

NEW ISSUE

**Ratings (Standard & Poor's): "A+" (Stable Outlook)
(See "RATINGS" herein.)**

In the opinion of Bond Counsel the interest on the Series 2015 Bonds is included in gross income under existing law. The interest on the Bonds is exempt from Arkansas state income taxation under laws now in force on Bonds owned by residents of the State of Arkansas. See "TAXATION" herein.

OFFICIAL STATEMENT

**\$13,700,000
ARKANSAS DEVELOPMENT FINANCE AUTHORITY
TAXABLE ECONOMIC DEVELOPMENT REVENUE BONDS
(ADFA/AEDC GUARANTY PROGRAMS)
SERIES 2015**

Dated: Date of Delivery

Due: October 1, as shown on the inside cover

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Purchases will be made in book-entry form through DTC Participants, and no physical delivery of the Bonds will be made to purchasers of the Bonds, except as described herein. Payment of principal and interest will be made to purchasers by DTC through its participants.

The Bonds are issued by and are special obligations of the Arkansas Development Finance Authority (the "Authority" or the "Issuer"), secured by the Authority's pledge of all amounts realized by the Authority under the Loan Agreements relating to the Projects financed with the proceeds of the Bonds. See "THE BONDS – Security" herein. The Bonds are payable (except to the extent paid out of money attributable to Bond proceeds, insurance proceeds or otherwise as described herein) from amounts realized by the Authority under the Loan Agreements relating to the Projects financed with the proceeds of the Bonds. The payment of the principal of and interest on the Series 2015 Bonds is guaranteed (to the extent set forth herein) by the Authority pursuant to the ADFA Guaranties, as described herein and by the Arkansas Economic Development Commission (the "Commission") pursuant to the AEDC Guaranties, as described herein. **THE BONDS DO NOT CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF ARKANSAS OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. THE AUTHORITY HAS NO TAXING POWER.**

The Bonds are issuable in book-entry form only in the denomination of \$5,000 or any integral multiple thereof, interchangeable as more fully described herein. Semiannual interest (payable April 1, 2016, and each April 1 and October 1 thereafter) on the Bonds shall be paid by check or draft by Regions Bank (the "Trustee"), to the registered owners of the Bonds as of the record date for such payment as shown on the bond registration books of the Authority maintained by the Trustee. Principal of the Bonds is payable annually at the principal corporate trust office of the Trustee as further described herein. The Bonds will be subject to redemption prior to maturity as set forth herein. The Bonds will mature on October 1 of the years set forth in the maturity schedules on the inside front cover of this Official Statement.

The Bonds are offered when, as and if issued and received by Stephens Inc. (the "Underwriter") and subject to the approval of legality by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas ("Bond Counsel"), and certain other conditions. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC on or about October 21, 2015, in New York, New York.

Stephens Inc.

Crews & Associates, Inc.

Raymond James & Associates, Inc.

Date: October 6, 2015

MATURITY SCHEDULE

\$13,700,000

Base CUSIP* 04108N

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

Taxable Economic Development Revenue Bonds

(ADFA/AEDC Guaranty Programs)

Series 2015

<u>Maturity</u> <u>October 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2017	\$1,235,000	1.197%	1.197%	04108N Z88
2018	1,250,000	1.618%	1.618%	04108N Z96
2019	1,265,000	2.076%	2.076%	04108N 2A9
2020	1,295,000	2.276%	2.276%	04108N 2B7
2021	1,320,000	2.717%	2.717%	04108N 2C5
2022	1,360,000	2.967%	2.967%	04108N 2D3
2023	1,400,000	3.187%	3.187%	04108N 2E1
2024	1,445,000	3.287%	3.287%	04108N 2F8
2025	1,490,000	3.387%	3.387%	04108N 2G6

\$1,640,000 4.107% Term Bond due October 1, 2030

Priced to yield 4.107%

04108N 2H4

* The CUSIP numbers shown above have been assigned by an organization not affiliated with the Issuer. The Issuer was not responsible for the selection of CUSIP numbers, and makes no representation as to the accuracy of such numbers on the Bonds or as indicated herein.

This Official Statement does not constitute an offer to sell the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer. No dealer, salesman or any other person has been authorized to give any information other than that contained in this Official Statement or to make any representations and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Underwriter or any other person. Certain information contained in this Official Statement has been obtained from the Authority, and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and nothing in this Official Statement is to be construed as a representation by the Underwriter. The information and expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Authority, or in other matters described in the Official Statement, since the date hereof.

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No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission. The Bonds have not been approved or disapproved by the Securities and Exchange Commission nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this Official Statement.

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OFFICIAL STATEMENT

\$13,700,000

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
TAXABLE ECONOMIC DEVELOPMENT REVENUE BONDS
(ADFA/AEDC GUARANTY PROGRAMS)
SERIES 2015**

INTRODUCTORY STATEMENT

The purpose of this Official Statement is to furnish certain information in connection with the sale by the Arkansas Development Finance Authority (the “Authority” or the “Issuer”) of its \$13,700,000 Taxable Economic Development Revenue Bonds (ADFA/AEDC Guaranty Programs) Series 2015. The Bonds will be issued pursuant to a Trust Indenture (the “Indenture”), dated as of October 21, 2015, between the Authority and Regions Bank, a banking corporation organized under the laws of the State of Alabama (together with any successors and assigns and any surviving, resulting or transferee entity, the “Trustee”).

The Bonds are special obligations of the Authority and do not constitute a debt or pledge of the faith and credit of the State of Arkansas or any political subdivision or agency thereof. The Authority has no taxing power.

The proceeds to be received by the Authority from the sale of the Bonds will be loaned to or expended on behalf of the entities listed in **Appendix A** hereto opposite the name of such Borrower (each a “Borrower” and collectively the “Borrowers”) to finance projects (each a “Project” and collectively the “Projects”) to be owned by the Borrowers and qualifying for assistance through the Authority as “industrial enterprises” under Act No. 1062 of the Acts of Arkansas of 1985, as amended, and codified at Arkansas Code Annotated §§15-5-101 et seq. (the “Act”). In addition, a portion of the proceeds of the Bonds will be used to pay a portion of the expenses incurred in connection with the issuance of the Bonds.

Pursuant to a Loan Agreement between the Authority and each Borrower (each, a “Loan Agreement”), each Borrower will agree to make loan repayments sufficient in the aggregate, together with payments to be made by the other Borrowers, if any, associated with the Bonds, to pay when due the principal of and premium, if any, and interest on the Bond, and each Borrower will agree to make such repayments or payments sufficient to pay when due the principal of and premium, if any, and interest on the Bonds attributable to such Borrower, as set forth in **Appendix B** hereto.

Pursuant to a security agreement (each a “Security Agreement” and collectively, the “Security Agreements”) between each Borrower and the Authority, each such Borrower will grant the Authority a lien on and security interest in such Borrower’s Project which is composed of only personal property (the “Collateral”). Pursuant to a mortgage (including a security agreement, assignment of rents and leases, and assignment of future advances) (each a “Mortgage” and collectively the “Mortgages”) between each Borrower and the Authority, each such Borrower will grant to the Authority a mortgage on and a security interest in such Borrower’s Project which is composed of both real and personal property (collectively, the

“Mortgaged Property”). The Authority will NOT assign its rights to the Mortgaged Property or the Collateral to the Trustee, and neither the Mortgaged Property nor the Collateral will serve as security for the Bonds.

Payment of debt service (principal and interest only) sufficient to amortize the indebtedness of a portion of the Bonds, in an aggregate principal amount of \$8,700,000 (the “ADFA Guaranteed Bonds”), will be guaranteed (to the extent described under “THE ADFA GUARANTIES” herein) by the Authority pursuant to Act No. 505 of the Acts of Arkansas of 1985, as amended, and codified at Arkansas Code Annotated §§15-5-401 et seq. (“Act 505”), pursuant to guaranty agreements from the Authority to the Trustee (the “ADFA Guaranties”). See **Appendix B** for a list of the ADFA Guaranteed Bonds. The obligations of the Authority as guarantor are limited to available moneys in the Revenue Bond Guaranty Reserve Account (the “ADFA Guaranty Reserve Account”) created and being maintained pursuant to the authority conferred in Act 505. As of June 30, 2015, there were funds on deposit in the ADFA Guaranty Reserve Account totaling \$17,338,729. Upon the issuance of the ADFA Guaranteed Bonds, the Authority will have approximately \$84.7 million in outstanding bond and loan guarantees (principal amount). The Authority is required to issue its own bonds in sufficient amounts to ensure that there will be available at all times in the ADFA Guaranty Reserve Account the necessary funds as required by Act 505. Bonds issued by the Authority to fund its guaranty obligations are secured by earnings derived by the State Board of Finance from investments of the State of Arkansas (the “State”) daily treasury balance. For additional information concerning the limited obligations of the Authority with respect to the ADFA Guaranties and security for guaranty bonds, see “THE ADFA GUARANTIES” herein.

Payment of debt service (principal and interest only) sufficient to amortize the indebtedness of a portion of the Bonds in an aggregate principal amount of \$5,000,000 (the “AEDC Guaranteed Bonds”), will be guaranteed (to the extent described under “THE AEDC GUARANTIES” herein) by the Arkansas Economic Development Commission (the “Commission” or “AEDC”) pursuant to Act No. 173 of the Acts of Arkansas of 1967, as amended, and codified at Arkansas Code Annotated §§15-4-601 et seq. (“Act 173”), pursuant to a guaranty agreement from the Commission to the Trustee (the “AEDC Guaranties”). See **Appendix B** for a list of the AEDC Guaranteed Bonds. The obligations of the Commission as guarantor are limited to available moneys in the Revenue Bond Guaranty Reserve Account (the “AEDC Guaranty Reserve Account”) created and being maintained pursuant to the authority conferred in Act 173. As of June 30, 2015, there were funds on deposit in the AEDC Guaranty Reserve Account totaling \$15,345,911.23. Upon the issuance of the AEDC Guaranteed Bonds, the Commission will have approximately \$45,234,793.00 in outstanding bond guarantees (principal amount). The Commission is required to issue its own bonds in sufficient amounts to ensure that there will be available at all times in the AEDC Guaranty Reserve Account the necessary funds as required by Act 173. Bonds issued by the Commission to fund its guaranty obligations are secured by earnings derived by the State Board of Finance from investments of the State daily treasury balance. For additional information concerning the limited obligations of the Commission with respect to the AEDC Guaranties and security for guaranty bonds, see “THE AEDC GUARANTIES” herein.

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the “State”), particularly the Act, and pursuant to a resolution of

the Authority approving and authorizing the Bonds. The Bonds will not be general obligations of the Authority, but will be separate issues of special obligations payable solely from amounts realized by the Authority under the Loan Agreements relating to the Projects financed with the proceeds of the Bonds (except to the extent paid out of moneys attributable to the ADFA Guaranties described herein or the AEDC Guaranties described herein, as applicable, Bond proceeds, investment income or, under certain circumstances, proceeds of insurance or condemnation awards or payments). The Bonds and interest thereon are obligations only of the Authority, and in no event shall the Bonds or interest thereon constitute an indebtedness for which the faith and credit of the State or any of its revenues are pledged or an indebtedness secured by a lien on or security interest in any property of the State. The Authority has no taxing power.

The Authority has guaranteed and there remain outstanding the following Economic Development Revenue Bonds, bond anticipation notes and State Agencies Facilities Bonds (the "Previous Issues") to finance industrial development and governmental activities in the State:

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Name	Dated Date	Issued	Outstanding As of 6/30/15
1. 2000 Series B Tax-Exempt & Series C Taxable	12/1/2000	\$5,180,000	\$705,000
2. 2001 Tax Exempt – Series A and C	11/1/2001	2,625,000	910,000
3. 2002 Series A	5/1/2002	4,752,500	135,000
4. 2003 Taxable Series C	6/1/2003	6,505,000	835,000
5. 2003 – Venture Capital Program ¹	12/31/2003	10,000,000	10,000,000
6. 2005 Interim Loan – Safe Foods	5/11/2005	4,000,000	1,971,223
7. 2005 Series A	8/16/2005	9,840,000	2,327,500
8. 2007 City of Little Rock (Welspun) – Series A	8/1/2007	6,000,000	4,639,091
9. 2008 City of Little Rock (Sage V) – Series A	11/7/2008	4,455,000	2,520,000
10. 2008 Series A & C	12/17/2008	5,260,000	400,000
11. 2010 City of Hope – Amerities	4/14/2010	6,000,000	2,915,000
12. 2010 Series A & B	4/28/2010	6,737,500	1,267,500
13. 2010 Q Little Scholars of Arkansas Foundation	12/15/2010	5,500,000	5,500,000
14. 2011 Series A	5/25/2011	5,062,500	3,612,500
15. 2012 Horner Holding (guaranteed loan)	8/24/2012	460,000	343,337
16. 2012 A Jacksonville Lighthouse Charter School	10/30/2012	4,500,000	4,500,000
17. 2012 Series A	11/28/2012	7,555,000	6,747,500
18. 2013 Series A – Taxable	9/26/2013	9,750,000	9,275,000
19. 2013 Series C Refunding	10/22/2013	2,390,000	2,160,000
20. 2013 A City of Little Rock (Sage V)	11/5/2013	1,675,000	1,520,000
21. 2013 Series D	12/18/13	4,165,000	4,165,000
22. 2013 Global Foods – Interim Loan	12/20/13	2,700,000	2,642,721
23. 2014 Interim Loan – Southwind	6/11/14	345,625	345,625
24. 2014 A&B Methodist Refunding	7/15/14	4,290,000	4,275,000
25. 2015 Academics Plus Refunding (MF)	3/17/15	6,135,000	6,135,000
Total		\$125,883,125	\$79,846,997

The Previous Issues and other Economic Development Revenue Bonds that are no longer outstanding were used to finance 179 industrial projects located in the State for 143 separate borrowers. In addition, after the date of issuance of the Bonds, the Authority expects to issue additional bonds for additional facilities under its ADFA Guaranty Program, which is the program under which the ADFA Guaranteed Bonds are guaranteed by the Authority. Previously issued bonds of the Authority are, and any additional bonds will be, separately secured, and any mortgaged property or collateral, if any, securing such bonds do not and will not secure the Bonds. However, the bonds previously issued under the ADFA Guaranty Program are guaranteed by the Authority from moneys in the ADFA Guaranty Reserve Account on a pari passu basis with the Bonds, and the Authority anticipates that additional bonds, if any, will also be guaranteed pari passu by the Authority from the ADFA Guaranty Reserve Account.

This Official Statement contains brief descriptions of the Authority, the Bonds, the ADFA Guaranties, the AEDC Guaranties, the Loan Agreements, and the Indenture. The

¹ Maximum amount authorized to be guaranteed under the Venture Capital Program.

descriptions and summaries herein do not purport to be comprehensive or definitive and reference is made to each document for the complete details of all terms and conditions. Terms not defined herein shall have the meanings set forth in the respective documents. All statements herein are qualified in their entirety by reference to each document. (See “MISCELLANEOUS” herein for information regarding availability of the documents.)

THE AUTHORITY

The Authority is a public body politic and corporate of the State of Arkansas (the “State”), created in 1985 by the Act. The Authority is the successor to the Arkansas Housing Development Agency, an agency of the State created in 1977, whose obligations, debts, commitments and liabilities have been transferred to and assumed by the Authority. The Authority was created for the primary purpose of assisting in financing agricultural, business, industrial, economic and housing development in the State through the provision of financial assistance to political subdivisions and private enterprises within the State. The Act authorizes the Authority to borrow money and issue from time to time its bonds, notes and other obligations in such principal amounts as the Authority determines shall be necessary to provide sufficient funds to carry out its purposes and powers.

The powers of the Authority are vested in the Board of Directors, consisting of the Director of the Department of Finance and Administration and eleven (11) public members appointed by the Governor with the advice and consent of the State Senate. The Treasurer of the State also serves as an ex-officio voting member. The Act provides that the Board shall employ a President who shall serve at the pleasure of the Governor, shall be an ex-officio, nonvoting member of the Board and may be elected Secretary to the Board.

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Officers and Directors.

The names, offices, principal occupations and residences of the members of the Authority and the dates of expiration of their terms are set forth below:

NAME AND OFFICE	TERM EXPIRES (JANUARY 14)	PRINCIPAL OCCUPATION AND RESIDENCE
Dr. Richard Burnett, Chair	2018	Physician, Gassville
Robert "Sonny" Jones, Vice-Chair	2018	Timber Industry (Retired), Monticello
Aaron Burkes, Secretary	(ex-officio, nonvoting)	President, Arkansas Development Finance Authority, Little Rock
Charley Baxter	2017	Director, Patrick Henry Hays Senior Citizens Center, North Little Rock
Anthony Brooks	2017	President, Platinum Drywall, Inc., Little Rock
Julie McGough-Mills	2017	Self-Employed, Little Rock
Stanley D. Green	2019	President, Clear Energy, Inc., Fayetteville
Jennifer Ronnel	2016	Attorney, Little Rock
Jesse Sharp	2016	USDA Rural Development (retired), Beebe
Thomas W. Spillyards	2017	Banker (retired), Rogers
Alan Lee Turnbo	2016	Executive Director, Cabot Housing Authority, Cabot
John Cooley	2019	Executive Vice President and Chief Financial Officer, Propak Logistics, Inc., Fort Smith
Dennis Milligan	(ex-officio)	State Treasurer, Little Rock
Larry W. Walther	(ex-officio)	Director, Arkansas Department of Finance and Administration, Little Rock

The staff of the Authority presently consists of approximately fifty-six (56) full-time employees. The ADFA Guaranty Program is administered by the Development Finance Section of the Authority. The Development Finance Section has five employees. Brad Henry, Vice President of Development Finance, has 9 years of experience in investment banking and economic development. Chuck Cathey, a Development Finance Officer, has 36 years of experience in finance and banking. Ro Arrington, a Development Finance Officer, has 30 years of experience in finance and investment banking. Mr. Henry, Mr. Cathey, and Mr. Arrington are responsible for the operations of the economic development loan programs, including credit analysis, structuring, loan administration, and closings. The remaining two employees in the section all have experience in finance and banking.

The office of the Authority is located at 900 West Capitol Avenue, Suite 310, Little Rock, Arkansas 72201. Its telephone number is (501) 682-5900, and its mailing address is Post Office Box 8023, Little Rock, Arkansas 72203, and its website is <http://www.arkansas.gov/adfa/>.

Other Programs. The Authority has issued, and may continue to issue, other series of bonds or notes for the purpose of financing other projects and programs. Each such series of bonds or notes is or will be secured by instruments separate and apart from the Indenture securing the Bonds and is or will be payable from different sources of revenue.

Plans. The Authority may issue additional series of ADFA Guaranty Bonds in the future. In 2003, the Authority initiated the funding for the Arkansas Institutional Fund (the "AIF"), an institutional fund of funds venture capital program created by the Arkansas General Assembly in

2001. The Venture Capital Investment Act of 2001 authorizes the Authority to assist in increasing the availability of equity and near-equity capital for emerging, expanding, relocating and restructuring enterprises in the State through the creation of an institutional partnership fund. The ADFA Guaranty Reserve Account is subject to the first \$10 million of losses incurred by the AIF. The funding is structured as a guaranteed line of credit with a financial institution with draws occurring on an as-needed basis. The outstanding balances were \$24.7 million as of June 30, 2014, and \$27.5 million as of June 30, 2015. As of June 30, 2015, there were 11 approved investments totaling \$37.2 million, of which \$9.6 million has yet to be funded that are anticipated to become part of the AIF.

THE BONDS

General. The Bonds are dated the date of closing and bear interest from such date, payable semiannually on October 1 and April 1 of each year, commencing April 1, 2016, at the rates set forth on the inside front cover page hereof. The Bonds mature on October 1 in the years and in the principal amounts set forth on the inside front cover page hereof. Each Bond shall be dated as of the date on which it is authenticated or if it is authenticated prior to a date on which interest is paid, it shall be dated as of the date of delivery.

The Bonds will be registered with DTC (as defined below) 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 Bond is mutilated, lost or destroyed, the Authority may execute and the Trustee may authenticate a new Bond in accordance with the provisions therefor in the Indenture.

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

Book-Entry Only System. The Bonds will be issued only as one fully registered Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as registered owner of all the Bonds. The fully registered Bonds will be retained and immobilized in the custody of the Trustee.

DTC (or any successor securities depository) or its nominee for all purposes under the Indenture will be considered by the Issuer and the Trustee to be the owner or holder of the Bonds.

Owners of any book entry interests in the Bonds (the “book entry interest owners”) described below, will not receive or have the right to receive physical delivery of the Bonds, and will not be considered by the Issuer and the Trustee to be, and will not have any rights as, owners

or holders of the Bonds under the bond proceedings and the Indenture except to the extent, if any, expressly provided thereunder.

CERTAIN INFORMATION REGARDING DTC AND DIRECT PARTICIPANTS IS SET FORTH BELOW. THIS INFORMATION HAS BEEN PROVIDED BY DTC. THE ISSUER, THE UNDERWRITER AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR THE ACCURACY OF SUCH STATEMENTS.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any

change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are to be redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Payment of debt service and redemption proceeds with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on 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 Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and debt service to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

BENEFICIAL OWNERS SHOULD CONSULT WITH THE DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS FROM WHOM THEY PURCHASE A BOOK ENTRY INTEREST TO OBTAIN INFORMATION CONCERNING THE SYSTEM MAINTAINED BY SUCH DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO RECORD SUCH

INTERESTS, TO MAKE PAYMENTS, TO FORWARD NOTICES OF REDEMPTION AND OF OTHER INFORMATION.

THE ISSUER AND THE TRUSTEE HAVE NO RESPONSIBILITY OR LIABILITY FOR ANY ASPECTS OF THE RECORDS OR NOTICES RELATING TO, OR PAYMENTS MADE ON ACCOUNT OF, BOOK ENTRY INTEREST OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO THAT OWNERSHIP.

The Trustee and the Authority, so long as a book entry method of recording and transferring interest in the Bonds is used, will send any notice of redemption or of any Indenture amendment or supplement or other notices to Bondholders under the Indenture only to DTC (or any successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participants, or of any Direct Participants or Indirect Participants to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption, the Indenture amendment or supplement, or any other action premised on notice given under the Indenture.

The Authority and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

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

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

Security. The Bonds are special obligations of the Authority payable solely, except as otherwise set forth in this Official Statement, from moneys derived from payments by the Borrowers to the Authority pursuant to the Loan Agreements. The Bonds and interest thereon are obligations only of the Authority and in no event shall the Bonds or interest thereon constitute an indebtedness of the State or an indebtedness for which the faith and credit of the State or any of its revenues are pledged or an indebtedness secured by a lien on or a security interest in any property of the State. The Authority has no taxing power.

As security for the Bonds, the Authority will assign and pledge to the Trustee in the Indenture all of its rights (other than certain rights and interests relating primarily to indemnification and payment of fees and expenses) to receive revenues under and pursuant to the related Loan Agreements. The Loan Agreements provide that the Borrowers shall be obligated to make payments sufficient in the aggregate to pay when due the principal of and premium, if any, and interest on the related Bonds.

Pursuant to the Mortgage or the Security Agreement, the Borrowers who have entered into Loan Agreements have granted to the Authority mortgage liens on and security interests in the Mortgaged Property or Collateral as follows:

- (a) A first mortgage lien on the real properties constituting each Project; and/or
- (b) A perfected security interest in any equipment or personal property financed by Bond proceeds.

The Authority will NOT assign the Mortgages or the Security Agreements to the Trustee pursuant to the Indenture, and the Mortgaged Property and Collateral will NOT serve as security for the Bonds.

The payment of principal and interest on the ADFA Guaranteed Bonds is guaranteed by the Authority under the ADFA Guaranties, all as described herein. See “THE ADFA GUARANTIES.”

The payment of principal and interest on the AEDC Guaranteed Bonds is guaranteed by the Commission under the AEDC Guaranties, all as described herein. See “THE AEDC GUARANTIES.”

Redemption. The Bonds are subject to redemption prior to maturity as follows:

Special Redemption.

(a) Damage, Destruction or Legal Curtailment. The Bonds attributable to a Borrower shall be redeemed in whole or in part, at the option of the Authority at the direction of such Borrower upon written notice to the Trustee, from the proceeds of insurance in the event of major damage or destruction of the Project financed for such Borrower pursuant to the provisions of the related Loan Agreement, or from the legal curtailment of the use and occupancy of all or substantially all of such Project for any reason other than condemnation, on any interest payment date, at a redemption price equal to the principal amount of such Bonds plus accrued interest to the redemption date. (See “THE LOAN AGREEMENTS – Optional Prepayment” herein.

(b) Event of Default under a Loan Agreement. The Bonds attributable to a Borrower shall be redeemed in whole or in part at any time at the option of the Authority, if the Authority notifies the Trustee in writing that an event of default has occurred under the Loan Agreement related to such Borrower and that it requests a redemption of such Bonds, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

(c) Condemnation. Upon written notice to the Trustee, the Bonds attributable to a Borrower shall be redeemed in whole or in part from the proceeds of condemnation of all or substantially all of the Project financed for such Borrower on any interest payment date at a redemption price equal to the principal amount of such Bonds plus accrued interest to the redemption date.

(d) **Unexpended Proceeds.** At any time, the Bonds shall be redeemed in whole or in part, at the option of the Authority, from Bond proceeds not needed for construction of the Project, upon notice to the Trustee at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed plus accrued interest to the redemption date.

Optional Redemption. On or after October 1, 2022, the Bonds attributable to a Borrower (or any portion thereof in \$5,000 multiples) will be subject to redemption prior to maturity, at the option of the Authority upon the direction of such Borrower, in whole or in part, on any date (and by lot within a maturity in such manner as the Trustee may determine) at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption.

In the case any outstanding Bond is in a denomination greater than \$5,000, each \$5,000 of face value of such Bond shall be treated as a separate Bond of the denomination of \$5,000.

Sinking Fund Redemption. The Bonds maturing on October 1, 2030 are subject to mandatory sinking fund redemption on the following dates and in the following amounts:

Bonds Maturing October 1, 2030

<u>Redemption Date</u>	<u>Principal Amount</u>
10/1/2026	\$135,000.00
10/1/2027	140,000.00
10/1/2028	145,000.00
10/1/2029	155,000.00
10/1/2030*	1,065,000.00

* Final Maturity

Notice of Redemption. Notice of the call for any redemption, identifying the Bonds or portions thereof (which shall be \$5,000 or a multiple thereof) being called and the date on which they shall be presented for payment, shall be mailed by the Trustee by first class mail or by other acceptable standard, including facsimile, to the registered owner of each such Bond to be redeemed addressed to such registered owner at his registered address and placed in the mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure or defect has occurred.

Any notice as provided above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

While the Bonds are being held by DTC under the book-entry system, notice of redemption will be sent only to DTC. See “THE BONDS--Book-Entry Only System” herein.

Selection of Bonds to be Redeemed. For the purposes of selecting Bonds or portions thereof of like maturity for redemption, if the Bonds are not held by DTC under the book-entry

system, the Trustee shall select such Bonds by lot in such manner as the Trustee deems fair. Bonds (or portions thereof) may be redeemed only in a principal amount equal to \$5,000 or any integral multiple thereof, with each \$5,000 of principal amount to be redeemed considered as one Bond.

If the Bonds are being held by DTC under the book-entry system and less than all of such Bonds within a maturity are being redeemed, DTC’s current practice is to determine by lot the amount of the interest of each DTC Participant (as hereinafter defined) in such maturity to be called for redemption, and each DTC Participant is to then select by lot the ownership interest in such maturity to be redeemed. See “THE BONDS--Book-Entry Only System” herein.

THE GUARANTIES

The ADFA Guaranties.

General. The payment of the principal of and interest on a portion of the Bonds (the “ADFA Guaranteed Bonds,” having an aggregate principal amount of \$8,700,000), is guaranteed by the Authority pursuant to the authority conferred by, and subject to the conditions specified in, Act 505 (the “ADFA Guaranties”).

Limited Obligations. The obligations of the Authority as guarantor are limited to available moneys in the ADFA Guaranty Reserve Account created and being maintained pursuant to the authority conferred by Act 505. The moneys in that account stand behind all guaranties of the Authority, including the ADFA Guaranties with respect to the ADFA Guaranteed Bonds. The Authority is authorized to guarantee any of its bonds issued under the Act, including bonds for industrial enterprises, governmental capital improvements, educational facilities, health care facilities and housing developments. A twelve-year history of bonds guaranteed by the Authority and balances in the ADFA Guaranty Reserve Account are as follows:

AS OF DECEMBER 31	CUMULATIVE OUTSTANDING PRINCIPAL BALANCE OF ADFA GUARANTEED BONDS	BALANCE IN ADFA GUARANTY RESERVE ACCOUNT
2003	\$87,372,013	\$21,727,121
2004	85,404,806	22,120,400
2005	98,066,111	22,254,711
2006	95,782,739	21,685,139
2007	96,853,694	23,251,814
2008	95,252,426	23,947,023
2009	90,440,264	19,575,132
2010	106,444,942	18,272,010
2011	97,253,616	18,422,027
2012	98,830,828	19,030,939
2013	104,699,197	19,118,401
2014	86,067,814	17,219,306
2015*	79,548,383	17,382,284

* Information for 2015 is as of August 31, 2015.

As of June 30, 2015, the debt service on four (4) loans guaranteed by the Authority in the total outstanding bond principal amount of \$2,647,500 was in default under the related repayment agreements, and the Authority is pursuing work-out arrangements, proceeding with foreclosure or liquidating collateral on these issues. Scheduled debt service and accelerated principal payment on those loans for the past year was \$4,449,050 in principal and interest, of which \$4,219,402 has been paid by the Authority. The amount paid was funded in part from recoveries from sales of related collateral, work-out agreements, and other remedial action, in the amount of \$805,665. In cases of default on an underlying repayment agreement, the Authority may pay debt service on the related guaranteed bonds as the same becomes due, or may cause the maturity of such bonds to be accelerated or cause such bonds to be redeemed. There can be no assurance as to how the Authority may proceed with respect to any similar future default.

The Authority is required under its outstanding guaranties and by Act 505 to keep on deposit in the ADFG Guaranty Reserve Account sufficient funds to enable it to make when due all debt service payments guaranteed by it. If necessary to discharge its obligations under such covenant, the Authority is required to issue its own bonds (the "Authority Bonds") from time to time under Act 505 in sufficient amounts to insure that there will be available at all times in the ADFG Guaranty Reserve Account the necessary funds.

Any Authority Bonds issued to fund such guaranty obligations as aforesaid are payable from earnings derived by the State Board of Finance from investments of the State's daily treasury balances ("Treasury Earnings"). See "THE GUARANTIES – Treasury Earnings" for a discussion of the amount of Treasury Earnings, other pledges of Treasury Earnings, portions of Treasury Earnings that are unavailable to be pledged to secure any Authority Bonds, and related matters.

In the event the Authority issues any Authority Bonds, it is required by law to notify the State Board of Finance as to the amount that will be needed each month to provide for the payment of the principal of and interest on such Authority Bonds, and the State Board of Finance is required to set aside the required amount from Treasury Earnings and to pay that amount to the Authority for deposit in a special account of the Authority in a bank or trust company, to be used solely for paying debt service on the Authority Bonds. Such amounts so set aside are expressly declared to be cash funds and are not to be deposited in the State Treasury; therefore, no appropriation is required for their payment. To date, the Authority has not issued any Authority Bonds.

There can be no assurance that under then prevailing market conditions future Authority Bonds can be sold and issued at such times required to provide the necessary funds to satisfy the Authority's guaranty obligations.

Aggregate Guaranty Limit. Under Act 505, the total principal amount of all outstanding bonds, which may be guaranteed by the Authority, is the lesser of (1) \$150,000,000, or (2) an amount equal to ten times the amount currently on deposit in the ADFG Guaranty

Reserve Account. Upon the issuance of the ADFA Guaranteed Bonds, the Authority will have approximately \$84.7 million in outstanding bond guarantees and loan guaranties.

Authority Approvals. The Authority has issued its bond guaranty approvals pursuant to which the ADFA Guaranties will be issued, which approvals have been agreed to and acknowledged by the related Borrowers (the “ADFA Approvals”). The ADFA Approvals contain certain financial and other representations, warranties and covenants from the Borrowers. All of such representations, warranties and covenants are for the benefit of the Authority only and can be waived, amended or modified by the Borrowers and the Authority.

The AEDC Guaranties.

General. The payment of the principal of and interest on \$5,000,000 aggregate principal amount of the Bonds (the “AEDC Guaranteed Bonds”) is guaranteed by the Commission pursuant to the authority conferred by, and subject to the conditions specified in, Act 173 (the “AEDC Guaranties”)

Limited Obligations. The obligations of the Commission as guarantor are limited to available moneys in the AEDC Guaranty Reserve Account created and being maintained pursuant to the authority conferred in Act 173. The moneys in that account stand behind all guaranties of the Commission, including the AEDC Guaranties with respect to the AEDC Guaranteed Bonds. Although the Commission has thus far limited the use of its guaranty to projects to finance industrial enterprises, the Commission is authorized to guarantee any Act 9 bonds (local industrial development bonds) and any bonds issued under the Act, including bonds for governmental capital improvements, educational facilities, health care facilities and housing developments. A ten-year history of bonds guaranteed by the Commission and balances in the AEDC Guaranty Reserve Account is as follows:

AS OF DECEMBER 31	CUMULATIVE OUTSTANDING PRINCIPAL BALANCE OF AEDC GUARANTEED BONDS	BALANCE IN AEDC GUARANTY RESERVE ACCOUNT
2005	\$48,506,376	\$18,433,621
2006	55,507,980	19,460,482
2007	55,826,040	21,006,310
2008	62,317,163	21,363,427
2009	53,256,839	19,357,825
2010	59,346,031	17,496,192
2011	58,718,701	16,900,675
2012	57,664,806	17,217,374
2013	60,169,713	15,354,766
2014	46,231,397	15,697,365
2015*	40,256,220	15,407,521

* Information for 2015 is as of August 31, 2015.

As of June 30, 2015, there were outstanding guaranties on 25 bond issues and interim loans aggregating approximately \$40,926,043 in outstanding principal amount. As of June

30, 2015, four (4) loans underlying these financings were in default. The aggregate principal amount outstanding under such financings on such date was \$5,115,000. During the period from July 1, 2014 through June 30, 2015, the AEDC disbursed \$712,095 from the AEDC Guaranty Reserve Account to pay debt service on AEDC-guaranteed bonds relating to three (3) of these defaulted financings. In cases of default on an underlying loan, it historically has been the AEDC's general practice to pay debt service on the related guaranteed bonds as the same becomes due. The AEDC has on occasion caused the maturity of such bonds to be accelerated and may do so again in the future with respect to any bonds it has guaranteed, including the Bonds.

The Commission is required under its outstanding guaranties and by Act 173 to keep on deposit in the AEDC Guaranty Reserve Account sufficient funds to enable it to make when due all debt service payments guaranteed by it. If necessary to discharge its obligations under such covenant, the Commission is required to issue its own bonds (the "AEDC Bonds") from time to time under Act 397, also known as the Industrial Development Guaranty Bond Act, in sufficient amounts to insure that there will be available at all times in the AEDC Guaranty Reserve Account the necessary funds. Any AEDC Bonds issued to fund such guaranty obligations as aforesaid are payable from Treasury Earnings. See "THE GUARANTIES – Treasury Earnings" for a discussion of the amount of Treasury Earnings, other pledges of Treasury Earnings, portions of Treasury Earnings that are unavailable to be pledged to secure any AEDC Bonds, and related matters.

In the event the Commission issues any AEDC Bonds, it is required by law to notify the State Board of Finance as to the amount that will be needed each month to provide for the payment of the principal of and interest on such AEDC Bonds, and the State Board of Finance is required to set aside the required amount from Treasury Earnings and to pay that amount to the Commission for deposit in a special account of the Commission in a bank or trust company, to be used solely for paying debt service on the AEDC Bonds. Such amounts so set aside are expressly declared to be cash funds and are not to be deposited in the State Treasury; therefore, no appropriation is required for their payment. In April 1990, the Commission issued \$5,300,000 of AEDC Bonds with a term of ten years for the purpose of replenishing the AEDC Guaranty Reserve Account. Such AEDC Bonds have now been fully paid.

There can be no assurance that under then prevailing market conditions future AEDC Bonds can be sold and issued at such times required to provide the necessary funds to satisfy the Commission's guaranty obligations.

Aggregate Guaranty Limit. Under Act 173, the total principal amount of all outstanding bonds, which may be guaranteed by the AEDC, is \$100,000,000. Upon the issuance of the Bonds, the AEDC will have approximately \$45,234,793 in outstanding bond guaranties.

Commission Approval. The Commission has issued its bond guaranty approval pursuant to which the AEDC Guaranties will be issued, which approval has been agreed to and acknowledged by the related Borrower (the "AEDC Approval"). The AEDC Approval contains certain financial and other representations, warranties and covenants from such Borrower. All of such representations, warranties and covenants are for the benefit of the Commission only and can be waived, amended or modified by such Borrower and the Commission.

Treasury Earnings.

Amounts. Treasury Earnings for the periods specified are as follows:

7/1/03 – 6/30/04	\$ 31,870,229
7/1/04 – 6/30/05	\$ 46,688,504
7/1/05 – 6/30/06	\$ 87,502,449
7/1/06 – 6/30/07	\$100,776,886
7/1/07 – 6/30/08	\$115,650,293
7/1/08 – 6/30/09	\$ 72,616,343
7/1/09 – 6/30/10	\$ 36,059,429
7/1/10 – 6/30/11	\$ 27,285,478
7/1/11 – 6/30/12	\$ 23,446,124
7/1/12 – 6/30/13	\$ 18,184,730
7/1/13 – 6/30/14	\$ 20,390,739
7/1/14 – 6/30/15	\$ 22,331,183

Source: Chief Financial Officer, Arkansas State Treasury

Amounts Unavailable. Certain portions of the Treasury Earnings set forth above are related to specific trust funds of the State of Arkansas and are unavailable to be pledged to secure any Authority Bonds or AEDC Bonds. For the fiscal years 2011, 2012, 2013, 2014 and 2015 such trust fund earnings amounts were \$6,954,417, \$1,259,727, \$931,934, \$922,579 and \$817,834, respectively. See the caption “Other Pledges; Priority” below for a discussion of other amounts of Treasury Earnings which may be unavailable to be pledged to secure any Authority Bonds or AEDC Bonds.

Other Pledges; Priority. There is no legislation specifically covering the priority of pledges of Treasury Earnings in favor of bonds issued by the Authority and the Commission, and the matter has not been litigated. The priority of pledges could be ranked and determined on the basis of outstanding principal amount and chronological order of issuance of such bonds or on some other basis, or such pledges could be deemed to be on a parity of priority.

Special Revenue Uses of Treasury Earnings. Act No. 438 of 1979, as amended, and Act No. 327 of 1983, as amended, classified interest income earned on the gasoline tax of the Arkansas Highway and Transportation Department and on the license fees of the Arkansas Game and Fish Commission as special revenues. These special revenues are direct deductions from the Treasury Earnings and are, therefore, not available for pledge to secure any Authority Bonds or AEDC Bonds.

The interest income associated with these special revenues for the last ten fiscal years is as follows:

2006	\$4,990,592	2011	\$5,519,154
2007	\$5,528,847	2012	\$5,106,702
2008	\$7,913,727	2013	\$4,807,877
2009	\$6,031,880	2014	\$5,807,875
2010	\$5,421,126	2015	\$6,801,087

Source: Chief Financial Officer, Arkansas State Treasury

Act No. 202 of 1989, as amended, established the Arkansas Child Care Facilities Loan Guarantee Trust Fund (the “Child Care Fund”) which is being funded from the first available Treasury Earnings in each fiscal year after the payment to the Correctional Facility Fund. The yearly payment to the Child Care Fund is \$100,000 until the Fund reaches a balance of \$350,000. In the event that the Child Care Fund balance subsequently falls below \$100,000, the annual deposits of Treasury Earnings will be resumed until the Child Care Fund reaches \$350,000.

There can be no assurance that the Arkansas General Assembly will not in the future approve additional special uses for Treasury Earnings which may further reduce the amount of Treasury Earnings available to amortize any Authority Bonds or AEDC Bonds and thus affect the ability of the Authority and the Commission to issue Authority Bonds or AEDC Bonds to meet their obligations under the ADFA Guaranties and the AEDC Guaranties.

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SOURCES AND USES OF FUNDS

The proceeds of the Bonds will be deposited into the Funds established under the Indenture. The remainder of such proceeds of the Bonds will be deposited in the Loan Fund. The sources and uses of funds are expected to be supplied and applied approximately as follows:

Sources of Funds:

Par Amount of Bonds	\$13,700,000
ADFA Prepaid Guarantee Fee	142,500
AEDC Prepaid Guarantee Fee	<u>6,250</u>
Total	<u>\$13,848,750</u>

Uses of Funds:

Loan Fund	\$13,036,801
ADFA Guarantee Fee	435,000
AEDC Guarantee Fee	250,000
Cost of Issuance including Underwriter's Discount	<u>126,949</u>
Total	<u>\$13,848,750</u>

THE PROJECTS

The Projects to be financed with proceeds of the Bonds are described in Appendix A attached hereto. Each Project is eligible to be financed as an "industrial enterprise" pursuant to the Act. In addition, each loan to a Borrower to be financed with proceeds of the Bonds meets or exceeds the Authority's Development Finance Loan Policy, adopted by the Authority's Board of Directors in August 2003 and summarized as follows:

Standard credit policies include requirements that each applicant comply with state and federal law; demonstrate and document that the project to be financed will have a positive impact on employment or actively assist in the economic development of the State; and demonstrate reasonable assurance that the loan will be repaid. For existing businesses, loan may not exceed 90% of the appraised market value or cost, whichever is less, of the facilities financed. For new businesses, 70% is the maximum loan-to-value-or-cost ratio. Financial projections, completed according to specified rules, must demonstrate cash flow at least equal to outstanding and projected debt. Appraisals are required where proceeds are to be used to acquire (or where collateral includes) existing real estate or used equipment. All collateral must be appropriately insured and pledged to the Authority on a first mortgage or first security interest basis, as applicable. The Authority requires personal guaranties from each owner of 10% or more of the borrower and may require guaranties from affiliated companies. The term of a loan may not exceed the expected useful economic life of the assets being financed. The Authority may require key person life insurance. Phase one environmental assessments are required where real estate is included in collateral.

The Authority requires annual audited financial statements from borrowers whose debt to the Authority exceeds \$1,000,000 and financial statements reviewed by an independent certified public accountant from other borrowers.

The Authority's Development Finance Loan Policy contains procedures for initial and periodic loan review, initial and periodic credit quality ratings, and initial and annual site inspections. Quality ratings are: Class I (Highest Quality); Class II (Good Quality); Class III (Satisfactory Quality); Class IV (Below Average Quality); Class V (Poor Quality); and Class VI (Poorest Quality). All loans are reviewed at least semi-annually; loans rated below Class III are reviewed monthly.

The foregoing does not purport to summarize all the provisions of the Authority's Development Finance Loan Policy. Interested persons may obtain copies of the policy by contacting the Authority.

The Authority is subject to annual examination by the Arkansas State Bank Department with respect to its development finance loans and certain other loans.

THE LOAN AGREEMENTS

The following is a summary of certain common provisions of the Loan Agreements and does not purport to be comprehensive or complete. Reference is made to each Loan Agreement for its complete provisions.

Acquiring, Constructing and Equipping of the Project. The Borrower shall cause the Project to be acquired, constructed and equipped with all reasonable dispatch in order to effectuate the purposes of the Act in accordance with the proposed plans and specifications submitted to the Authority in the Borrower's application for an ADFA or AEDC Guaranty. The Borrower shall have the sole responsibility for the acquiring, constructing and equipping of the Project and may perform the same itself or through its agents, and shall have the full authority and sole right to supervise and control directly or indirectly, all aspects of the acquiring, constructing and equipping of the Project. The Project shall be the property of the Borrower.

Proceeds from the sale of the Bonds will be deposited into the applicable account of the Loan Fund in the Bond Fund created under the Indenture. The fees for the ADFA Guaranties and the AEDC Guaranties will be paid to the respective guarantors. The Trustee will make disbursements from the applicable Borrower account of the Loan Fund to pay the costs and expenses of acquiring, constructing and equipping the Project ("Project Costs"), including reimbursement to the Borrower for any amount of the Project Costs paid by it and all other items included in Project Costs as specified in the Loan Agreement. Such disbursements shall be in accordance with and pursuant to requisitions signed by an authorized representative of the Borrower and approved by the Authority.

Whenever the Borrower certifies to the Authority in writing that the Project has been completed, the balance of funds remaining in the Loan Fund (except for amounts retained by the Trustee at the Authority's direction for Project Costs not then due and payable) will at the direction of the Authority be deposited in the Bond Fund.

Loan Payments and Payment of Other Amounts. The Borrower covenants to pay on the 15th day of each month an amount equal to one-sixth of the amount of interest due on the portion of the Bonds related to the Borrower coming due on the next interest payment date and one-twelfth of the principal of the portion of the Bonds related to the Borrower coming due on the next principal payment date. A portion of moneys held by the Trustee in the applicable account of the Bond Fund on a payment date in excess of the amount required for payment of the Bonds which have matured on a maturity date or on a redemption date prior to such payment date, past due premium, if any, on such Bonds and past due interest, where Bonds have not been presented for payment, shall be credited against the payment due on such date. If at any time the amount held by Trustee in the applicable account of the Bond Fund should be sufficient (and remain sufficient) to pay at the times required the principal of and premium, if any, and interest on the portion of the Bonds related to the Borrower then remaining unpaid the Borrower shall not be obligated to make any further payments under the provisions of the Loan Agreement.

The Borrower agrees to pay a proportionate share of the fees, charges and expenses of the Trustee as Trustee and Paying Agent. The Borrower also agrees to pay to the Authority a proportionate share of the reasonable and necessary expenses incurred by the Authority with respect to the Loan Agreement, the Indenture and any transaction or event contemplated by the Loan Agreement or the Indenture, which are not otherwise required to be paid by the Borrower under the terms of the Loan Agreement and to pay a proportionate share of the Authority's annual administrative fee.

In the event the Borrower should fail to make, or cause to be made, any of the above required payments, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid.

Obligations of the Borrower Unconditional. The obligations of the Borrower to make the required payments and to perform and observe the other agreements on its part contained in the Loan Agreement shall be absolute and unconditional, irrespective of any defense or any right of set-off, recoupment or counterclaim it might otherwise have against the Authority, the Trustee, AEDC, or a vendor, and the Borrower shall pay during the term of the Loan Agreement the payments to be made on account of the loan and all other payments required under the Loan Agreement free of any deductions and without abatement, diminution or set-off; and until such times as the principal of and premium, if any, and interest on the portion of the Bonds related to the Borrower shall have been fully paid, or provisions for the payment thereof shall have been made in accordance with the Indenture, the Borrower (i) will not suspend or discontinue any such payments; (ii) will perform and observe all of its other agreements contained in the Loan Agreement; and (iii) except as provided in the Loan Agreement, will not terminate the Loan Agreement for any cause, including, without limiting the generality of the foregoing, failure to complete the Project, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax laws of the United States of America or the State or any political subdivision of either of them, or any failure of the Authority or the Trustee to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement or the Indenture.

Maintenance of Corporate Existence. Except as described below, the Borrower agrees that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, however, the Borrower may, without violating the Loan Agreement, consolidate with or merge into another domestic corporation (that is a corporation organized and existing under the laws of one of the states of the United States of America) or permit one or more other domestic corporations to consolidate with or merge into it, or sell or other transfer to another domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, on the condition that the successor corporation shall expressly assume in writing all of the obligations of the Borrower contained in the Loan Agreement, that the net tangible assets of the other corporation after such consolidation, merger or sale be at least equal to the net tangible assets of the Borrower immediately prior to such consolidation, merger or sale and that the other corporation shall be qualified to do business in the State. As used herein, “net tangible assets” means all assets (except there shall not be included goodwill) less all liabilities.

Insurance.

(a) So long as any of the Bonds are outstanding, the Borrower agrees that it will, at its cost and expense, keep the Project insured during construction of the Project with builder’s all-risk insurance, and following construction, public liability insurance, workers’ compensation insurance, and multi-risk insurance on the Project, such insurance must provide coverage and be issued by a company satisfactory to the Authority showing the Authority named as mortgagee or lessor in the loss payable clause of the multi-risk policy and the Authority named as an additional insured in the public liability policy. The multi-risk insurance shall be in an amount at least equal to the amount of the principal amount of Bonds outstanding attributable to the Borrower. The Authority shall have the right during the Borrower’s normal business hours from time to time to review the original policies of such insurance. If the property is located in a flood plain, such policies shall include coverage for flood and rising waters, as the Authority may require.

(b) The certificate(s) of insurance evidencing required insurance coverage shall recite that the coverages being provided are in force and satisfy paragraph (a) above and shall contain the written obligation on the part of the insurance carrier to notify the Authority in writing at least thirty (30) days prior to any cancellation, termination, or material amendment of its policy.

Events of Default. The occurrence of any one of the following shall constitute an “Event of Default” under the Loan Agreement:

(a) A payment under the Borrower’s promissory note to the Authority (the “Note”) shall not be made in the manner or time required thereunder; or

(b) Any other payment required by the Loan Agreement, the Mortgage, the Security Agreement, or other security document given by Borrower to secure the Note (the “Security Documents”) shall not be made in the manner required thereunder and

such failure shall continue for a period of fifteen (15) days after receipt of written notice to the Borrower; or

(c) Any representation or warranty made in connection with the execution and delivery of the Loan Agreement, the Note, any Guaranty or reimbursement agreement given to the Authority or the Commission to secure the Note (a “Guaranty”) or any of the Security Documents or in any certificate furnished to the Authority or the Commission pursuant the Loan Agreement or any Security Document shall prove to be at any time incorrect when made; or

(d) The Borrower shall default in the performance of any other term, covenant or agreement contained in the Loan Agreement, the Note, any Guaranty to ADFA or AEDC or any of the Security Documents or contained in any other loan, mortgage, note, security agreement or other obligation of the Borrower to the Authority, and such default shall continue unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Authority; or

(e) The Borrower, any Guarantor or key person of Borrower shall voluntarily become a party to any insolvency, bankruptcy, composition, receivership or reorganization procedure, make an assignment for the benefit of creditors, or generally fail to pay debts as they become due or fail to lift any execution, garnishment or attachment in an amount in excess of \$50,000 or be adjudged a bankrupt or admit in writing its inability to pay or fail to pay its debts generally as the same become due; or

(f) Any Guaranty to ADFA or AEDC or any Security Documents shall be canceled (except by operation of law upon payments in full of the indebtedness secured thereby), or otherwise cease to be in full force and effect and enforceable by the Authority or the Trustee in accordance with their terms against the Borrower and all other persons, or they do not vest in Authority a fully perfected valid lien or security interest, as the case may be; or

(g) There shall be an entry of judgment against Borrower, any Guarantor or any affiliate of either that has a material adverse effect on the financial condition, solvency, business operations, or net worth of the Borrower; or

(h) The Borrower shall fail to maintain the insurance required by the Loan Agreement, the Note, the Mortgage, the Security Agreement or any other document executed in connection therewith.

(i) The Borrower shall fail to provide proof of payment of real estate and/or personal property taxes required by the Loan Agreement, the Note, the Mortgage or any other document executed in connection therewith and such failure shall continue for a period of fifteen days past the due date in October for payment of such taxes.

Remedies Upon Default. If an Event of Default occurs, the Note with all accrued interest applicable to the portion of the Bonds related to the Borrower shall, upon declaration to such effect, become and be immediately due and payable without presentment, demand, protest

or other notice of any kind, all of which are expressly waived by the Borrower. In addition, the Authority may pursue any available remedy under the Loan Agreement.

Optional Prepayment. The Borrower shall have the option to prepay installments payable under the Loan Agreement for the purpose of redeeming all or a portion of the Bonds attributable to the Borrower prior to maturity, on any date, if any of the following shall have occurred:

(a) If the Project shall sustain major damage or destruction as defined below, the Bonds attributable to the Borrower may be redeemed in whole.

(b) As a result of the legal curtailment of the use and occupancy of all or substantially all of the Project by the Borrower for any reason other than condemnation, the Bonds attributable to the Borrower may be redeemed in whole.

(c) At the option of the Borrower, on or after October 1, 2022, in compliance with the Indenture.

The terms “major damage” and “destruction” are defined to mean any damage or destruction of the Project to such an extent that the Project cannot reasonably be restored to its condition immediately preceding such damage or destruction within a period of six months or to such an extent that the damage or destruction would prevent the Borrower from carrying on its normal operation at the Project for a period of six months or to such an extent that it would not be economically feasible for the Borrower to repair the Project as determined by the Borrower in its discretion.

Mandatory Prepayment Under Certain Circumstances. The Borrower shall prepay installments under the Loan Agreement to the Trustee should title to all or substantially all of the Project be taken under the exercise of the power of eminent domain.

THE INDENTURE

The following, in addition to information contained above under the headings INTRODUCTION and THE BONDS, is a summary of certain provisions of the Indenture. Reference is made to the Indenture for its complete provisions.

Bond Fund. The Indenture provides for the creation of a Bond Fund with the Trustee. There shall be deposited into the account of the Bond Fund as and when received: (a) the portion of the proceeds of the Bonds specified in written instructions from the Authority; (b) payable pursuant to the related Loan Agreement(s) with respect to the payment of the principal of and premium, if any, and interest on the Bonds; (c) all payments under the related ADFA Guaranties or AEDC Guaranties, as applicable; and (d) all other moneys received by the Trustee under and pursuant to any of the provisions of the related Loan Agreement or the Indenture which are not directed to be paid into a fund other than the Bond Fund.

Moneys in such account of the Bond Fund will be used solely for the payment of the principal of and premium, if any, and interest on the Bonds either at maturity or at redemption prior to maturity and for the payment of the Trustee’s and Paying Agent’s fees and expenses.

Loan Fund. Moneys deposited in the account of the Loan Fund relating to the Bonds attributable to a particular Borrower will be used to pay the related Project Costs in accordance with and pursuant to the provisions of the related Loan Agreement, and moneys remaining in the account thereof relating to a Project after completion of such Project will be transferred to the related account of the Bond Fund.

Investment of Moneys in Funds. Moneys held in all accounts under each fund may be commingled for purpose of investment. Moneys on deposit with the Trustee shall be invested as follows:

(a) The following obligations to be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below), or
- (2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America (“Government Securities”).

(b) The following Obligations to be used as Permitted Investments for all purposes other than defeasance investments in refunding escrow accounts:

(1) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Farm Credit System
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development
- Federal Housing Administration;

(2) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated “Aaa” by Moody’s and “AA+” by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;

(3) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s and which matures not more than 360 days after the date of purchase;

(5) investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P and/or rated in the highest rating category for this type of investment by Moody’s at the time of purchase;

(6) pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable on table or convertible at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P and Moody’s or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of an interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; Pre-refunded Municipal Obligations meeting the requirements of this subsection (6)(B) hereof may not be used as Permitted Investments for annual appropriation lease transactions without the prior written approval of S&P.

(7) general obligations of states with a rating of at least “A2/A” or higher by both Moody’s and S&P.

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

Events of Default and Remedies. Any of the following events is defined as and declared to be an “event of default” under the Indenture:

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

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

(c) Default in the performance or observance of covenants, agreements or conditions on the Authority's part to be performed in the Indenture, or in the Bonds, and the continuance thereof for a period of fifteen (15) days after written notice to the Authority by the Trustee or by the owners of not less than ten percent (10%) in aggregate principal amount of the Bonds outstanding.

Upon the occurrence of an event of default, the Trustee may, and upon the written request of the owners of twenty-five percent (25%) in aggregate principal amount of Bonds outstanding, shall, by notice in writing delivered to the Authority, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

The Trustee may in its discretion waive any event of default with respect to the Bonds and its consequences and rescind any declaration of maturity of principal, and shall do so upon the written request of the owners of (i) sixty-six and two-thirds ($66\frac{2}{3}$) percent in aggregate principal amount of all the Bonds outstanding in respect of which default in the payment of principal and/or interest exists, or (ii) fifty percent (50%) in principal amount of all the Bonds outstanding in the case of any other default, provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any Bonds issued and outstanding at the date of maturity specified therein or (b) any default in the payment of the interest or of Bond Fund moneys, unless prior to such 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 and Paying Agent, 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 Authority, Trustee and the owners of the Bonds shall be restored to their former positions and rights thereunder respectively; but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Discharge of Lien. The Indenture provides that the lien of the Indenture shall be discharged and that the Trustee will execute and deliver to the Authority such instruments as shall be necessary to satisfy the lien, transfer to the Authority the estates transferred by the Indenture, and assign and deliver to the Authority any property at any time subject to the lien of the Indenture which may be in the Trustee's possession except moneys or Government Securities held for the payment of the principal of and premium, if any, and interest on the Bonds issued thereunder, when the Authority shall pay or cause to be paid the principal of and premium, if any, and interest on such Bonds and the Trustee's fees and expenses.

Any Bond shall be deemed to be paid when payment of the principal of and premium, if any, and interest on such Bond (whether at maturity or upon redemption or otherwise) either (i) shall have been made or caused to be made in accordance with the terms of the Indenture under which it was issued, or (ii) shall have been provided for by irrevocably depositing with the

Trustee, in trust and irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Securities, maturing as to principal and interest in such amount and at such times as will provide sufficient moneys to make such payments, and all necessary and proper fees, compensation and expenses of the Trustee and any paying agent pertaining to the Bonds with respect to which such deposit is made and all other liabilities of the Borrower under the Loan Agreement shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

Supplemental Indenture. The Trustee may enter into a supplemental indenture without the approval of the holders of the Bonds as follows:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture;
- (b) to grant to or confer to impose upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect; provided, that no such additional liabilities or duties shall be imposed upon the Trustee without its consent;
- (c) to add to the covenants and agreements of, and limitations and restrictions upon, the Authority in the Indenture other covenants, agreements, limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (d) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by the Indenture, of the revenues of the Authority from any Loan Agreement or of any other moneys, securities or funds;
- (e) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended; or
- (f) to modify, alter, amend or supplement the Indenture in any other respect which, in the opinion of Bond Counsel, is not materially adverse to the bondholders and which does not involve a change described in the following paragraph and which, in the judgment of the Trustee in reliance on an opinion of Bond Counsel, is not to the prejudice of the Trustee.

Exclusive of a supplemental indenture for the purposes set forth in the previous paragraph, the consent of the holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then outstanding under the Indenture is required to approve any supplemental indenture, except that no supplemental indenture may permit, unless approved by the holders of all the Bonds then outstanding issued thereunder, (a) an extension of the maturity of the principal or of the interest on any Bond, or (b) a reduction in the principal amount or redemption premium or rate of interest on any Bond, or (c) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate of the Indenture or any part thereof, except as expressly permitted in the Indenture, or (d) a privilege or priority of any Bond or Bonds issued thereunder over any other Bond or Bonds issued thereunder, or (e) a reduction in

the aggregate principal amount of the Bonds issued thereunder required for consent to such supplemental indenture.

Amendments to Loan Agreements. The Indenture provides that the Trustee may consent to any amendment, change or modification of a Loan Agreement to cure any ambiguity or formal defect or omission or to make any other change, which in the reasonable judgment of the Trustee, in reliance on an opinion of Bond Counsel, is not to the prejudice of the Trustee or the bondholders. The Trustee shall not consent to any other amendment, change or modification of a Loan Agreement without the approval or consent of the Authority and holders of not less than two-thirds in the aggregate principal amount of the Bonds at the time outstanding under such Indenture.

TAXATION

Federal Income Taxes. In the opinion of Bond Counsel, the interest on the Bonds is included in gross income for federal income tax purposes under existing law.

State Taxation. In the opinion of Bond Counsel, under existing statutes, the Bonds and any income derived therefrom, including any sale, exchange, or transfer of the Bonds, are exempt from Arkansas state income taxation under laws now in force on Bonds owned by residents of the State.

RATINGS

Standard & Poor's Corporation has assigned a rating of A+ to the Bonds on the basis of the ADFA Guaranties and the AEDC Guaranties. Any rating issued reflects only the view of the rating agency. Any explanation of the significance of such rating may only be obtained from the rating agency. There is no assurance that any such rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Neither the Authority nor the Underwriter undertake any responsibility either to bring to the attention of the owners of the Bonds downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds.

UNDERWRITER

Stephens Inc. has agreed to purchase, and the Authority has agreed to sell to it, the Bonds at an aggregate purchase price of \$13,625,335.00 (par less Underwriter's discount of \$74,665.00) pursuant to a Bond Purchase Agreement between the Underwriter and the Authority.

The Bonds are being purchased by the Underwriter for reoffering in the normal course of the Underwriter's business activities. The Underwriter may offer to sell the Bonds to certain dealers and others at prices lower than the initial offering prices. The offering prices may be changed from time to time by the Underwriter. The Underwriter makes no representations or warranties as to the accuracy of the information set forth in this Official Statement.

SECONDARY MARKET DISCLOSURE

In the Continuing Disclosure Agreement dated October 21, 2015 (the “Continuing Disclosure Agreement”), between the Authority, AEDC and the Trustee, the Authority and AEDC have covenanted for the benefit of Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Authority by not later than 240 days after the end of their fiscal years, commencing with the fiscal year ended June 30, 2016 (the “Annual Disclosure Statement”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Disclosure Statement will be filed by the Authority with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system. The notices of material events will be filed by the Trustee on behalf of the Authority with the Municipal Securities Rulemaking Board. The Authority may satisfy its obligations to file any notice, document or information with the Municipal Securities Rulemaking Board by filing the same with any dissemination agent or conduit, including any “central post office” or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to the Municipal Securities Rulemaking Board, to the extent permitted by the SEC or SEC staff or required by the SEC. These covenants have been made to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The Continuing Disclosure Agreement is attached hereto as **Appendix C**.

The Rule requires that an issuer disclose in its official statement any instances in the previous five years in which such issuer failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule. In connection with the Authority’s previous bond issues, the Authority entered into individual continuing disclosure undertakings (“Undertakings”) in written agreements specified in paragraph (b)(5)(i) of the Rule. The Authority has identified over one hundred (100) bond issues currently outstanding and approximately sixty (60) additional bond issues that were previously outstanding during the prior five (5) years. The Authority has identified nine (9) categories of bonds or programs for which it acts as an issuer and/or has entered into Undertakings. The Authority (i) is the exclusive issuer of revenue bonds for public facilities acquired or constructed for the benefit of all state agencies which do not have bonding authority (the “State Facilities Program”); (ii) issues bonds to benefit for profit and not for profit businesses for a variety of purposes specifically authorized by Arkansas law (the “Conduit Issuer Program”); (iii) issues single family mortgage revenue bonds (the “Single Family Program”); (iv) issues multi-family mortgage revenue bonds (the “Multifamily Program”); (v) issues bonds to facilitate economic development which the Authority and/or the Arkansas Economic Development Commission (“AEDC”) guarantee through their individual bond guaranty programs (the “State Bond Guaranty Program”); (vi) guarantees bonds issued by other governmental entities that facilitate economic development (the “Local Bond Guaranty Program”); (vii) issues bonds to support the Arkansas Natural Resources Commission’s Wastewater Revolving Loan Fund (the “Wastewater Program”); (viii) issues bonds authorized by specific legislation to support other state programs (the “Miscellaneous State Bonds Program”); and (ix) issues on behalf of the State of Arkansas certain general obligation bonds (the “GO Program”). While the Authority has not made any determination as to materiality, the following paragraphs summarize the Authority’s analysis of its compliance with prior Undertakings.

With respect to all programs, event notices, including, but not limited to, certain bond rating changes relating to third-party credit enhancement providers, underlying rating changes, bond calls, and the appointment of successor trustees were not filed. The Authority is filing with EMMA rating change notices confirming the current ratings of certain third-party credit enhancement providers and the underlying rating.

With respect to the State Facilities Program, the Conduit Issuer Program, the Wastewater Program and Miscellaneous State Bonds Program, the Authority has had instances of late filings of certain financial information and operating data of the Authority and other obligated parties as required in the Undertakings. The nature of these filings typically include (i) supplemental filings to provide information or data identified in the Undertakings, but not included in the initial filing that was made timely and (ii) the filing of financial statements specific to the obligated person, if available, or alternatively, the State's CAFR and/or certain financial information and operating data. With respect to financial information, the delay in filing in most instances was a few days to a few months late, but in some unusual situations, the delay was up to five (5) years late. With respect to information or data that was not included with the initial filing, most of these omissions were discovered in connection with the Authority's comprehensive review of its obligations with respect to its Undertakings that was implemented in May 2014. Supplemental filings for the necessary years were made by the Authority and are continuing to be made by other obligated parties. As noted below, the Authority implemented a form of annual report to prevent omissions of portions of information in the future and to confirm the status of required financial statements.

With respect to the Multifamily Program, most of the bond issues are exempt from the Rule, and the Authority does not have any Undertakings with respect to this program. With respect to the Single Family Program and the GO Program, there are only a few instances of minor late filings.

With respect to the State Bond Guaranty Program and the Local Bond Guaranty Program, most of the Undertakings relating to bonds issued prior to 2010 included a requirement to provide specific information related to borrowers that were in default. The Undertakings permit the Authority to waive requirements not specifically required by the Rule, and the Authority waived the requirement to provide this information, but did not take formal action to do so, nor did it file a disclosure identifying the waiver. Documenting the waiver and filing disclosure for each of the affected bond issues has commenced and is on-going. With respect to bonds guaranteed by AEDC, the Undertakings relating to bonds issued prior to 2009 required the filing, when available, of AEDC's audited financial statements. AEDC does not receive separately audited financial statements, but rather is one of the component units of the State included in the State CAFR. Prior to 2013, no filings were made because AEDC does not have audited financial statements. In 2013, the Authority, in consultation with AEDC, began filing the State CAFR to satisfy this term of the Undertakings and filed the applicable previous years CAFRs for all bonds guaranteed by AEDC for which the State CAFR had not been previously filed. With respect to some Undertakings, there were a few instances in which the required disclosure information was not associated with all of the CUSIPs for a bond issue at the time the financial information and operating data were initially filed. These occurrences, though infrequent, were most common in connection with the Local Bond Guaranty Program, and necessary filings have been made for previously skipped CUSIPs.

The Authority has reviewed all of its written continuing disclosure agreements and noted that the majority of the instances where it did not comply with its Undertakings resulted when the Authority was required to obtain information from a third party. As a result, procedural changes have been implemented to prevent these instances in the future and include, but are not limited to, (i) requiring any obligated party in the Undertakings to specifically designate a representative with whom the Authority may communicate regarding information required by the Undertakings; (ii) incorporating a form of annual report as an exhibit to all subsequent Undertakings and amending in due course existing Undertakings to ensure that both the Authority and other obligated parties provide all required information; and (iii) periodically checking EMMA to ensure such reports and notices have been properly filed and indexed.

The Rule also requires that an obligated party disclose in an official statement related to its debt obligations any instances in the previous five years in which such obligated party failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule. AEDC is an obligated party under the Rule. Disclosure relating to its prior undertakings is included within the paragraph above relating to the State Bond Guaranty Program and the Local Bond Guaranty Program.

LEGAL MATTERS

The validity of the Bonds will be passed upon by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel, and the Underwriter's obligation to purchase the Bonds is subject to the issuance of Bond Counsel's opinion with respect thereto.

LITIGATION

The Authority has represented that, except as disclosed in this Official Statement, there is no litigation pending or, to the best of its knowledge, threatened, which, among other things, questions the powers of the Authority to issue the Bonds and enter into and perform its agreements relating to the Bonds or the validity of the Authority's proceedings in connection with the Bonds, or wherein an unfavorable decision could materially adversely affect the transactions or documents relating to the Bonds, or which could adversely affect the validity or enforceability of certain documents relating to the Bonds, including without limitation the ADFA Guaranties.

ENFORCEABILITY OF REMEDIES

Enforcement of the remedies available under the Loan Agreements, the Bonds, the ADFA Guaranties, the AEDC Guaranties, the Notes, the Indenture, the Guaranties, the Security Documents and the resolution authorizing the Bonds may depend on judicial action and may be subject 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. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Loan Agreements, the Notes, the Guaranties, the Security Documents, the Bonds, the Indenture, the ADFA Guaranties, the AEDC Guaranties, or the resolution authorizing the Bonds 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.

MISCELLANEOUS

The foregoing summaries do not purport to be complete and are expressly made subject to the provisions of the complete documents. For details of all terms and conditions, prospective purchasers are referred to the Loan Agreements, the ADFa Guaranties, the AEDC Guaranties, and the Indenture. Copies of those documents and additional information may be obtained from the Arkansas Development Finance Authority, 900 West Capitol Avenue, Suite 310, Little Rock, Arkansas 72201 (telephone number 501-682-5900). Attached as **Appendix A** to this Official Statement is information concerning the Projects financed.

This Official Statement has been duly authorized by the Authority.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

By: /s/ Aaron Burkes
Aaron Burkes, President and Secretary

APPENDIX A
PROJECTS FINANCED
SERIES 2015

BORROWER	PRINCIPAL AMOUNT	TERM	GUARANTY
SOUTHWEST STEEL PROCESSING LLC	\$ 11,000,000	10 YEARS	ADFA/AEDC
GLOBAL FOODS GROUP, INC.	\$ 2,700,000	15 YEARS	ADFA

SOUTHWEST STEEL PROCESSING LLC –Southwest Steel Processing LLC will purchase equipment to expand forging component parts operations at the company’s manufacturing facilities located at 4900 Lighthouse Drive, Newport, Jackson County, Arkansas.

GLOBAL FOODS GROUP, INC. –Global Foods Group, Inc. will acquire and renovate a manufacturing facility located at 245 Quality Drive, Clinton, Van Buren County, Arkansas.

APPENDIX B

**ADFA AND AEDC GUARANTEED BONDS BY BORROWER
AND PERCENTAGE GUARANTEED**

ADFA GUARANTEED SERIES 2015 BONDS

BORROWER	PRINCIPAL AMOUNT	PERCENTAGE
SOUTHWEST STEEL PROCESSING LLC	\$ 6,000,000	55%
GLOBAL FOODS GROUP, INC.	<u>\$ 2,700,000</u>	100%
	\$8,700,000	

AEDC GUARANTEED SERIES 2015 BONDS

BORROWER	PRINCIPAL AMOUNT	PERCENTAGE
SOUTHWEST STEEL PROCESSING LLC	\$ 5,000,000	45%

APPENDIX C

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated October 21, 2015 (the “Agreement”) is executed and delivered by the Arkansas Development Finance Authority (the “Authority” or “ADFA”), Arkansas Economic Development Commission (“AEDC,” and collectively with ADFA, the “Disclosing Parties”) and Regions Bank, as Trustee (the “Trustee”), in connection with the issuance by the Authority of its \$13,700,000 Arkansas Development Finance Authority Taxable Economic Development Revenue Bonds (ADFA/AEDC Guaranty Programs) Series 2015 (the “Bonds”). The Bonds are being issued pursuant to a Resolution of the Authority and a Trust Indenture (the “Indenture”). The Authority, AEDC, and Trustee covenant and agree as follows:

Section 1. Purpose of this Agreement. This Agreement is being executed and delivered by the Authority, AEDC, and the Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with, and constitutes the written undertaking for the benefit of the Beneficial Owners of the Bonds required by, subsection (i) of the Rule (as defined below). Notwithstanding any other provision of this Agreement, it is the intent of the Underwriter, the Authority, AEDC and the Trustee that the Rule controls the obligations of the parties with respect to the matters addressed herein. In the event of any conflict between the Rule and this Agreement, this Agreement shall be interpreted and/or modified, as appropriate, so that it complies with and is consistent with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings.

“AEDC Bond Guaranty Program” shall mean the program implemented by AEDC pursuant to and subject to the conditions specified in Act No. 173 of the Acts of Arkansas of 1967, as amended, pursuant to which bonds are guaranteed by amounts in the AEDC Revenue Bond Guaranty Reserve Account.

“AEDC Disclosure Representative” shall mean the Director of Business Finance of AEDC or his or her designee, or such other person as AEDC shall designate in writing to the Trustee from time to time.

“AEDC Revenue Bond Guaranty Reserve Account” shall mean the account created and maintained pursuant to the authority conferred in Act No. 173 of the Acts of Arkansas of 1967, as amended.

“ADFA Bond Guaranty Program” shall mean the program implemented by the Authority pursuant to and subject to the conditions specified in Act No. 505 of the Acts of Arkansas of 1985, as amended, pursuant to which the Authority issues its bonds for the purpose of financing industrial facilities, governmental capital improvements, educational facilities, health care facilities, housing developments and other facilities described in the Act. Bonds issued by the

Authority pursuant to the Bond Guaranty Program are guaranteed by amounts in the ADFa Revenue Bond Guaranty Reserve Account.

“ADFA Disclosure Representative” shall mean the Vice President for Internal Audit and Information Technology or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Trustee from time to time.

“ADFA Revenue Bond Guaranty Reserve Account” shall mean the account created and maintained pursuant to the authority conferred in Act No. 505 of the Acts of Arkansas of 1985, as amended.

“Annual Disclosure Statement” shall mean any annual disclosure statement in the form attached hereto as Exhibit A and as further described in Section 4(a) and 4(b).

“Beneficial Owner” of a Bond shall mean any Bondholder and any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares (i) voting power which includes the power to vote, or to direct the voting of, a Bond and/or (ii) investment power which includes the power to dispose, or to direct the disposition of, a Bond.

“Business Day” shall mean any day on which banks located in the city in which the designated corporate trust office of the Trustee is located is open for business.

“Dissemination Agent” shall mean the Authority, acting in its capacity as Dissemination Agent under this Agreement, or any successor Dissemination Agent designated in writing by the Authority and AEDC 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.

“Listed Events” shall mean any of the events listed in Subsection 5(a).

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

“Taxable” shall mean that interest on the Bonds is included in gross income for federal income tax purposes.

“Underwriter” shall mean Stephens Inc. or its successor.

Section 3. Provision of Annual Disclosure Statement.

(a) The Authority, as Dissemination Agent, shall, or shall cause the Trustee to, not later than 240 days after the end of the Authority’s fiscal year, commencing with

the fiscal year ended June 30, 2016, provide to the MSRB through its continuing disclosure service portal which is provided through EMMA at <http://www.emma.msrb.org>, or any similar system acceptable to the Securities and Exchange Commission, its Annual Disclosure Statement that is consistent with the requirements of Subsection 4(a) of this Agreement. Not later than 15 days prior to said date, the Authority shall provide its Annual Disclosure Statement to the Trustee, and if filed, proof of filing with the MSRB, or if not filed, with directions to the Trustee to file the Annual Disclosure Statement with the MSRB.

(b) AEDC shall, or shall cause the Authority to, not later than 240 days after the end of each of AEDC's fiscal years (currently June 30), commencing with the fiscal year ended June 30, 2016, provide to the MSRB through EMMA an Annual Disclosure Statement which is consistent with the requirements of Section 4(b) of this Agreement. Not later than 15 days prior to said date, AEDC shall provide its Annual Disclosure Statement to the Authority, and if filed, proof of filing with the MSRB, or if not filed, with directions to the Authority to file the Annual Disclosure Statement with the MSRB.

(c) Each Annual Disclosure Statement shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Each Annual Disclosure Statement may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Agreement; provided that, the audited financial statements may be submitted separately from the balance of the Annual Disclosure Statement and later than the date required above for the filing of the Annual Disclosure Statement if they are not available by that date, but shall be submitted when and if available, within 30 days of the Authority's being informed or discovering that any Audited Financial Statements are available.

(d) If by 15 days prior to the date specified in Subsections 3(a) and 3(b) for providing the Annual Disclosure Statements to the MSRB, the Trustee has not received a copy of the Annual Disclosure Statements of the Authority and AEDC, the Trustee shall contact the appropriate Disclosure Representative to determine if the Authority and AEDC are in compliance with Subsection 3(a) and 3(b).

(e) If the Trustee is unable to verify that the Annual Disclosure Statements have been provided to the MSRB by the date required in Subsection 3(a) and 3(b), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit A.

Section 4. Content of Annual Disclosure Statement.

(a) The Authority's Annual Disclosure Statement shall contain or incorporate by reference the following:

- (i) The following general categories of financial information and operating data with respect to the Authority and the Authority's Bond Guaranty Fund:

- Current balance of the ADFA Bond Guaranty Reserve Account;
 - Treasury earnings on state fund balances for the prior fiscal year;
 - Outstanding principal amount of all bonds guaranteed pursuant to the ADFA Bond Guaranty Program;
 - Principal amount of bonds guaranteed pursuant to the ADFA Bond Guaranty Program on which borrowers are in default; and
 - Amount of annual debt service paid by the Authority on bonds guaranteed pursuant to the ADFA Bond Guaranty Program on which borrowers are in default.
- (ii) If prepared and available, the Authority’s audited financial statements for the prior fiscal year, prepared in accordance with the generally accepted accounting principles (“GAAP”) promulgated by the Financial Accounting Standards Board (“FASB”), as such principles are modified by the governmental accounting standards promulgated by the Government Accounting Standards Board (“GASB”) and by mandated statutory principles of the State of Arkansas, if any, as in effect from time to time, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Arkansas.

(b) AEDC’s Annual Disclosure Statement shall contain or incorporate by reference the following:

The following general categories of financial information and operating data with respect to AEDC and AEDC’s Bond Guaranty Fund:

- Current balance of the AEDC Bond Guaranty Reserve Account;
- Treasury earnings on state fund balances for the prior fiscal year;
- Outstanding principal amount of all bonds guaranteed pursuant to the AEDC Bond Guaranty Program;
- Principal amount of bonds guaranteed pursuant to the AEDC Bond Guaranty Program on which borrowers are in default; and

- Amount of annual debt service paid by AEDC on bonds guaranteed pursuant to the AEDC Bond Guaranty Program on which borrowers are in default.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including Preliminary Official Statements or Official Statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB. If the document incorporated by reference is a final Official Statement, it must be available from the MSRB. The Authority and AEDC shall clearly identify each such other document incorporated by reference and certify that the submitted documents comply with this Agreement. The Trustee shall not be responsible in any manner for the content of any notice or Annual Report prepared or delivered by the Authority or AEDC pursuant to this Agreement and shall have no duty or obligation to review any such notice or Annual Report. The Authority shall not be responsible in any manner for the content of any notice or Annual Report prepared or delivered by AEDC pursuant to this Agreement and shall have no duty or obligation to review any such notice or Annual Report. AEDC shall not be responsible in any manner for the content of any notice or Annual Report prepared or delivered by the Authority pursuant to this Agreement and shall have no duty or obligation to review any such notice or Annual Report.

Section 5. Reporting of Significant Events.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls (other than mandatory sinking fund redemptions, if any), if material;

- (ix) Defeasances and tender offers;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Authority;
- (xiii) The consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) If a Listed Event occurs while any Bonds are outstanding, the Authority shall provide, or shall cause to be provided by the Trustee, a Listed Event Notice, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, to the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.msrb.emma.org> or any other similar system that is acceptable to the Securities and Exchange Commission. 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.

(c) Upon occurrence of a Listed Event, AEDC agrees to report such occurrence to the Authority in a timely manner not in excess of two (2) Business Days. The Authority shall in a timely manner determine if such event must be filed and, if filing is required, file the Listed Event Notice in the time required by Section 5(b).

(d) Within two (2) business days, the Trustee shall advise the Authority whenever, in the course of performing its duties as Trustee hereunder, the Trustee identifies an occurrence which would require the Authority to provide a Listed Event Notice, provided that the failure of the Trustee so to advise the Authority shall not constitute a breach by the Trustee of any of its duties and responsibilities hereunder.

(e) If the Trustee has been instructed by the Authority to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the MSRB through EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (viii) and (ix) of the definition of “Listed Event” in Section 5(a) of this Disclosure Agreement need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owners of affected Bonds pursuant to the Indenture.

(f) Notwithstanding the above, the Trustee shall file a notice in accordance with subsection (d) above of Listed Events described in subsections (viii) and (ix) of the definition of “Listed Event” in Section 5(a) of this Disclosure Agreement without direction from the Authority and without a determination by the Authority as whether such event must be filed pursuant to applicable federal securities laws.

Section 6. Termination of Reporting Obligation. The obligations of the Authority and AEDC under this Agreement shall terminate upon the defeasance, prior redemption, or payment in full of all of the Bonds.

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

Section 8. Amendment and Waiver. Notwithstanding any other provision of this Agreement, the Authority, AEDC, and the Trustee may amend this Agreement (and the Trustee shall agree to any amendment so requested by the Authority or AEDC that is not detrimental to the Trustee), and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Authority, AEDC, and the Trustee, to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Default.

(a) In the event of a failure of the Authority, AEDC, or the Trustee to comply with any provision of this Agreement, the Trustee may (and, at the request of any Holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall), or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority, AEDC, or the Trustee, as the case may be, to comply with its obligations under this Agreement.

(b) Notwithstanding the provisions of Subsection 9(a), no Beneficial Owner shall have any right to take any action to challenge the adequacy of the information provided in accordance with this Agreement unless the Holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds shall have made written request to the Trustee to take such action in its own name and shall have offered the

Trustee reasonable indemnity, and the Trustee for sixty (60) days after its receipt of notice, request, and offer of indemnity has failed to institute any such action.

(c) A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Authority, AEDC or the Trustee to comply with this Agreement shall be an action to compel performance, and the Authority, AEDC and their members, officers, directors, commissioners and employees shall incur no liability under this Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Agreement shall entitle any person to attorney's fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement and no further duties or responsibilities shall be implied. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent information has been provided to the Dissemination Agent as required by this Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof (except for such information as is required in its capacity as a Disclosing Party under the Agreement, if any). The Dissemination Agent shall have no duty or obligation (except for those arising in its capacity as a Disclosing Party under the Agreement, if any) to review or verify any Annual Report, notice of Listed Events or any other information, disclosures or notices provided to it and shall not be deemed to be acting in any fiduciary capacity for the Authority or AEDC, the holders of the Bonds or any other party. The Dissemination Agent, solely in its capacity as Dissemination Agent, shall have no duty to determine, or liability for failing to determine, whether there has been compliance with this Agreement. The Dissemination Agent may conclusively rely upon certifications it receives at all times.

The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement, and the Authority and AEDC, as applicable, agree to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its 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 gross negligence or willful misconduct. The obligations of the Authority and AEDC under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent shall not have any liability to any party in connection with any failure to timely file any such information or report with the MSRB through EMMA if such information or report is not timely received by the Dissemination Agent from a Disclosing Party; nor shall the Dissemination Agent have any liability to any party for any failure of the MSRB or its EMMA system to timely post or register filing of any such report if the Dissemination Agent has timely submitted such report for filing with the MSRB. The Authority and AEDC each

acknowledge that it, and not the Dissemination Agent (if other than the Authority), is solely responsible for the accuracy, completeness and timeliness of any information or report provided to the Dissemination Agent.

The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and the Dissemination Agent shall in no event incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Authority and AEDC.

The Authority and AEDC shall pay or reimburse the Dissemination Agent for its fees and expenses for the Dissemination Agent's services rendered under this Agreement in accordance with the Dissemination Agent's fee schedule in effect from time to time.

Section 11. Beneficiaries. This Agreement shall inure solely to the benefit of the Authority, AEDC, the Trustee, the Underwriter and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**ARKANSAS DEVELOPMENT
FINANCE AUTHORITY**

By: _____
Aaron Burkes, President

**ARKANSAS ECONOMIC
DEVELOPMENT COMMISSION**

By: _____
Michael Preston,
Executive Director

REGIONS BANK

By: _____
Stan B. Russ, Vice President

EXHIBIT A

ANNUAL DISCLOSURE STATEMENT

Name of Issuer: Arkansas Development Finance Authority

Name of Bond Issue: \$13,700,000 Arkansas Development Finance Authority
Taxable Economic Development Revenue Bonds
(ADFA/AEDC Guaranty Program) Series 2015

Filing Date: _____

CUSIP Nos: 04108N Z88 04108N Z96 04108N 2A9 04108N 2B7
04108N 2C5 04108N 2D3 04108N 2E1 04108N 2F8
04108N 2G6 04108N 2H4

Part I

Balance of the ADFA Revenue Bond Guaranty Reserve Account
as of June 30, 20__: \$ _____

Treasury earnings on state fund balances as of June 30, 20__: \$ _____

Outstanding principal amount of all bonds guaranteed
pursuant to the ADFA Bond Guaranty Program
as of June 30, 20__: \$ _____

Principal amount of bonds guaranteed pursuant to the ADFA Bond
Guaranty Program on which borrowers are in default
as of June 30, 20__: \$ _____

Amount of annual debt service paid by the Authority on bonds
guaranteed pursuant to the ADFA Bond Guaranty Program
on which borrowers are in default during the fiscal
year ending June 30, 20__: \$ _____

Balance of the AEDC Revenue Bond Guaranty Reserve Account
as of June 30, 20__: \$ _____

Outstanding principal amount of all bonds guaranteed pursuant to the AEDC Bond Guaranty Program as of June 30, 20__:

\$ _____

Principal amount of bonds guaranteed pursuant to the AEDC Bond Guaranty Program on which borrowers are in default as of June 30, 20__:

\$ _____

Amount of annual debt service paid by AEDC on bonds guaranteed pursuant to the AEDC Bond Guaranty Program on which borrowers are in default during the fiscal year ending June 30, 20__:

\$ _____

Part II

If prepared and available, the Authority’s audited financial statements for the prior fiscal year, prepared in accordance with the generally accepted accounting principles (“GAAP”) promulgated by the Financial Accounting Standards Board (“FASB”), as such principles are modified by the governmental accounting standards promulgated by the Government Accounting Standards Board (“GASB”) and by mandated statutory principles of the State of Arkansas, if any, as in effect from time to time, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of Arkansas. See Section 4(a)(ii) of the Continuing Disclosure Agreement dated October 21, 2015.

The audited financial statements for the fiscal year ended June 30, 20__ [is attached hereto and made a part hereof] [is not available as of the date of this filing].

Part III

As of the date of this filing, the rating assigned to the Bonds by Standard & Poor’s Corporation is __.

[See Section 5 of the Continuing Disclosure Agreement dated October 21, 2015. Is the Authority, AEDC or Trustee aware of any item listed in Section 5 for which a Listed Event Notice should be filed that has not been filed? If yes, describe here, or alternatively, make necessary filings.]

EXHIBIT B

**NOTICE TO REPOSITORIES OF FAILURE TO FILE
ANNUAL DISCLOSURE STATEMENT**

Name of Issuer: Arkansas Development Finance Authority

Name of Obligated Party: Arkansas Development Finance Authority
Arkansas Economic Development Commission

Name of Bond Issue: \$13,700,000 Arkansas Development Finance Authority Taxable
Economic Development Revenue Bonds (ADFA/AEDC Guaranty
Program) Series 2015

Dated Date: _____ 1, _____

NOTICE IS HEREBY GIVEN that the [Arkansas Development Finance Authority]
[Arkansas Economic Development Commission] has not provided an Annual Disclosure
Statement with respect to the above-named Bonds as required by the Continuing Disclosure
Agreement dated as of October 21, 2015 between the Issuer, AEDC and Regions Bank, as
Trustee. [The Issuer anticipates that the Annual Disclosure Statement will be filed by
_____.]

Dated: _____

Regions Bank, as Trustee

cc: Arkansas Development Finance Authority
900 West Capitol Avenue, Suite 310
Little Rock, AR 72201
Attn: Vice President for Development Finance

Arkansas Economic Development Commission
900 West Capitol Avenue, Suite 400
Little Rock, Arkansas 72201
Attn: Director