NEW ISSUE **RATINGS: (Underlying) S&P: BBB+/Stable**
BOOK-ENTRY ONLY **(BAM Insured) S&P: AA/Stable**

*In the opinion of Bond Counsel, under existing laws, regulations, rulings and court decisions, interest on the Series 2021 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 of 1986, as amended, that must have been or must be satisfied prior to or subsequent to the issuance of the Series 2021 Bonds. In the opinion of Bond Counsel, interest on the Series 2021 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Also in the opinion of Bond Counsel, the interest on the Series 2021 Bonds is exempt from State of Arkansas income taxes and the Series 2021 Bonds are exempt from property taxation in the State of Arkansas. See **TAX EXEMPTION** herein.*

$29,305,000
CITY OF WEST MEMPHIS, ARKANSAS
PUBLIC UTILITY SYSTEM
REVENUE BONDS, SERIES 2021

Dated: Date of Delivery **Due: December 1, as shown on the inside front cover hereof**

The Series 2021 Bonds are being issued by City of West Memphis, Arkansas ("the City") for the purpose of financing betterments and improvements to the water and sewer facilities of the City's water, sewer and electric utility system (the "System"). The Series 2021 Bonds are special obligations only of the City and are payable from and secured by a pledge of revenues of the System, as described herein.

Interest on the Series 2021 Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2022, and the Series 2021 Bonds mature (on December 1 of each year), bear interest and are priced to yield as shown on the inside front cover hereof.

The Series 2021 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 Series 2021 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 Series 2021 Bonds will not receive physical delivery of Series 2021 Bonds. Payments of principal of and interest on the Series 2021 Bonds will be made by Bank OZK, Little Rock, Arkansas, as the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2021 Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Series 2021 Bonds, all as further described herein.

The scheduled payment of principal of and interest on the Series 2021 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2021 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

BAM
BUILD AMERICA MUTUAL

The Series 2021 Bonds are offered when, as and if issued, subject to the approval of legality by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, as Bond Counsel. It is expected that the Series 2021 Bonds will be available for delivery on or about October 12, 2021, through the facilities of DTC.

The 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.

This Official Statement is dated September 9, 2021

$29,305,000
CITY OF WEST MEMPHIS, ARKANSAS
PUBLIC UTILITY SYSTEM
REVENUE BONDS, SERIES 2021

MATURITY SCHEDULE

$11,390,000 Serial Bonds

Year (December 1)	Amount	Rate(%)	Yield(%)	Year (December 1)	Amount	Rate(%)	Yield(%)
2022	$475,000	4.000	0.270	2030	$795,000	3.000	1.450*
2023	610,000	4.000	0.350	2031	820,000	3.000	1.520*
2024	635,000	4.000	0.460	2032	845,000	3.000	1.620*
2025	660,000	4.000	0.660	2033	870,000	3.000	1.670*
2026	685,000	4.000	0.810	2034	895,000	3.000	1.720*
2027	715,000	4.000	0.990	2035	920,000	3.000	1.800*
2028	745,000	4.000	1.170	2036	950,000	3.000	1.850*
2029	770,000	3.000	1.350*				

$5,200,000 3.000% Term Bonds Due December 1, 2041 to Yield 2.030%*
$5,955,000 2.500% Term Bonds Due December 1, 2046 to Yield 2.600%
$6,760,000 2.625% Term Bonds Due December 1, 2051 to Yield 2.700%

* Priced to first optional redemption date, December 1, 2028.

No dealer, 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 as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized, or in which the person making the 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.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Series 2021 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under BOND INSURANCE and Appendix B - Specimen Municipal Bond Insurance Policy.

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OFFICIAL STATEMENT

$29,305,000
CITY OF WEST MEMPHIS, ARKANSAS
PUBLIC UTILITY SYSTEM
REVENUE BONDS, SERIES 2021

INTRODUCTORY STATEMENT

This Introduction is subject in all respects to the more complete information contained in this Official Statement. The offering of the Series 2021 Bonds (as hereinafter defined) to potential investors is made only by means of the entire Official Statement, including the cover page hereof and appendix hereto. A full review should be made of the entire Official Statement, as well as the Trust Indenture described herein.

This Official Statement of City of West Memphis, Arkansas ("the City") is for the purpose of setting forth certain information in connection with the City's Public Utility System Revenue Bonds, Series 2021 (the "Series 2021 Bonds") being issued in the aggregate principal amount of $29,305,000. The Series 2021 Bonds are being issued for the purpose of financing betterments and improvements to the water and sewer facilities of the City's water, sewer and electric utility system (the "System"), to pay premiums for the Insurance Policy (hereinafter defined) and the Reserve Policy (hereinafter defined) and to pay expenses of issuing the Series 2021 Bonds. See **PURPOSES FOR SERIES 2021 BONDS** herein.

The Series 2021 Bonds are payable from and secured by a pledge of revenues derived from the operation of the System ("Revenues"). The City is authorized to issue other obligations with a pledge of Revenues on a parity with or subordinate to the pledge of Revenues in favor of the Series 2021 Bonds, upon compliance with the conditions set forth in the Indenture. References herein to the "Bonds" include the Series 2021 Bonds and any Additional Bonds (as described herein). See **SECURITY FOR THE SERIES 2021 BONDS** herein.

The Series 2021 Bonds are equally and ratably secured by, and entitled to the protection of, a Trust Indenture dated as of the dated date of the Series 2021 Bonds (the "Indenture") delivered by the City to Bank OZK, Little Rock, Arkansas (the "Trustee").

The Series 2021 Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Title 14, Chapter 164, Subchapter 4, Title 14, Chapter 202 and Title 14, Chapter 203 of the Arkansas Code of 1987 Annotated. The Bonds are special obligations of the City payable solely from and secured by a pledge of Revenues.

The Series 2021 Bonds will be initially issued in book-entry form and purchasers of Series 2021 Bonds will not receive certificates representing their interest in the Series 2021 Bonds purchased. See **BOOK-ENTRY ONLY SYSTEM**. The Series 2021 Bonds will contain such other terms and provisions as described herein. See **THE SERIES 2021 BONDS**, Generally.

The Series 2021 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, 2022 and semiannually thereafter on each June 1 and December 1. Principal is payable at the principal office of the Trustee in Little Rock, Arkansas. Interest is payable 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 Series 2021 Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Series 2021 Bond may be transferred, in whole or in part (in integral multiples of $5,000), but only upon delivery of the Series 2021 Bond, together with a written instrument of transfer, to the Trustee. See **THE SERIES 2021 BONDS**, Generally.

The scheduled payment of the principal of and interest on the Series 2021 Bonds when due will be guaranteed under a municipal bond insurance policy (the "Insurance Policy") to be issued by Build America Mutual Assurance Company (the "Insurer" or "BAM") simultaneously with the delivery of the Bonds. A specimen municipal bond insurance policy is attached hereto as Appendix B. It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("S&P") will assign a rating of "AA/Stable" to the Series 2021 Bonds based upon the issuance of the Insurance Policy by the Insurer at the time of delivery of the Series 2021 Bonds. However, there is no guarantee that such rating will be received. See **BOND INSURANCE** and **RATINGS**.

The Series 2021 Bonds are subject to optional redemption on and after December 1, 2028. The Series 2021 Bonds must be redeemed from proceeds of the Series 2021 Bonds not needed for the purposes intended. The Bonds maturing on December 1 in the years 2041, 2046, and 2051 are subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days notice of redemption. See **THE SERIES 2021 BONDS**, <u>Redemption</u>.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Series 2021 Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Series 2021 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, (iii) interest on the Series 2021 Bonds is exempt from State income tax and (iv) the Series 2021 Bonds are not subject to property taxes in the State. See **TAX EXEMPTION**.

It is expected that the Series 2021 Bonds will be available for delivery on or about October 12, 2021, through the facilities of The Depository Trust Company in New York, New York.

The City and the Trustee will enter 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 Indenture and the Continuing Disclosure Agreement summarized herein are available upon request from Stephens Inc., 111 Center Street, Little Rock, Arkansas 72201, Attention: Public Finance.

PURPOSES OF THE SERIES 2021 BONDS

The Series 2021 Bonds are being issued for the purpose of (i) financing all or a portion of the costs of betterments and improvements to the water and sewer facilities of the System (the "Project"), (ii) paying the premiums for the Insurance Policy and the Reserve Policy (hereinafter defined) and (iii) paying the costs of issuing the Series 2021 Bonds. The Project includes particularly, without limitation, the installation of flow meters on each water well and distribution manifold, upgrades to remote sensing and control features of equipment, construction of a new water treatment facility, improvements to water well 6 to bring it online, upgrades to sewer pump station 9 to add a pump, improvements to force main from pump station 3 and 4, lining of manholes and pipes in the sewer collection system and improvements to increase the capacity of sewer treatment facilities.

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SOURCES AND USES OF FUNDS

The sources and uses of proceeds to finance the costs of the Project are estimated by the City as follows:

SOURCES:

Principal Amount of Bonds	$29,305,000
Net Original Issue Premium	1,358,097
Total Sources	$30,663,097

USES:

Project Costs	$30,000,000
Costs of Issuance, Insurance Policy Premium and Reserve Policy Premium	296,784
Underwriter's Discount	366,313
Total Uses	$30,663,097

The payment of Underwriter's discount, Insurance Policy premium, Reserve Policy premium and the costs of issuing the Series 2021 Bonds relating to the payment of professional fees will be contingent on the Series 2021 Bonds being issued. See **UNDERWRITING** for a description of the Underwriter's deposit. The Underwriter will also be reimbursed certain costs of closing and delivering the Series 2021 Bonds. The City will deposit the principal amount of the Series 2021 Bonds plus any original issue premium and less Underwriter's discount, any original issue discount, Insurance Policy premium, Reserve Policy premium and certain issuance costs into a special fund established with the Trustee designated "2021 Construction Fund" (the "Construction Fund"). Moneys contained in the Construction Fund will be expended for expenses of issuing the Series 2021 Bonds and for the payment of Project costs. Disbursements shall be on the basis of requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and a statement to the effect that the disbursement is for a proper expense of or pertaining to the Project or expenses of issuing the Series 2021 Bonds. For a description of how the Series 2021 Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE INDENTURE,** Investment of Funds**.**

THE SERIES 2021 BONDS

Generally. The Series 2021 Bonds are dated, mature, bear interest and interest is payable on the Series 2021 Bonds as set forth on the inside front cover page hereof.

The Series 2021 Bonds are issuable in the form of registered Series 2021 Bonds without coupons in the denomination of $5,000 each or any integral multiple thereof, interchangeable in accordance with the provisions of the Indenture. In the event any Series 2021 Bond is mutilated, lost or destroyed, the City shall, if not then prohibited by law, execute and the Trustee may authenticate a new Series 2021 Bond in accordance with the provisions therefor in the Indenture.

Each Series 2021 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 Series 2021 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.

There shall be no charge to the transferor or transferee for any transfer, except an amount or amounts sufficient to reimburse the City and the Trustee for any tax, fee or other governmental charge required to be paid with respect to such transfer. Neither the City nor the Trustee shall be required to make transfers of registration with respect to any Series 2021 Bond or portion thereof called for redemption prior to maturity within thirty (30) days prior to its redemption date.

The person in whose name any Series 2021 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 Series 2021 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 Series 2021 Bond to the extent of the sum or sums so paid.

In any case where the date of maturity of interest on or principal of the Series 2021 Bonds or the date fixed for redemption of any Series 2021 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 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. The Series 2021 Bonds are subject to optional, extraordinary and mandatory sinking fund redemption as follows:

(1) Optional Redemption. The Series 2021 Bonds are subject to redemption at the option of the City from funds from any source, in whole or in part at any time, on and after December 1, 2028 at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Series 2021 Bonds shall be called for redemption, the particular maturities of the Series 2021 Bonds to be redeemed shall be selected by the City in its discretion. If fewer than all of the Series 2021 Bonds of any one maturity shall be called for redemption, the particular Series 2021 Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(2) Extraordinary Redemption. The Series 2021 Bonds must be redeemed from proceeds of the Series 2021 Bonds not needed for the purposes intended, on any interest payment date, in whole or in part, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine), at a price equal to the principal amount being redeemed plus accrued interest to the redemption date.

(3) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Series 2021 Bonds maturing on December 1 in the years 2041, 2046 and 2051 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:

Series 2021 Bonds Maturing December 1, 2041

Year (December 1)	Principal Amount
2037	$ 980,000
2038	1,010,000
2039	1,040,000
2040	1,070,000
2041 (maturity)	1,100,000

Series 2021 Bonds Maturing December 1, 2046

Year (December 1)	Principal Amount
2042	$1,135,000
2043	1,160,000
2044	1,190,000
2045	1,220,000
2046 (maturity)	1,250,000

Series 2021 Bonds Maturing December 1, 2051

Year (December 1)	Principal Amount
2047	$1,285,000
2048	1,315,000
2049	1,350,000
2050	1,385,000
2051 (maturity)	1,425,000

The Trustee shall give notice of the call for redemption by first class mail or other standard means, including electronic or facsimile communication, sent not less than thirty (30), nor more than sixty (60), days prior to the date fixed for redemption, to the registered owner of any Series 2021 Bond called for redemption. After the date specified in such call, the Series 2021 Bond or Bonds so called will cease to bear interest provided funds for their payment have been deposited with the Trustee.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Series 2021 Bonds. The Series 2021 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 Series 2021 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 & Closing 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 Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 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 Series 2021 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 Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 Series 2021 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 Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 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 only to Cede & Co. If fewer than all of the Series 2021 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 Series 2021 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 City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021 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 Series 2021 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 the 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 Series 2021 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, Series 2021 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, Series 2021 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 Series 2021 Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Series 2021 Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Series 2021 Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Indenture. 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 Series 2021 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 Indenture to be given to owners of Series 2021 Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Series 2021 Bonds.

SECURITY FOR THE SERIES 2021 BONDS

The Bonds (including the Series 2021 Bonds) are secured by a pledge of Revenues. The pledge of Revenues in favor of the Series 2021 Bonds is on a parity with the pledge of Revenues in favor of any Other Parity Bonds (defined below) (to the extent issued in the future) and any Additional Bonds (to the extent issued in the future).

The 2021 Account of the Debt Service Reserve Fund will be funded with a municipal bond debt service reserve insurance policy (the "Reserve Policy") issued by the Insurer. The face amount of the Reserve Policy will be an amount equal to one-half of the maximum annual principal and interest requirements on the Series 2021 Bonds (the "Debt Service Reserve Requirement"). The 2021 Account of the Debt Service Reserve Fund only secures the Series 2021 Bonds. See **THE INDENTURE**, Debt Service Reserve Fund.

Additional Bonds. The City may issue, without the consent of the holders of the Bonds, one or more series of Additional Bonds. The Additional Bonds shall be issued under and subject to the requirements of the Indenture and shall rank on a parity of security in all respects with the Bonds of previously issued series.

Before any Additional Bonds may be issued, there must be delivered to the Trustee (among other things) a certificate of an independent certified public accountant to the effect that "adjusted gross revenues" of the System for the fiscal year immediately preceding the delivery of the Additional Bonds (the "immediately preceding fiscal year") were sufficient in amount:

(i) to pay all Operation and Maintenance Expenses (as defined under **THE INDENTURE**, Operation and Maintenance Fund) for the immediately preceding fiscal year; and

(ii) to leave a balance equal to not less than 110% of the maximum annual principal and interest requirements for (A) the then outstanding Bonds (exclusive of any Bonds that are to be refunded upon the delivery of the Additional Bonds), (B) such Additional Bonds and (C) any then outstanding Other Parity Bonds (exclusive of any Other Parity Bonds that are to be refunded upon the delivery of the Additional Bonds. There shall be added to the amount of the annual principal and interest requirements any amounts owed in connection with the Reserve Policy or other debt service reserve fund insurance policies.

The term "adjusted gross revenues" means:

(1) The Revenues actually received during the immediately preceding fiscal year; plus

(2) Any additional Revenues (as projected by the accountant executing the certificate as to adjusted gross revenues) that would have been derived from a rate increase actually placed into effect after the beginning of such fiscal year if such rate increase had been in effect throughout the fiscal year; plus

(3) Any additional annual Revenues as projected in a certificate of an independent consulting engineer (on the basis of the then current System rates) to be derived from new customers to be served upon completion of improvements then under construction or to be financed from the proceeds of such Additional Bonds.

Other Parity Bonds. The City may, in addition to Additional Bonds under the Indenture, issue other bonds with a pledge of Revenues on a parity with the pledge of Revenues in favor of the outstanding Bonds (the "Other Parity Bonds"), upon compliance with the conditions set forth in the Indenture for the issuance of Additional Bonds.

Other Bonds. Nothing in the Indenture shall prohibit the City from issuing bonds or other obligations of indebtedness other than under the Indenture. Such obligations may be Other Parity Bonds or may be subject and subordinate to the lien, pledge and security interest of the Indenture and to all Bonds then outstanding or thereafter issued. Other obligations issued with a lien, pledge and security interest subordinate to the pledge in favor of the Bonds are collectively referred to herein as the "Subordinate Obligations." See **THE INDENTURE**.

COVID-19 DISCLOSURE

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. In the fiscal year ended December 31, 2020, the System was negatively impacted as a result of the temporary closing and reduced operating hours of commercial businesses in the City. The System also waived all late fees for three months and ceased disconnections for a period of time. The COVID-19 pandemic is not expected to negatively impact the financial condition of the System in 2021.

THE SYSTEM

Generally. The System, consisting of water, sewer and electric utilities, has 85 employees and is operated by the City's Utility Commission. The Utility Commission is comprised of seven members who are nominated by any member of the City Council and elected by a majority vote of the City Council to serve for staggered three year terms. Members are required to be qualified resident electors who shall be experienced in some type of business management. The current member of the Utility Commission are as follows:

Name	Occupation
Dana Parker	Crittenden County Appraisal Department
Shirley Brown	Retired
Loutelious Holmes	Asst. Superintendent of Federal Programs, West Memphis School District
Susan Marshall	Marion School District Administration Office
Jerry Burns	Owner of Delta Ice Company
Elbert Smith	Anthony Funeral Home, Funeral Assistant
Alfred Felton	Communication Consultant

The General Manager is Todd Pedersen, who is 49 years old and has occupied that position since May 2017. He has been an employee at the System since March 2002. He has a Bachelor of Science Degree in Electrical Engineering with a Minor in Mathematics from Mississippi State University.

Electric System. The electric system obtains its power supply from the City's ownership interests in generating facilities and from purchases of power from NextEra. Power is distributed to customers through a City owned distribution system.

The City owns a 1% undivided ownership interest in the White Bluff plant ("White Bluff'), located near Redfield, Arkansas. White Bluff consists of two 740 MW (name plate rating) coal-fired generating units. Unit 1 has been in commercial operation since August 1980 and has an 815 MW net capability. Unit 2 began commercial operation in August 1981 and has an 844 MW net capability. The City also owns a 1% undivided ownership interest in the Independence plant ("Independence"), located near Newark, Arkansas. Independence consists of two 740 MW (nameplate rating) coal-fired generating units. Unit 1 began commercial operation in January, 1983 and has an 836 MW net capability. Unit 2 began commercial operation in December 1984 and has an 842 MW net capability. White Bluff and Independence provide 33 MW of electrical generation for the City. The City is part of the Regional Transmission Organization (RTO) Mid-Continent Independent System Operator (MISO). The City has a power supply contract with NextEra that began on June 1, 2021. NextEra is responsible for managing the energy and capacity requirements within MISO. The contract terminates on June 1, 2026.

The distribution system consists of approximately 200 miles of lines, poles, transformers and other facilities to serve individual customers. The system consists mainly of overhead distribution lines and feeders and more recently installed underground distribution lines. The system is operated and maintained by electric department crews and equipment.

Electric Customers. The following table sets forth by customer classification the approximate number of electric customers for the last five years:

Year	Residential	Commercial	Industrial	Total
2016	10,274	1,538	49	11,861
2017	10,236	1,422	49	11,707
2018	10,215	1,539	49	11,803
2019	10,184	1,533	49	11,766
2020	10,196	1,539	49	11,784

The energy sales to customers (in KWH) by customer classification for the last five years are shown below.

Year	Residential	Commercial	Industrial
2016	145,035,044	105,722,972	109,072,978
2017	136,882,706	102,066,171	108,638,061
2018	152,083,071	107,025,497	105,339,096
2019	144,480,087	102,866,158	102,432,764
2020	136,456,677	94,843,388	93,411,861

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Electric Rates. Charges for electric service consist of a fixed monthly charge (the "Electric Charge") for residential and commercial customers and a demand charge (the "Demand Charge") for industrial customers (small power service and large power service), plus, in each case, charges for actual usage (the "Usage Charge").

The Electric Charge, the Demand Charge and the Usage Charge are as follows:

Electric Charge	
Residential	$6.50 per month
Commercial	$11.00 per month
Demand Charge	
Small Power Service	$2,100 per month
Large Power Service	$7,000 per month
Usage Charge	
Residential	$0.06 per KWH
Commercial	$0.086 per KWH (first 2,100 KWH) $0.064 per KWH (over 2,100 KWH)
Small Power Service	$7.00 per KW (in excess of 300 KW) $0.04 per KWH (energy charge)
Large Power Service	$7.00 per KW (in excess of 1,000 KW) $0.0352 per KWH (energy charge)

Water System. The water system is a ground water system with two treatment facilities. The primary facility has a total treating capacity of 12 million gallons per day ("MGD") operating with five wells. The primary facility has 1 million gallons of treated water in storage prior to the water being sent to the distribution system by five high service pumps. The alternate facility has a treating capacity of 2 MGD operating off one well that pumps directly to the distribution system. The distribution system consists of approximately 185 miles of lines and 4 elevated storage tanks having a total capacity of 3 million gallons. The City sells water on a wholesale basis to the City of Marion, Arkansas.

The following table sets forth the average daily water use, the maximum daily water use and the total water use for the last five years:

Year	Average Daily Water Use in Gallons	Maximum Daily Water Use in Gallons	Total Water Use in Gallons
2016	5,035,519	5,709,677	1,843,000,000
2017	5,756,164	6,387,097	2,101,000,000
2018	6,038,356	6,900,000	2,204,000,000
2019	5,463,014	5,967,742	1,994,000,000
2020	5,380,000	7,973,000	1,969,118,000

[Remainder of page intentionally left blank]

Water Customers. The following table sets forth the approximate number of water customers for the last five years:

Year	Residential	Commercial	Industrial	Total
2016	8,150	1,034	26	9,207
2017	8,157	1,029	26	9,212
2018	8,101	1,022	26	9,149
2019	8,055	1,008	26	9,089
2020	8,076	1,036	26	9,138

Water Rates. Charges for water service consist of a monthly meter charge based on meter size (the "Meter Charge") and additional charges based on usage (the "Usage Charge"). The Usage Charge and the Meter Charge are as follows:

Usage Charge

	Effective February 1, 2021	Effective February 1, 2022	Effective February 1, 2023	Effective February 1, 2024 and Thereafter
Per 100 gallons	$0.077	$0.085	$0.093	*

Meter Charge

Meter Size	Effective February 1, 2021	Effective February 1, 2022	Effective February 1, 2023	Effective February 1, 2024 and Thereafter
3/4" Residential	$ 3.90	$ 5.00	$ 6.00	*
3/4" Commercial	5.76	7.23	8.23	*
1"	11.30	14.19	16.15	*
1 1/2"	16.60	22.60	28.37	*
2"	22.10	30.09	37.77	*
4"	49.90	67.95	85.29	*
6"	77.50	105.53	132.46	*
8"	128.19	174.56	219.10	*

Sewer System. The sewer treatment plant started treating sewer in 1970. The sewer system currently treats 4,600,000 gallons per day of influent flow, 7,000 pounds per day of Biochemical Oxygen Demand (BOD) and 5,500 pounds per day of Total Suspended Solids (TSS). The plant is operated in Oxidation Ditch mode with a capacity of 6.3 MGD. The plant has two bar screens and three ditches, holding 2.1 million gallons per ditch. Plant percent removal for TSS and BOD is 95. There are four clarifiers and a UV system. The collection system consists of 40 pump stations and approximately 175 miles gravity lines and force mains.

Sewer Customers. The following table sets forth the approximate number of sewer customers for the last five years:

Year	Residential	Commercial	Industrial	Total
2016	8,100	955	26	9,081
2017	8,086	949	26	9,061
2018	8,044	944	26	9,014
2019	8,001	931	26	8,958
2020	8,108	925	26	9,059

* Annual increases in an amount equal to the Consumer Price Index for the previous 12 months, not to exceed 2%.

Sewer Rates. Sewer rates for residential and commercial users are 132% of the charge for metered water service. For residential service the months of October through May are utilized for the year. Rates for industrial users are calculated on the same basis but with additional charges for various pollutants.

Rate Setting. Rates for water, sewer and electric utility service are recommended to the City Council by the Utility Commission and adopted by ordinance by the City Council. The City's rates for utility service are not subject to regulation or approval by any other governmental body.

Largest Customers. No user accounted for more than 5% of Revenues in 2020. The largest customers of the System in 2020 were as follows:

Customer	2020 Annual Revenue
Southland Gaming and Racing	$1,295,789
Academies of West Memphis	637,454
Coca Cola	373,492
Robert Bosch Power Tools	373,190
Arkansas State University Mid-South	311,729

Litigation. On March 5, 2020, the Arkansas Department of Energy and Environment Division of Environmental Quality ("ADEQ") and the City entered into a Consent Administrative Order ("CAO") concerning, among other things, sanitary sewer overflows and unpermitted discharges. The City has submitted to ADEQ a corrective action plan and milestone schedule with a final compliance date of December 31, 2023. The City must submit to ADEQ semi-annual progress reports. In compromise and full settlement of the violations specified in the CAO, the City paid to ADEQ a civil penalty of $4,000. Failure to meet any requirement or deadline penalties in the CAO subjects the City to additional monetary penalties ranging from $100 per day to $1,000 per day, depending on the length of time such violations remain unresolved. Proceeds of the Series 2021 Bonds will finance improvements to the System needed to fully comply with the CAO.

Other than as set forth above, there is no material litigation or regulatory proceedings pending or threatened against the System.

OWNERSHIP AND OPERATING AGREEMENTS

Ownership Agreements. The City owns its interests in White Bluff and Independence under respective Ownership Agreements (the "Ownership Agreements") among the various parties thereto.

White Bluff Ownership Agreement. White Bluff is owned, by Entergy of Arkansas, Inc. ("Entergy"), Arkansas Electric Cooperative Corporation ("AECC"), City Water and Light ("CWL") which serves the City of Jonesboro, Arkansas, the City of Conway, Arkansas ("Conway") and the City. The City's undivided interest is 1%. AECC, CWL, Conway and the City are collectively referred to with reference to White Bluff as the "Participants." Each Participant is required to pay its Ownership Share of additions, repairs or replacements to or retirements at White Bluff. Payments are to be made monthly based on notification by Entergy of the nature and amounts of the costs incurred.

Independence Ownership Agreement. Independence is owned by Entergy (including interests owned by affiliated corporations), AECC, CWL, Conway, the City, the City of Osceola, Arkansas ("Osceola") and East Texas Electric Cooperative, Inc. ("EACC"). The City's undivided interest is 1%. AECC, CWL, Conway, Osceola, EACC and the City are collectively referred to with respect to Independence as the "Participants." Each Participant is required to pay its Ownership Share of additions, repairs or replacements to or retirements at Independence. Payments are to be made monthly based on notification by Entergy of the nature and amounts of the costs incurred.

Operating Agreements. White Bluff and Independence are operated in accordance with respective Operating Agreements among the owners of the plants.

White Bluff Operating Agreement. Operation; Payment of Operating Costs. Entergy has sole authority to manage, control, maintain and operate White Bluff. Entergy and the Participants shall discharge all obligations under the Operating Agreement in a prudent manner and in accordance with good utility practices.

Entergy and each Participant shall be responsible for a proportionate share of Operating Costs equal to its respective Ownership Share. The Participants are to pay Entergy for all kWh generated at White Bluff for their respective accounts (or assumed to be generated at White Bluff for billing purposes) on the basis of actual fuel costs at White Bluff and the heat rate (assuming operation at 60% loading during summer test conditions) of its units.

"Operating Costs" consist of all operation and maintenance expenses, other than fuel or financing costs, incurred by Entergy in respect of White Bluff.

The Participants are also to pay to Entergy in each year their respective proportionate shares of additional amounts representing otherwise unrecovered administrative expenses of Entergy.

Fuel. Entergy shall furnish, or cause to be furnished, the fuel supply for White Bluff. Participants shall advance to Entergy their respective Ownership Shares percentage of the cost of coal in inventory and pay an additional amount, based on a formula, per kWh for all kWh generated (or assumed to be generated for billing purposes) for the Participant's account.

Cost of Construction. Each Participant is responsible, on a monthly basis, for its proportionate share of the cost of additions, repairs, replacements and retirements incurred during the previous month.

Energy. Entergy and each Participant shall be entitled to its proportionate share of the net generating capacity and energy of White Bluff at any given time. Entergy shall have sole authority for the hourly scheduling and dispatching of White Bluff generation in accordance with Entergy standard scheduling and dispatching procedures.

Termination. The Operating Agreement shall terminate when White Bluff is retired from commercial operation, or such date as may mutually be agreed upon by the parties. White Bluff is currently anticipated to cease to use coal by the end of 2028.

Non-Payment. In the event any Participant at any time fails to make any payment when due to Entergy under the Operating Agreement, Entergy shall have right to give written notice of such failure to such Participant and in the event such failure continues for a period of 30 days after the giving of such notice, to withhold and use, without charge as if it were its own, such Participant's proportionate share of the capacity and energy from White Bluff until such payment has been made but with appropriate credit being given to such Participant in respect of its ownership of White Bluff for use of such capacity and energy. If such credit exceeds the payment due Entergy, Entergy will pay such Participant monthly for the difference thereof. If such overdue payments due Entergy exceed such credits, Entergy shall have a right to receive interest on the difference thereof during the period such payment was due. Such Participant shall also indemnify and hold Entergy and the other Participants harmless from and against any and all losses, costs, damages and expenses arising out of or resulting from such Participant's failure to make such overdue payments when due.

Insurance. Entergy shall maintain insurance in such amount and with such deductibles or self-insurance features as is consistent with Entergy's customary practices. Entergy may self-insure such risks as is consistent with its customary practices.

Independence Operating Agreement. Operation; Payment of Operating Costs. Entergy has sole authority to manage, control, maintain and operate Independence. Entergy and the Participants shall discharge all obligations under the Operating Agreement in a prudent manner and in accordance with good utility practices.

Entergy and each Participant shall be responsible for a proportionate share of Operating Costs equal to its respective Ownership Share. The Participants are to pay Entergy for all kWh generated at Independence for their respective accounts (or assumed to be generated at Independence for billing purposes) on the basis of actual fuel costs at Independence and the heat rate (assuming operation at 60% loading during summer test conditions) of its units.

"Operating Costs" consist of all operation and maintenance expenses, other than fuel or financing costs, incurred by Entergy in respect of Independence.

The Participants are also to pay to Entergy in each year their respective proportionate shares of additional amounts representing otherwise unrecovered administrative expenses of Entergy.

Fuel. Entergy shall furnish, or cause to be furnished, the fuel supply for Independence. Participants shall advance to Entergy their respective Ownership Shares percentage of the cost of coal in inventory and pay an additional amount, based on a formula, per kWh for all kWh generated (or assumed to be generated for billing purposes) for the Participant's account.

Cost of Construction. Each Participant is responsible, on a monthly basis, for its proportionate share of the cost of additions, repairs, replacements and retirements incurred during the previous month.

Energy. Entergy and each Participant shall be entitled to its proportionate share of the net generating capacity and energy of Independence at any given time. Entergy shall have sole authority for the hourly scheduling and dispatching of Independence generation in accordance with Entergy standard scheduling and dispatching procedures.

Termination. The Operating Agreement shall terminate when Independence is retired from commercial operation, or such date as may mutually be agreed upon by the parties. Independence is currently anticipated to cease to use coal by the end of 2030.

Non-Payment. In the event any Participant at any time fails to make any payment when due to Entergy under the Operating Agreement, Entergy shall have right to give written notice of such failure to such Participant and in the event such failure continues for a period of 30 days after the giving of such notice, to withhold and use, without charge as if it were its own, such Participant's proportionate share of the capacity and energy from Independence until such payment has been made but with appropriate credit being given to such Participant in respect of its ownership of Independence for use of such capacity and energy. If such credit exceeds the payment due Entergy, Entergy will pay such Participant monthly for the difference thereof. If such overdue payments due Entergy exceed such credits, Entergy shall have a right to receive interest on the difference thereof during the period such payment was due. Such Participant shall also indemnify and hold Entergy and the other Participants harmless from and against any and all losses, costs, damages and expenses arising out of or resulting from such Participant's failure to make such overdue payments when due.

Insurance. Entergy shall maintain insurance in such amount and with such deductibles or self-insurance features as is consistent with Entergy's customary practices. Entergy may self-insure such risks as is consistent with its customary practices.

Payment Obligations. The obligations of the City under the Ownership Agreements and the Operating Agreements are payable solely from revenues from its electric system or proceeds of financings. However, the failure to pay due to insufficiency of revenues or financing proceeds does not excuse such non-payment. The City has agreed to fix and maintain electric rates at levels sufficient to enable it to carry out its financial obligations under such agreements.

MARKETING AGREEMENT

The City entered into a Marketing Agreement with Entergy as of August 1, 2012 (the "Marketing Agreement"). Under the terms of the Marketing Agreement, Entergy is to be the Market Participant in the Mid-Continent Independent System Operator (MISO) market for White Bluff and Independence. As a Market Participant, Entergy may submit bids to purchase energy, submit offers to supply energy and operating reserves and conduct other market-related activities.

NETWORK OPERATING AGREEMENT AND NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT

The City has entered into a Network Operating Agreement and Network Integration Transmission Service Agreement with MISO. The purpose of these agreements is to provide to the City access, as a firm service, to the transmission system of certain corporations which serve electric customers (the "Transmission Providers") in a manner that allows the City to integrate, dispatch and regulate its current and planned electric energy resources in order to serve its network load where or all any part of that network load is directly connected to the system of the Transmission Providers.

THE CITY AND THE COUNTY

Location. The City is located in Crittenden County (the "County") in western Arkansas. The City is located approximately 128 miles east of Little Rock, Arkansas and is just west of Memphis, Tennessee.

Population. Resident population in the City and the County has been as follows:

Year	City	County
1970	26,070	48,106
1980	28,138	49,499
1990	28,259	49,939
2000	27,666	50,866
2010	26,245	50,902

Transportation. The City is served by U.S. Highway No. 70 and Interstates 40 and 55. Several motor freight carriers make shipments from the City to major cities across the United States.

Government. The government of the City operates under the mayor-city council form of government. The current Mayor and member of the City Council are as follows:

Name	Occupation	Term Expires
Marco McClendon	Mayor	December 31, 2022
James Holt, Sr.	Retired	December 31, 2022
Willis Mondy	Semi-Retired General Contractor	December 31, 2024
Charles Wheeless	Retired	December 31, 2022
Lorraine Robinson	Administrative Assistant	December 31, 2022
Helen Harris	Director, Helens Residential Care	December 31, 2022
Tracy Catt	Guaranty Loan and Real Estate	December 31, 2024
Melanie Hutchinson	Unemployed	December 31, 2024
Wayne Croom	Retired	December 31, 2024
David Murray	Retired	December 31, 2024
Gheric Bruce	Education	December 31, 2022

Medical Facilities. The City is served by Baptist Memorial Hospital - Crittenden, with approximately 11 licensed beds.

Financial Institutions. The City is served by branches of Evolve Bank & Trust, Fidelity Bank, Premier Bank of Arkansas, Regions Bank and Truist Bank.

Education. Primary and secondary education for the City's inhabitants are provided by a public school system. Arkansas State University Mid-South is located in the City. Rhodes College, University of Memphis and Christian Brothers College are each located in nearby Memphis, Tennessee.

Economy. Set forth below are the characteristics of the major employers in the City:

Employer	Service or Product	Number of Employees
Schneider National Carriers	Logistics	1,100
West Memphis School District	Education	800
Hino Motors	Manufacturer	800
Southland Casino	Entertainment	645
Family Dollar Distribution	Distribution	503
City of West Memphis	Government	300
Robert Bosch Power Tool	Retail Merchandise Distribution Center	300
ASU Mid-South	Education	257
Awesome Products	Household Cleaners	250
Carvana	Distribution	215
Federal Express Ground	Logistics	200
State Side Steel	Chain Fence Manufacturer	150
Coca Cola Consolidated	Beverage Manufacturer	145
Langston Bag Company	Paper Bag Manufacturer	131
Sediver	Glass Insulators	75
West Memphis Steel	Steel Coil Processing	65

Litigation. There is no material litigation or administrative proceeding pending or threatened against the City.

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

Year	Per Capita Personal Income
2015	$34,374
2016	35,348
2017	36,282
2018	37,289
2019	39,041

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

Year	Total Personal Income
2015	$1,684,992,000
2016	1,742,861,000
2017	1,767,526,000
2018	1,803,389,000
2019	1,872,223,000

(1) Source: Bureau of Economic Analysis, United States Department of Commerce.

Set forth below are the annual average unemployment rates for the County and the State since 2016 according to the Arkansas Department of Workforce Services:

Year	Annual Average Unemployment Rate (%) County	State
2016	4.5	4.0
2017	4.4	3.7
2018	4.3	3.7
2019	4.2	3.5
2020	8.3	6.1
2021*	6.5	5.0

*Preliminary as of June 2021

FINANCIAL INFORMATION

Set forth in Exhibit A to this Official Statement are the audited financial statements of the System for the fiscal year ended December 31, 2020. These financial statements were prepared in accordance with accounting principles generally accepted in the United State and were audited in accordance with auditing standards generally accepted in the United States. These financial statements should be read in their entirety, together with any notes and supplemental information affixed thereto.

The following table has been developed from the System's financial statements for the fiscal years ended December 31, 2016 through 2020:

	2020	2019	2018	2017	2016
OPERATING REVENUES					
Charges for Services					
Electric	$23,349,967	$26,861,316	$28,963,080	$27,453,372	$26,582,157
Water	1,351,057	1,359,303	1,385,636	1,342,600	1,380,369
Sewer	1,396,713	1,361,089	1,351,145	1,357,802	1,329,540
Other	220,873	231,192	309,827	389,468	50,111
	26,318,610	29,812,900	32,009,688	30,543,242	29,342,177
OPERATING EXPENSES					
Purchase power for resale	$9,297,427	11,218,082	13,468,013	12,412,940	13,195,431
Transmission charges	2,834,039	2,766,952	2,644,799	3,299,792	3,406,631
General and administrative	7,195,413	6,797,659	6,248,182	6,305,376	6,951,565
Maintenance, operations and contracted services	4,108,172	5,022,167	4,022,827	3,430,211	3,096,664
Payment in lieu of taxes	1,293,820	1,436,099	1,503,778	1,426,170	1,399,831
Depreciation	2,559,609	2,439,208	2,402,163	2,335,696	2,274,286
	27,288,480	29,680,167	30,289,762	29,210,185	30,324,408
OPERATING INCOME (LOSS)	(969,870)	132,733	1,719,926	1,333,057	(982,231)
NON-OPERATING REVENUE	126,219	297,917	28,625	(173,035)	(229,351))
NET INCOME	$(843,651)	$430,650	$1,748,551	$1,160.022	$(1,211,582)

DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Series 2021 Bonds:

Year (Ending December 1)	Series 2021 Bond Principal	Series 2021 Bond Interest	Total Debt Service
2022	$ 475,000	$ 987,592.99	$ 1,462,592.99
2023	610,000	850,275.00	1,460,275.00
2024	635,000	825,875.00	1,460,875.00
2025	660,000	800,475.00	1,460,475.00
2026	685,000	774,075.00	1,459,075.00
2027	715,000	746,675.00	1,461,675.00
2028	745,000	718,075.00	1,463,075.00
2029	770,000	688,275.00	1,458,275.00
2030	795,000	665,175.00	1,460,175.00
2031	820,000	641,325.00	1,461,325.00
2032	845,000	616,725.00	1,461,725.00
2033	870,000	591,375.00	1,461,375.00
2034	895,000	565,275.00	1,460,275.00
2035	920,000	538,425.00	1,458,425.00
2036	950,000	510,825.00	1,460,825.00
2037	980,000	482,325.00	1,462,325.00
2038	1,010,000	452,925.00	1,462,925.00
2039	1,040,000	422,625.00	1,462,625.00
2040	1,070,000	391,425.00	1,461,425.00
2041	1,100,000	359,325.00	1,459,325.00
2042	1,135,000	326,325.00	1,461,325.00
2043	1,160,000	297,950.00	1,457,950.00
2044	1,190,000	268,950.00	1,458,950.00
2045	1,220,000	239,200.00	1,459,200.00
2046	1,250,000	208,700.00	1,458,700.00
2047	1,285,000	177,450.00	1,462,450.00
2048	1,315,000	143,718.76	1,458,718.76
2049	1,350,000	109,200.00	1,459,200.00
2050	1,385,000	73,762.50	1,458,762.50
2051	1,425,000	37,406.26	1,462,406.26
TOTALS	$29,305,000	$14,511,730.51	$43,816,730.51

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DEBT SERVICE COVERAGE

The following table shows the funds available for debt service, the amount of maximum annual debt service for the Series 2021 Bonds, and the extent to which debt service on the Series 2021 Bonds is covered by such funds:

Revenues Available for Debt Service(A))(1)	$3,009,778
Maximum Annual Debt Service Requirements(B)(2)	1,463.075
Debt Service Coverage(A/B)	2.06X

(1)Gross Revenues less Operation and Maintenance Expenses based on audited financial statements of the System for the fiscal year ended December 31, 2020. Includes interest income of $126,219.
(2)Using a year ending December 1.

BOND INSURANCE

Bond Insurance Policy. Concurrently with the issuance of the Series 2021 Bonds, BAM will issue the Insurance Policy. The Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2021 Bonds when due as set forth in the form of the Insurance Policy included as an Appendix to this Official Statement.

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

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

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

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2021 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2021 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the City on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Insurance Policy), and BAM does not guarantee the market price or liquidity of the Series 2021 Bonds, nor does it guarantee that the rating on the Series 2021 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $488.6 million, $165.5 million and $323.1 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2021 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2021 Bonds, whether at the initial offering or otherwise.

THE INDENTURE

The following, in addition to information contained above under **THE SERIES 2021 BONDS** and **SECURITY FOR THE SERIES 2021 BONDS** summarizes certain provisions of the Indenture from the City to the Trustee, to which document in its entirety reference is made for the detailed provisions thereof.

Rights of Insurer. Various rights of the City and owners of the Series 2021 Bonds are subject to rights and powers granted to the Insurer pursuant to the Indenture.

Rate Covenant. (a) The City covenants that it will fix, charge and collect rates, fees and charges for services furnished by the System which shall produce total Revenues in each fiscal year sufficient to (1) pay the Operation and Maintenance Expenses, (2) make all required deposits to the Debt Service Reserve Fund and any other required debt service reserve funds and the Depreciation Fund, (3) pay any amounts owed in connection with the Reserve Policy or other debt service reserve fund insurance policies and (4) leave a balance equal to 110% of the maximum annual debt service requirement for all outstanding Bonds and Other Parity Bonds.

(b) The City covenants that it will revise the rates, fees and charges from time to time as necessary to comply with its covenant described in (a).

(c) If the City should fail to comply with its rate covenant, it must undertake a study of rate revisions. The study must be completed and filed with the Trustee not later than the 15th day of the sixth month of the following fiscal year. Revised rates are to be put into effect not later than the 15th day of the sixth month of the fiscal year following the fiscal year in which the study is made. The City will not be in default for the year in which it is made and the then next year provided that total Revenues are sufficient to make the payments and deposits required and leave a balance equal to 100% of debt service in those years for all outstanding Bonds and Other Parity Bonds.

"Operation and Maintenance Expenses" are defined as all reasonable and necessary costs and expenses incurred in the operation and maintenance of the System which are properly accounted for such purposes under generally accepted accounting principles. Such term does not include depreciation, interest and amortization of deferred bond discount expenses and payments, if any, in lieu of taxes.

Revenue Fund. All Revenues shall be paid upon receipt into a special fund designated "Revenue Fund."

Operation and Maintenance Fund. (a) Pursuant to the Indenture, there is created a special fund to be designated "Operation and Maintenance Fund" for the purpose of paying Operation and Maintenance Expenses.

(b) There shall be paid from the Revenue Fund into the Operation and Maintenance Fund, on the first business day of each month while any of the Bonds shall be outstanding, an amount sufficient to pay the Operation and Maintenance Expenses 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 1/12 of the amount thereof may be paid into the Operation and Maintenance Fund each month.

(c) 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 into the Operation and Maintenance Fund in the next succeeding month. If in any Fiscal Year a surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which shall be necessary to defray the Operation and Maintenance Expenses during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred into the Revenue Fund.

Bond Fund. (a) Pursuant to the Indenture, there is created a special fund to be designated "Bond Fund" for the purpose of paying debt service on all Bonds.

(b) After making the required deposit into the Operation and Maintenance Fund, there shall be paid from the Revenue Fund into the Bond Fund, simultaneously with any deposit made to pay debt service on Other Parity Bonds, an amount equal to the sum of:

(1) one-sixth (1/6) of the next installment of interest on the outstanding Bonds (the required payments for the months after delivery, and before the first interest payment date, of any series of Bonds to be adjusted if necessary, so that the deposits made and any accrued interest from the sale of the Bonds will be sufficient to cover the interest due); plus

(2) one-twelfth (1/12) of the installment of principal due on the outstanding Bonds during the then next twelve months (whether at maturity or upon mandatory redemption prior to maturity); provided, however, the monthly deposits under this paragraph for the months after delivery, and before the first principal payment date, of any series of Bonds shall be adjusted if necessary so that the deposits made will be sufficient to cover the principal due. The additional deposits required in the event of the issuance of Additional Bonds need not commence until the time necessary to accumulate the first principal maturity of the Additional Bonds in twelve monthly installments.

With respect to Bonds the interest on or principal of which is payable more frequently than semiannually or annually, respectively, monthly deposits shall be in equal amounts sufficient to assure that amounts due for such interest or principal shall be deposited in the Bond Fund on or before the dates on which such payments are due.

(c) The City shall receive a credit against required monthly deposits into the Bond Fund for any moneys placed into the Bond Fund other than pursuant to the obligations described in paragraph (b).

(d) If for any reason the funds in the Bond Fund shall at any time be insufficient to meet any required payment, then the amount of any such deficiency shall be paid immediately from the Revenue Fund into the Bond Fund.

(e) When the moneys in the Bond Fund, together with moneys in the Debt Service Reserve Fund, shall be and remain sufficient to pay the principal of and interest on all outstanding Bonds when due at maturity or at redemption prior to maturity, there shall be no obligation to make any further payments into the Bond Fund.

(f) The moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds and for no other purpose except as specifically authorized.

Debt Service Reserve Fund. (a) Pursuant to the Indenture, there is created a special fund to be designated "Debt Service Reserve Fund" for the purpose of providing a reserve for payment of principal of and interest on one or more issue of Bonds. The Debt Service Reserve Fund shall be comprised of accounts, each of which shall be identified by the Trustee and shall be dedicated to the security of no more than one issue of Bonds. The required level of each Debt Service Reserve Fund account shall be established and fixed for each issue of Bonds; however, a Debt Service Reserve Fund account is not required to be established for each issue of Bonds.

(b) There shall be deposited into the 2021 Account of the Debt Service Reserve Fund the Reserve Policy issued by the Insurer, which shall be in an amount equal to the Debt Service Reserve Requirement. See **SECURITY FOR THE SERIES 2021 BONDS**.

(c) No account in the Debt Service Reserve Fund shall secure any Other Parity Bonds or Subordinate Obligations and each account established in the Debt Service Fund shall only secure the issue of Bonds for which such account was established.

(d) Moneys held for the credit of an account in the Debt Service Reserve Fund shall be used for payment of principal of and interest on the Bonds for which created and for which Bond Fund moneys are not available and for no other purpose except as specifically permitted.

<u>Subordinate Bond Funds</u>. After making the deposits referred to above, there shall be deposited into the bond fund for any Subordinate Obligations (the "Subordinate Bond Funds") the required amounts.

<u>Other Parity Bonds Payments</u>. If there are insufficient moneys in the Revenue Fund to make the monthly payments into the Bond Fund and the Debt Service Reserve Fund and make monthly installments with respect to outstanding Other Parity Bonds (and any debt service reserves therefor), the City shall make payments from the Revenue Fund with respect to the Bonds and outstanding Other Parity Bonds pro rata based upon the outstanding principal amount of the Bonds and outstanding Other Parity Bonds. The City shall make payments as due with respect to any Other Parity Bonds issued in the future prior to making any payments into the Depreciation Fund.

<u>Depreciation Fund</u>. Pursuant to the Indenture, there is created a special fund to be designated "Depreciation Fund." After making the deposits referred to above, there shall be deposited in the Depreciation Fund, on the first business day of each month, a sum equal to 3% of the Revenues for the preceding month. Payments into the Depreciation Fund shall be made after and subordinate to the required monthly deposits from the Revenue Fund into the Operation and Maintenance Fund, the Bond Fund, the bond funds for other Parity Bonds, the Debt Service Reserve Fund, the debt service reserve funds for Other Parity Bonds and the Subordinate Bond Funds. 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 properties of the System or for the cost of economically justifiable improvements and extensions to the properties of the System. Any amount in the Depreciation Fund in excess of the amount needed for such purposes during the then current and the next fiscal year may be transferred to the Revenue Fund.

<u>Revenue Fund Surplus</u>. Any surplus remaining in the Revenue Fund, after making all payments into the above funds, may be used for any lawful purpose. Any payments in lieu of taxes shall be made from such surplus and only after the payments into the above funds have been made.

<u>Depositories of Funds</u>. The Bond Fund, the Debt Service Reserve Fund and the Construction Fund shall be established with and maintained by the Trustee. The Revenue Fund, the Operation and Maintenance Fund and the Depreciation Fund shall be established in such banks or trust companies as are from time to time designated by the City, provided each must be a member of the Federal Deposit Insurance Corporation ("FDIC").

<u>Nonpresentment of Bonds</u>. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at date fixed for redemption thereof, if there shall have been deposited with the Trustee for the purpose, or left in trust if previously so deposited, funds sufficient to pay the principal thereof, together with all interest unpaid and due thereon, to the date of maturity thereof, or to the date fixed for redemption thereof, as the case may be, for the benefit of the holder thereof, all liability of the City to the holder thereof for the payment of the principal thereof and interest thereon shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of the Bond, who shall thereafter be restricted exclusively to such

fund or funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond.

Any moneys so held for a period of 2 1/2 years shall become the property of the City and shall be paid over to the City, free of any rights of the holder of such Bond.

The Trustee. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty of the Trustee and the Trustee shall be answerable only for its own negligence or willful default.

The Trustee shall not be required to take notice or be deemed to have notice of any default except failure by the City to make or cause to be made any of the payments to be made to the Trustee unless the Trustee shall be specifically notified in writing of such default by the City or by the holders of at least ten percent (10%) in aggregate principal amount of Bonds outstanding under the Indenture (of all series but not necessarily of each series), and all notices or other instruments required by the Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the office of the Trustee, and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

The Trustee and any successor trustee may at any time resign by giving written notice to the City and the Insurer. Such resignation shall take effect upon the appointment of a successor trustee by the City.

The Trustee may be removed at any time by the City, by the Insurer or by any instrument or concurrent instruments in writing delivered to the Trustee and to the City and signed by the owners of a majority in aggregate principal amount of Bonds outstanding.

In case the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be designated by the City. Notwithstanding the above, neither the removal of the Trustee nor the resignation by the Trustee shall be effective until a successor Trustee, acceptable to the Insurer, shall have been appointed.

Investment of Funds. Moneys held for the credit of any fund or account may be invested and reinvested (by the City or, in the case of the Bond Fund, the Debt Service Reserve Fund and the Construction Fund, at the direction of the City), in Permitted Investments which will mature, or which will be subject to redemption by the holder thereof at the option of the holder, (a) in the case of the Debt Service Reserve Fund, not later than ten (10) years or (b) in the case of any other fund or account, not later than the date or dates on which the money held for the credit of the particular fund shall be required for the purposes intended.

"Permitted Investments" are defined to mean:

(a) direct or fully guaranteed obligations of the United States of America ("Government Securities");

(b) 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;

(c) 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; and

(d) money market funds comprised exclusively of investments described in (a) or (b) above.

Each investment shall be deemed at all times to be part of the fund for which the investment was made and any profit and income realized from such investments shall be credited to the fund and any loss charged to the fund.

Supplemental Indentures. The City and the Trustee may without the approval of any bondholder, enter into indentures supplemental to the Indenture (a) to cure any ambiguity, defect or omission in the Indenture or any supplement thereto, (b) to confer additional rights, remedies, powers and authority upon the Trustee for the benefit of the holders of the Bonds, (c) in connection with the issuance of Additional Bonds pursuant to the provisions of the Indenture, or (d) to make any modification determined by the Trustee, in its discretion, not to be to the material prejudice of the holders of the Bonds. The consent of the Insurer shall be required for supplemental indentures entered into for the purposes contained in (d) above. No consent of the Insurer shall be required for supplemental indentures entered into for the purpose contained in (a), (b), or (c) above.

All other modifications and changes to the Indenture require the consent of the Insurer and the holders of not less than two-thirds (2/3) of the principal amount of the outstanding Bonds; provided, however, that no supplemental indenture shall permit, or be construed as permitting, (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, (iii) a privilege or priority of any Bond or Bonds over any other bond or Bonds, (iv) the creation of a lien upon the System or a pledge of Revenues except as permitted by the Indenture, or (v) a reduction in the aggregate principal amount of the Bonds required for consent to a supplement to the Indenture.

Events of Default. Under the Indenture, an event of default shall mean any one or more of the following events:

(a) Default in the due and punctual payment of any interest on any Bond or Other Parity Bond;

(b) Default in the due and punctual payment of any moneys required to be paid to the Trustee for deposit into the Bond Fund;

(c) Default in the due and punctual payment of the principal of, and premium, if any, on any Bond or Other Parity Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(d) Default in the performance or observance of any other of the covenants, agreements or conditions on the City's part in the Indenture, or in the Bonds or in Other Parity Bonds or in any document securing any Other Parity Bonds contained, and the continuance thereof for a period of sixty (60) days after written notice to the City by the Trustee or by the holders of not less than ten percent (10%) in aggregate principal amount of Bonds outstanding; and

(e) Any other "event of default" as defined in or any Other Parity Bond or a document securing any Other Parity Bond.

Remedies of Default. (a) *Remedies of the Insurer*. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an event of default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds or the Trustee for the benefit of the holders of the Bonds under the Indenture. No event of default may be waived without the Insurer’s written consent.

(b) *Right of Entry*. Upon the occurrence of any event of default, the Trustee may, and upon the written request of (1) the Insurer or (2) with the consent of the Insurer, the holders of twenty-five percent (25%) in aggregate principal amount of Bonds outstanding under the Indenture shall, demand of the City to surrender, and the City shall forthwith surrender to it the actual possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of, all or any part of the System with the books, papers and accounts of the City pertaining thereto and to hold, operate and manage the same, and from time to time to make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee, with or without such permission, may collect, receive and sequester the revenues, earnings, income, products and profits therefrom and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee under the Indenture, and all taxes, assessments and other charges prior to the lien of the Indenture, and all expenses of such repairs and improvements, and apply the remainder of the money so received by the Trustee in accordance with the applicable provisions of the Indenture. Whenever principal of and interest on the Bonds shall have been paid and all other amounts owed under the Indenture shall have been paid and no event of default is continuing, the Trustee shall surrender possession to the City, its successors or assigns; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of the System, the Trustee shall render annually to the registered owners a summarized statement of income and expenditures in connection therewith.

(c) *Other Remedies*. Upon the occurrence of an event of default the Trustee may, as an alternative, proceed either after entry or without entry, to pursue any available remedy by suit at law or equity to enforce the payment of the principal of and interest on the Bonds then outstanding under the Indenture, including, without limitation, receivership and mandamus.

If an event of default shall have occurred, and if it shall have been requested so to do by the holders of ten percent (10%) in aggregate principal amount of Bonds outstanding under the Indenture and shall have been indemnified as provided in the Indenture, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred upon it by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interest of the bondholders.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default under the Indenture, whether by the Trustee or by the bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

(d) *Bondholders May Direct Proceedings*. (i) The holders of a majority in aggregate principal amount of Bonds outstanding under the Indenture shall have the right, at any time, by any instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

(ii) Notwithstanding anything set forth in the Indenture, the holder or holders of all outstanding Other Parity Bonds may institute any action or exercise any remedy available at law or in equity to enforce the terms of the Bonds or the Indenture, provided that any such action or remedy shall be instituted and maintained for the benefit of the holders of all Bonds, without distinction or priority.

(e) *Receiver*. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and of the Revenues pending such proceedings with such powers as the court making such appointment shall confer.

(f) *Application of Moneys*. (i) Subject to the provisions of subsection (ii), below, available moneys shall be applied by the Trustee as follows:

(1) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

First: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

Third: to the payment of the interest on and the principal of the Bonds, and to the redemption of Bonds, all in accordance with the provisions of the Indenture.

(2) If the principal of all the Bonds shall have become due, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(ii) Notwithstanding anything set forth in the Indenture, any proceedings under *Application of Moneys* shall be for the benefit of the holders of the Bonds and any outstanding Other Parity Bonds, without distinction or priority.

(g) *Limitation of Bondholder Rights*. Subject to the provisions of (d)(ii) above, no holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy under the Indenture, unless a default has occurred of which the Trustee has been notified as provided in the Indenture or of which it is deemed to have notice, nor unless such default shall have become an event of default and the holders of ten percent (10%) in aggregate principal amount of Bonds outstanding under the Indenture shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy.

(h) *Waivers by Trustee*. Subject to the provisions of (d)(ii) above, the Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration or maturity of principal, and shall do so upon the written request of the holders of fifty percent (50%) in principal amount of all Bonds outstanding under the Indenture (of all series but not necessarily of each series); provided, however, that there shall not be waived (i) any event of default in the payment of principal of any Bonds issued under the Indenture and outstanding under the Indenture at the date of maturity specified therein or (ii) any default in the payment of the interest or of deposits into the Bond Fund unless prior to the waiver or rescission all arrears of interest, with interest at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of Bond Fund payments, as the case may be, and all expenses of the Trustee shall have been paid or provided for and in case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Trustee, the City and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

Maintenance and Repair. The City covenants that it will at all times cause to be maintained, preserved and kept the System in good condition, repair and working order, and that it will from time to time cause to be made all needed repairs, replacements, additional, betterments and improvements so that the operation and business pertaining to the System shall be fully maintained.

Books and Records. The City covenants that so long as any Bonds shall be outstanding, it will keep, or cause to be kept, proper books of record and account, in which full, true and correct entries will be made of all dealings or transactions of and in relation to the System and Revenues. The City agrees to have the books of record and account audited by an independent certified public accountant at the end of each fiscal year and to furnish a copy of the audit report to the Trustee within 180 days after the end of the fiscal year; provided, however, that if such audit is not available by such date, the City will furnish the audit to the Trustee within 60 days after receipt thereof.

The City further covenants that all books and documents pertaining to the System and the Revenues shall at all times be open to the inspection of such accountants or agents as the Trustee may from time to time designate.

Disposition and Encumbrance of System. The City covenants that it will not sell or otherwise dispose of the System and that it will not encumber the same or any part hereof, or its interest therein or create or permit to be created any charge or lien on its Revenues and income except as may be expressly authorized in the Indenture; provided, however, the City may, from time to time, sell, exchange or otherwise dispose of any properties or release, relinquish or extinguish any interest therein which is not needed or serves no useful purpose in connection with the maintenance and efficient operation of the System, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of, if replacement is necessary or desirable, or shall be transferred to the Revenue Fund, as the City may determine.

Insurance. The City covenants that at all times while any Bonds are outstanding, it will at all times insure and keep insured to the full insurable value hereof in a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risk thereof all insurable improvements on and constituting part of the System, at any time and from time to time, by fire and extended coverage insurance. 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.

Discharge of Lien. The Bonds of any series shall be deemed to have been paid for purposes of the Indenture if (a) there has been deposited with the Trustee in trust either moneys in an amount, or Government Securities the principal of and interest on which will, together with any moneys held by the Trustee at the same time and available for such purpose pursuant to the Indenture, without further investment or reinvestment of either the principal amounts thereof or the interest earnings thereon, provide amounts which will be sufficient to pay when due the principal, interest, and premium, if any, to become due and payable on or prior to the respective redemption dates or maturity dates of such Bonds, and (b) in case any of such Bonds are to be redeemed on any date prior to their maturity, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving of such notice.

TAX EXEMPTION

In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel, under existing law, the interest on the Series 2021 Bonds 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 in the preceding sentence are subject to the condition that the City comply with all requirements of the Series 2021 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2021 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2021 Bonds. The City has covenanted to comply with all such requirements in the Indenture.

Prospective purchasers of the Series 2021 Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Internal Revenue Code of 1986, as amended (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 Series 2021 Bonds, (ii) interest on the Series 2021 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 Series 2021 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 Series 2021 Bonds.

Prospective purchasers of the Series 2021 Bonds should be aware that Section 17 of Act 785 of the Acts of Arkansas of 1993 added new subsections (b) and (c) to Section 26-51-431 of the Arkansas Code of 1987 Annotated. Subsection (b) states that Section 265(a) of the Internal Revenue Code is adopted for the purpose of computing Arkansas individual income tax liability. Subsection (c) provides that in computing Arkansas corporation income tax liability, no deduction shall be allowed for interest "on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the taxes imposed by Arkansas law." On December 8, 1993, the Arkansas Department of Finance and Administration Revenue Division issued Revenue Policy Statement 1993-2, which provides in part:

> Financial institutions may continue to deduct interest on indebtedness incurred or continued to purchase or carry obligations which generate tax-exempt income to the same extent that the interest was deductible prior to the adoption of Section 17 of Act 785 of 1993.

As shown on the inside front cover page of this Official Statement, certain of the Series 2021 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 excludable 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 inside front cover page of this Official Statement, certain of the Series 2021 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 a Premium Bond callable prior to its 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 a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable 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 Series 2021 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2021 Bonds from realizing the full current benefit of the tax status of such interest. 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 Series 2021 Bonds. Prospective purchasers of the Series 2021 Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2021 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.

In the further opinion of Bond Counsel, under existing law, interest on the Series 2021 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas, and the Series 2021 Bonds are exempt from property taxes in the State of Arkansas.

CONTINUING DISCLOSURE AGREEMENT

Past Compliance. In the past five years, the City has been a party to certain continuing disclosure agreements in connection with three outstanding bond issues. The City has been obligated to file certain information with the Municipal Securities Rulemaking Board (the "MSRB") on its Electronic Municipal Market Access system ("EMMA") within the time periods set forth in the agreements. The City has reviewed its past compliance with such agreements. While the City has not made a determination as to materiality, the following constitutes a non-exhaustive summary of the City's review of compliance with continuing disclosure obligations over the past five years.

One of the continuing disclosure agreements obligates the City to file the audited financial statements of the City (the "City Audit") and one continuing disclosure agreement obligates the City to file the audited financial statements of the City's municipal airport, which audited financial statements are part of the City Audit. The City Audit for the fiscal years ended December 31, 2016, 2017 and 2018 have been timely filed. The City Audit for the fiscal year ended December 31, 2019 was not timely filed. The City Audit for the fiscal year ended December 31, 2020 is not yet available.

Two continuing disclosure agreements require the City to file the audited financial statements of the System. The audited financial statements of the System for the fiscal years ended December 31, 2016, 2017, and 2020 have been timely filed. The audited financial statements of the System for the fiscal years ended December 31, 2018 and 2019 were not timely filed.

One of the continuing disclosure agreements require the City to disclose certain statistical information related to the System in annual reports that are filed with the MSRB. The annual report for the fiscal year ended December 31, 2016 was timely filed and included all of the required statistical information. No subsequent annual report was required to be filed.

One of the continuing disclosure agreements require the City to disclose certain statistical information related to the operation of its municipal airport. The annual reports for the fiscal years ended December 31, 2016, 2017, 2018, 2019 and 2020 were timely filed and included all of the required statistical information.

One of the continuing disclosure agreements require the City to disclose certain statistical information related to the City and the amount of franchise fee revenues received by the City. The annual reports for the fiscal years ended December 31, 2016, 2017 and 2018 were timely filed and included all of the required statistical information. No subsequent annual report was required to be filed.

The City's continuing disclosure agreement 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). All required notices of such events were timely filed in the past five years.

Notices concerning the City's failure to comply with its continuing disclosure obligations as summarized above were not filed on EMMA.

Generally. The City will enter into a Continuing Disclosure Agreement with respect to the Series 2021 Bonds. Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. 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 will be executed and delivered by the City and the Trustee for the benefit of the Beneficial Owners of the Series 2021 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 an Annual Report provided by the City pursuant to, and as described in, the Continuing Disclosure Agreement.

"Beneficial Owner" of a Series 2021 Bond shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Series 2021 Bond (including persons holding Series 2021 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 District.

"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 Reports. (a) The City shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the System's fiscal year (presently December 31) commencing with the report after the end of the 2021 fiscal year, provide to the Insurer and 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. Each 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 thirty (30) days after receipt thereof by the City. If the fiscal year of the System changes, the City 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 each Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent and the Trustee for the issue (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 Reports, below) has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB and the Insurer.

Content of Annual Reports. Each of the Annual Reports shall contain or incorporate by reference the following:

(1) Information of the type set forth in this Official Statement under the caption **THE SYSTEM**, Electric Customers, Water Customers and Sewer Customers and (2) the annual financial statements of the System prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America.

Any or all of the items above may be incorporated by reference from 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security 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 obligated person, 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 Insurer and the Trustee (if the Trustee is not the Dissemination Agent). Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and 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 Obligations. The City's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the affected Series 2021 Bonds.

Dissemination Agents. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under a Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to a 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 a 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 Series 2019 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 Series 2021 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 affected Series 2021 Bonds in the same manner as provided in the Indenture for the affected Series 2021 Bonds for amendments to the Indenture 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 Series 2021 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 with respect to that issue, 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.

<u>Additional Information</u>. 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.

<u>Default</u>. 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, the Insurer or any Beneficial Owner may (and the Trustee, at the request of the Underwriter, the Insurer or the Beneficial Owners of at least 25% aggregate principal amount of outstanding Series 2021 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 Indenture, and the sole remedy under a 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.

<u>Duties of Trustees and Dissemination Agents and Rights of Indemnity</u>. The Dissemination Agent (if other than a 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 for the affected issue, the Dissemination Agent, the Underwriter, the Insurer and the Beneficial Owners of the affected Series 2021 Bonds and shall create no rights in any other person or entity.

UNDERWRITING

Stephens Inc. the Underwriter, has agreed, subject to certain conditions precedent, to purchase the Series 2021 Bonds from the City at a purchase price of $30,296,784.15 (principal amount plus net original issue premium of $1,358,096.65 less Underwriter's discount of $366,312.50). The Underwriter is committed to purchase all of the Series 2021 Bonds if any are purchased.

The Series 2021 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 Series 2021 Bonds to certain dealers (including dealers depositing Series 2021 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.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2021 Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. Copies of such opinions will be available at the time of the delivery of the Bonds.

There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2021 Bonds, or questioning or affecting the legality of the Series 2021 Bonds or the proceedings and authority under which the Series 2021 Bonds are to be issued, or questioning the right of the City to execute and deliver the Indenture or to issue the Series 2021 Bonds.

RATINGS

S&P is expected to assign a credit rating of "AA/Stable" to the Series 2021 Bonds with the understanding that the scheduled payment of principal of and interest on the Series 2021 Bonds will be guaranteed under the Insurance Policy to be issued by the Insurer. S&P has assigned an underlying credit rating of "BBB+/Stable" to the Series 2021 Bonds.

Any explanation of such ratings 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 it 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 ratings assigned to the Series 2021 Bonds by S&P may have an adverse effect on the market price of the Series 2021 Bonds. The Underwriter and the City have undertaken no responsibility after issuance of the Series 2021 Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

MISCELLANEOUS

Enforceability of Remedies. Rights of the registered owners of the Series 2021 Bonds and the enforceability of the remedies available under the Indenture 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 Indenture 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.

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 Series 2021 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 has been authorized by the City.

CITY OF WEST MEMPHIS, ARKANSAS

By /s/ Marco McClendon
Mayor

Dated: As of the Cover Page hereof.

APPENDIX A

Audited Financial Statements of the System for the Fiscal Year
Ended December 31, 2020

West Memphis Utility Department
An Enterprise Fund of
The City of West Memphis, Arkansas

FINANCIAL REPORT

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the West Memphis Utility Commission
West Memphis, Arkansas

Report on the Financial Statements
We have audited the accompanying financial statements of the West Memphis Utility Department, an enterprise fund of the City of West Memphis, Arkansas, which comprise the statements of net position as of December 31, 2020 and 2019, the related statement of revenues and expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, (collectively, financial statements).

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion
As discussed in Note A to the financial statements, the Department's investments in property, plant and equipment and the related allowances cannot presently be determined due to the insufficient historical records. The Department's records do not permit the application of adequate alternative procedures to verify the cost of property, plant and equipment.

Qualified Opinion
In our opinion, except for the effect of such adjustments, if any, with respect to the investment in property, plant and equipment, and related allowances, the financial statements referred to above present fairly, in all material respects, the net position of the West Memphis Utility Department as of December 31, 2020 and 2019, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note A, the financial statements present only the West Memphis Utility Department, and do not purport to, and do not, present fairly the net position of the City of West Memphis, Arkansas, as of December 31, 2020 and 2019, and the changes in its net position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Other Information
Our audits were conducted primarily for the purpose of formulating an opinion on the basic financial statements taken as a whole. The information presented on page 18 is included in the supplemental information due to insufficient historical records, therefore, the beginning balances are unaudited. Such information has not been subjected to the auditing procedures applied in the examination of the basic financial statements and, accordingly, we express no opinion on it.

West Memphis, Arkansas
July 2, 2021

Jackson, Howell & Associates, PLLC

West Memphis Utility Department
An Enterprise Fund of the City of West Memphis, Arkansas
STATEMENTS OF NET POSITION
December 31

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 5,849,790	$ 8,923,604
Investments	14,242,203	14,225,883
Accounts receivable, net	3,973,865	3,963,629
Inventories	2,293,815	1,513,186
Interest receivable	57,070	120,614
Intergovernmental receivables	2,115,677	2,139,713
Restricted assets		
Cash and cash equivalents	231,339	997,294
Investments	1,630,073	1,463,368
TOTAL CURRENT ASSETS	30,393,832	33,347,291
NON-CURRENT ASSETS		
Capital assets		
Land and improvements	3,749,114	3,483,576
Buildings and equipment	14,158,351	13,992,820
Electric plant	57,320,435	56,652,796
Water plant	21,207,955	21,106,714
Sewer plant	35,504,232	31,868,891
	131,940,087	127,104,797
Less accumulated depreciation	95,809,083	93,249,474
Net capital assets	36,131,004	33,855,323
	$66,524,836	$67,202,614

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

LIABILITIES AND NET POSITION

	2020	2019
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,193,317	$ 1,228,807
Intergovernmental payable	104,928	70,270
TOTAL CURRENT LIABILITIES	1,298,245	1,299,077
NON-CURRENT LIABILITIES		
Customer deposits	1,630,073	1,463,368
TOTAL NON-CURRENT LIABILITIES	1,630,073	1,463,368
TOTAL LIABILITIES	2,928,318	2,762,445
NET POSITION		
Net investments in capital assets	36,131,004	33,855,323
Restricted for capital projects	231,339	997,294
Restricted for customer deposits	1,630,073	1,463,368
Unrestricted	25,604,102	28,124,184
TOTAL NET POSITION	63,596,518	64,440,169
	$66,524,836	$67,202,614

West Memphis Utility Department
An Enterprise Fund of the City of West Memphis, Arkansas
STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET POSITION
For the Years Ended December 31

	2020	2019
OPERATING REVENUE		
Charges for services		
Electric	$23,349,967	$26,861,316
Water	1,351,057	1,359,303
Sewer	1,396,713	1,361,089
Other	220,873	231,192
	26,318,610	29,812,900
OPERATING EXPENSES		
Purchase power for resale	9,297,427	11,218,082
Transmission charges	2,834,039	2,766,952
General and administrative	7,195,413	6,797,659
Maintenance, operations, and contracted services	4,108,172	5,022,167
Payment in lieu of taxes	1,293,820	1,436,099
Depreciation	2,559,609	2,439,208
	27,288,480	29,680,167
OPERATING INCOME	(969,870)	132,733
NON-OPERATING REVENUE (EXPENSES)		
Investment income	126,219	297,917
	126,219	297,917
INCREASE (DECREASE) IN NET POSITION	(843,651)	430,650
NET POSITION AT BEGINNING OF YEAR	64,440,169	64,009,519
NET POSITION AT END OF YEAR	$63,596,518	$64,440,169

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

West Memphis Utility Department
An Enterprise Fund of the City of West Memphis, Arkansas
STATEMENTS OF CASH FLOWS
For the Years Ended December 31

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$26,475,079	$30,286,821
Payments to suppliers for goods and services	(21,771,004)	(24,090,104)
Payments to employees	(3,773,985)	(3,446,058)
NET CASH PROVIDED BY OPERATING ACTIVITIES	930,090	2,750,659
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers (to) from other funds	58,694	(535,014)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	988,784	(535,014)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(4,835,290)	(2,301,036)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(4,835,290)	(2,301,036)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	189,763	252,281
Purchases of investments	(183,026)	-
Sale of investments	-	2,488,172
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	6,737	2,740,453
NET INCREASE (DECREASE) IN CASH	(3,839,769)	2,655,062
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,920,898	7,265,836
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 6,081,129	$ 9,920,898

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

West Memphis Utility Department
An Enterprise Fund of the City of West Memphis, Arkansas
STATEMENTS OF CASH FLOWS - CONTINUED
For the Years Ended December 31

	2020	2019
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	(969,870)	132,733
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	2,559,610	2,439,208
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	(10,236)	399,949
(Increase) decrease in inventories	(780,629)	53,233
Increase (decrease) in accounts payable	(35,490)	(348,436)
Increase (decrease) in customer deposits	166,705	73,972
Total adjustments	1,899,960	2,617,926
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 930,090	$ 2,750,659

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Operations

The West Memphis Utility Department (the "Department"), an enterprise fund of the City of West Memphis, Arkansas provides electric, water and sewer services for the City. The current West Memphis Utility Commission has the authority to recommend electric, water and sewer rates to the City Council which has final authority for approving utility rates. The Department purchases energy from Cleco Cajun, LLC. The Department is a member of the Mid-Continent Independent System Operator (MISO) system. MISO is an Independent System Operator (ISO) and a Regional Transmission Organization (RTO) that offers open access transmission, monitors the high-voltage transmission grid and operates a Day-2 energy market for electric utilities in the region.

Governmental Accounting Standards

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America as applied to enterprise funds of governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for governmental accounting and financial reporting. The GASB periodically issues new or revised standards that are implemented by the Department.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Department's financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred, regardless of the measurement focus applied. Interfund items and transactions between the electric, water and sewer funds have been eliminated.

Fair Value of Financial Instruments

The Department's financial instruments include cash and cash equivalents, certificates of deposit, accounts receivable and accounts payable. The Department's estimate of fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net asset. The carrying amount of these financial instruments approximate fair value because of the short maturity of these investments.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Department considers all liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Short-term Investments

Short-term investments are stated at cost unless there is an indication of permanent impairment of value, in which case the adjustment to market value is included in results of operations. Interest income is accrued as earned.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Account receivable is recorded at the amount the Department expects to collect on balances outstanding at year-end. An allowance for uncollectible accounts is estimated and recorded based on the Department's historical bad debt experience and on management's judgment. The allowance for uncollectible accounts was $500,000 on December 31, 2020, and December 31, 2019.

Inventories

Inventories consist of materials and supplies for the following:

	2020	2019
Electric Department	$ 547,222	$ 497,838
Water Department	77,943	57,751
Sewer Department	14,023	7,044
Gas and Oil	25,102	50,647
Independence - Coal Stockpile	614,467	248,594
Independence - Materials and supplies	260,280	214,982
White Bluff - Coal Stockpile	501,486	230,764
White Bluff - Materials and supplies	253,292	205,566
Total	$2,293,815	$1,513,186

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

Capital Assets

Capital assets, which include property, plant and equipment are stated at cost. Expenditures for maintenance and repairs are expensed when incurred. Additions, major improvements and replacements of units are capitalized and depreciated on a straight-line basis over the estimated useful lives of the various classes as follows:

	Years
Buildings	40
Furniture, fixtures and equipment	6 - 10
Plant in service	20 - 50
Investment in electric generating plant	27 - 30

Costs and related allowances for depreciation of assets sold or otherwise retired are eliminated from the asset and accumulated depreciation accounts where detail property records are available.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

The Department's detailed property, plant and equipment records do not provide sufficient historical detail to determine the cost of individual assets. Due to this inadequacy, it is not always possible to determine the historical cost of property, plant and equipment to be retired. Therefore, certain assets have not been removed from the books when retired. A schedule has been included in the supplemental information due to this inadequacy.

Net position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the Department's financial statements. Net position is classified in the following categories:

1. Net investment in capital assets - This amount consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of those assets.

2. Restricted net position - This amount is restricted by creditors, grantors, contributors, or laws or regulations of the government.

3. Unrestricted net position - This amount is the net assets that does not meet the definition of "net investment of capital assets" or "restricted net position".

The Department's activities and net position are tracked in the accounting system by numerous sources of funds. Certain assets are restricted for specific purposes. Legal and contractual agreements restrict amounts for debt service, refund of customer deposits and capital improvements. The general manager, in conjunction with the finance director, utility commission and city council are authorized to assign amounts to a specific purpose. The Department does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenses are incurred for purposes for which both restricted and unrestricted amounts are available. Restricted funds are first used for expenses when available at the discretion of management depending on the availability of funds.

Classification of Revenues and Expense

As an enterprise (proprietary) fund, the Department classifies its revenues and expenses into the following classifications: operating revenue, operating expenses, non-operating revenue and non-operating expenses.

Operating revenue and expenses are deemed as revenues realized by the Department in exchange for providing its primary services for electric, water, sewer and other charges. Non-operating revenues are those derived from the investment of cash reserves and from entities other than customers and other ancillary sources. Non-operating expenses include those related to bond costs and amortization expenses.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition

Revenues are included in income as services are delivered. Billings are rendered and recorded monthly based on metered usage. Included in the accounts receivable at December 31, 2020 and 2019, was an estimate for these unbilled services totaling $1,287,750 and $1,241,686, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

Compensated Absences

Employees of the Department are entitled to pay for compensated absences depending on job classification, length of service, and other factors. It is the Department's policy to recognize the cost of compensated absences when actually paid to the employees.

Subsequent Events

The Company has evaluated events and transactions that occurred between December 31, 2020, and July 2, 2021 which is the date that financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The Arkansas Department of Energy and Environment, Division of Environmental Quality (ADEQ), issued a Consent Administrative Order (CAO) in connection with water inflow and infiltration of ground water into the sewer system. In response, the Utility Commission has hired Fisher Arnold, Inc., engineering firm, to amend the corrective action plan to achieve compliance by the final compliance date of December 31, 2023.

NOTE B - CASH AND SHORT-TERM INVESTMENTS

The Treasurer of West Memphis Utility Commission is authorized by the State of Arkansas Statutes to invest excess cash balances in short-term investments. At December 31, 2020 and 2019, cash and short-term investments are listed below:

	2020		2019	
	Restricted	Unrestricted	Restricted	Unrestricted
CASH	$ 231,339	$ 5,849,790	$ 997,294	$ 8,923,604
INVESTMENTS:				
Certificates of Deposit	1,630,073	14,242,203	1,463,368	14,225,883
	$1,861,412	$20,091,993	$2,460,662	$23,149,487

NOTE B - CASH AND SHORT-TERM INVESTMENTS - CONTINUED

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Department's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; U.S. Treasury and U.S. agencies and instrumentalities bonds or other obligations; bonds of the State of Arkansas or by bonds of a political subdivision thereof which has never defaulted on any of its obligations.

At December 31, 2020 and 2019, none of the Department's bank balances of $22,256,232 and $26,287,704, respectively, were exposed to custodial credit risk.

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of no longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

NOTE C - INVESTMENT IN GENERATING PLANTS

In 1980, the Department entered into an Ownership Agreement with Entergy whereby it purchased a 1% interest in two fossil fuel electric generating plants in Arkansas, one at White Bluff and one in Independence County. Both generating plants include two fully operational generating power units. The Department financed these purchases through the issuance of revenue bonds.

As a party to the Ownership Agreement, the Department was required to pay its 1% share of the construction costs of the plants, as incurred by Entergy and as defined in the Agreement. After commercial operation of the plants began, the Department was also responsible for its 1% share of additions or replacements at each plant. The amounts recorded (including capitalized interest), of $12,668,059 and $11,963,240 for White Bluff and Independence, respectively, represent the Department's 1% share of plant construction cost.

The Department is also a party to an Operating Agreement with Entergy whereby it has agreed to pay 1% of the operating costs (mainly operations and maintenance expenses, not including fuel) of the plants. Furthermore, the Department also pays for 1% of the coal purchased by the plants and this amount is included in inventory on the accompanying balance sheets.

NOTE C - INVESTMENT IN GENERATING PLANTS - CONTINUED

These agreements entitle the Department to 1% of the net generating capacity and energy of the plants, which is delivered to West Memphis in accordance with a transmission agreement.

NOTE D - RESTRICTED ASSETS

Restricted cash and investments represent amounts required to be maintained by agreements related to deposits received from customers.

NOTE E - RELATIONSHIPS WITH THE CITY

The Department is one of a number of departments and/or funds of the City of West Memphis established for a specific purpose. General services, such as personnel, data processing, financial administration and legal services are provided to the Department by the City. The costs associated with providing these services are charged to the Department by the City. The City also charges the Department an amount in lieu of franchise taxes.

The Department, as a convenience to customers, includes the fees for city-provided garbage collection in its monthly customer billings. These fees are remitted to the Sanitation Department monthly and are not reflected in the accompanying financial statements.

NOTE F - INTERGOVERNMENTAL BALANCES

During the course of its operations, the Department has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds have not been paid or received as of December 31, 2020, balances of interfund amounts receivable or payable have been recorded as "intergovernmental receivables/payables". All interfund balances are expected to be paid within one year.

NOTE G - RISK MANAGEMENT

The Utility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to independent contractors and natural disasters, all of which is satisfactorily insured by general liability service. Commercial insurance policies are also obtained for other risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE H - CONTINGENCY

The City of West Memphis is involved in a number of lawsuits arising in the ordinary course of business. One of the lawsuits is directly related to the West Memphis Utility Department, but an evaluation of an unfavorable outcome cannot be made at this time.

NOTE I - PENSION PLAN

In January 1977, the City established a defined contribution pension plan for all non-uniformed employees. The City contributes 6% of each participant's annual salary, and employees can also contribute a voluntary amount of not less than 2% of his/her regular pay to the plan. Participants vest in the employer's contribution at a rate of 20% per year. Eligibility commences one year from date of employment.

Employees have the option to invest the funds in their account. Employees are entitled only to the funds deposited by them and on their behalf; therefore, there is no unfunded liability.

The amount contributed to the pension plan and expensed by the Department was $202,243 and $181,788 for the years ended December 31, 2020 and 2019, respectively.

NOTE J - MAJOR VENDORS

Purchases for the year ended December 31, 2020 and 2019, include purchases from two major vendors.

	2020		2019	
	Amount	**Percent**	**Amount**	**Percent**
Purchases from:				
Vendor A	$9,074,791	97.61 %	$11,202,203	99.86%
Accounts Payable:				
Vendor A	$609,693	57.44%	$695,417	69.01%
Vendor B	175,290	16.51%	83,863	8.32%
Vendor C	324,557	30.58%	228,352	22.66%

SUPPLEMENTARY INFORMATION

West Memphis Utility Department
An Enterprise Fund of the City of West Memphis, Arkansas
CAPITAL ASSETS
December 31, 2020

	COST			
	Balance January 1, 2020	**Additions and Transfers**	**Disposals and Transfers**	**Balance December 31, 2020**
UTILITY, PLANT IN SERVICE				
Electric	$ 32,256,461	$ 432,673	$ -	$ 32,689,134
Generating plants				
White Bluff	12,601,828	66,231	-	12,668,059
Independence	11,794,507	168,735	-	11,963,242
	56,652,796	667,639	-	57,320,435
Water	21,106,714	101,240	-	21,207,954
Sewer	31,868,891	3,635,341	-	35,504,232
	109,628,401	4,404,220	-	114,032,621
CAPITAL ASSETS				
Land	418,341	-	-	418,341
Buildings	1,903,506	-	-	1,903,506
Building improvements	3,065,235	265,539	-	3,330,774
Furniture and fixtures	749,493	-	-	749,493
Transportation equipment	6,833,672	135,500	-	6,969,172
Miscellaneous equipment	4,506,149	30,031	-	4,536,180
	17,476,396	431,070	-	17,907,466
CONTRIBUTION IN AID OF CONSTRUCTION	-	-	-	-
	$127,104,797	$4,835,290	$ -	$131,940,087

ACCUMULATED DEPRECIATION			
Balance January 1, 2020	**Current Provision**	**Other Additions**	**Balance December 31, 2020**
$18,980,979	$ 785,112	$ -	$19,766,091
10,555,680	120,105	-	10,675,785
9,995,540	107,365	-	10,102,905
39,532,199	1,012,582	-	40,544,781
12,935,738	375,171	-	13,310,909
23,633,672	702,119	-	24,335,791
76,101,609	2,089,872	-	78,191,481
-	-	-	-
607,261	41,906	-	649,167
976,532	68,304	-	1,044,836
615,126	25,528	-	640,654
6,090,801	239,492	-	6,330,293
3,891,059	94,507	-	3,985,566
12,180,779	469,737	-	12,650,516
4,967,086	-	-	4,967,086
$93,249,474	$2,559,609	$ -	$95,809,083

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)