 1,000 gallons
Over 40,000 gallons	\$2.61 per 1,000 gallons

The City is authorized to increase its water rates as of January 15 of each year by the amount of the increase in the Consumer Price Index for the preceding year, not to exceed 3%.

Sewer Rates

Fixed Charge:

<u>Meter Size</u>	<u>Rate</u>
5/8"	\$ 8.41 per month
3/4"	8.41 per month
1"	11.75 per month
1 1/4"	14.41 per month
1 1/2"	17.32 per month
2"	23.98 per month
3"	39.57 per month
4"	61.86 per month
6"	117.49 per month
8"	184.28 per month
10"	273.31 per month
12"	362.37 per month

Volume:

For the first 2,000 gallons per month, or portion thereof	\$3.17 per 1,000 gallons
Gallons in excess of 2,000 per month	\$4.29 per 1,000 gallons

The City is authorized to increase its sewer rates as of January 15 of each year by the amount of the increase in the Consumer Price Index for the preceding year, not to exceed 3%.

EXHIBIT D
SCHEDULE OF ELECTRIC RATES

RESIDENTIAL

Customer Facility Charge	\$ 8.00
First 750 kWh	0.07468
Excess over 750 kWh	0.06858
PCA Base (Power cost over this amt passed-thru)	0.04876

GENERAL SERVICE

<u>Energy Charge</u>	
Customer Facility Charge Single-Phase	\$ 11.00
Customer Facility Charge Three-Phase	\$ 34.60
First 750 kWh	0.10752
Next 9,250 kWh	0.07906
Over 10,000 kWh	0.04985
PCA Base (Power cost over this amt passed-thru)	0.04876

<u>Demand Charge</u>	
First 25 kW of Billing Demand	\$ -0-
Next 475 kW of Billing Demand	\$ 6.32
Billing Demand in excess of 500 kW	\$ 5.64

INDUSTRIAL SERVICE (Monthly demand of 250 kW or greater)

<u>Energy Charge</u>	
Customer Facility Chg Three-Phase	\$ 34.00
First 750 kWh	0.10528
Next 9,250 kWh	0.07639
Over 10,000 kWh	0.04889
PCA Base (Power cost over this amt passed-thru)	0.04876

<u>Demand Charge</u>	
First 25 kW of Billing Demand	\$ -0-
Next 475 kW of Billing Demand	\$ 5.81
Billing Demand > of 500 kW	\$ 5.20

SECURITY LIGHTING SERVICE

100-Watt HPS	\$ 6.50/month
250-Watt HPS	\$ 10.00/month
400-Watt Metal Halide	\$ 17.00/month
1000-Watt Metal Halide	\$ 26.25/month
Monthly pole charge for poles installed before 11-1-03	\$ 1.05/month
One-time fee for pole charge after 11-1-03	\$ 125.00/month