

**NEW ISSUE  
BOOK-ENTRY ONLY**

**RATING: "A" (Stable Outlook)  
(See the caption "RATING" herein.)**

In the opinion of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel, based on existing statutes, regulations, rulings, and judicial decisions, and assuming, among other matters, compliance with certain requirements, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that interest on the Bonds is exempt from all present state, county, and municipal taxation in the State of Arkansas and that the Bonds are exempt from property taxation in the State of Arkansas. See the caption "TAX EXEMPTION" herein.



\$2,735,000  
Arkansas Development Finance Authority  
State Agencies Facilities Revenue Refunding Bonds  
(Justice Building Project)  
Series 2015

Dated: Date of Delivery

Due: December 1, as shown on inside cover

The Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the registered owner of the Bonds. Individual purchases of the Bonds will be made only in book-entry form, in denominations of \$5,000 or any integral multiple thereof. Individual purchasers ("Beneficial Owners") of the Bonds will not receive physical delivery of bond certificates. See the caption "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds bear interest from December 1, 2015, payable on December 1 and June 1 of each year, commencing June 1, 2016. All interest payments shall be payable to the person in whose name the Bonds are registered on the bond registration books maintained by the Trustee. Principal of the Bonds will be payable at the designated corporate trust office of the Trustee. So long as DTC or its nominee is the registered owner of the Bonds, disbursement of the payments to DTC is the responsibility of Regions Bank, as trustee (the "Trustee"). Disbursement of the payments to DTC Participants (as defined herein) is the responsibility of DTC, and disbursement of the payments to Beneficial Owners is the responsibility of DTC Participants, as more fully described herein.

The Bonds are being issued by the Arkansas Development Finance Authority (the "Authority") for the purpose of (i) refunding the Authority's State Agencies Facilities Revenue Refunding Bonds (Justice Building Project) Series 2005, (ii) establishing a Debt Service Reserve Fund, and (iii) paying the costs of issuing the Bonds.

The Bonds are special limited obligations of the Authority payable solely from, and secured by (i) the proceeds of the sale of the Bonds, (ii) a portion of the filing fees for each case filed in the courts of the State and required to be paid into the Justice Building Construction Fund, which is pledged to the repayment of the loan, and (iii) moneys from the funds and accounts described herein. The Bonds are not secured by a mortgage on the Justice Building. The Bonds are issued on a parity basis with the Authority's outstanding \$4,675,000 State Agencies Facilities Refunding Revenue Bonds (Justice Building Project), Series 2008 (the "Parity Bonds"). In no event shall the Bonds constitute an indebtedness of the State of Arkansas (the "State") or any agency or political subdivision thereof under any constitutional or statutory limitation 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 Bonds are not a general obligation of the Authority. The Authority has no taxing power. The issuance of the Bonds shall not directly or indirectly obligate, morally or otherwise, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor.

The Bonds are subject to extraordinary and optional redemption prior to maturity as described herein.

**FOR MATURITY SCHEDULE SEE INSIDE FRONT COVER**

The Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriter, subject to the approval as to legal matters Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel, and to certain other conditions. It is expected that the Bonds will be available for delivery at the facilities of DTC in New York, New York, on or about December 1, 2015.

**Stephens Inc.**

Dated: October 22, 2015

**\$2,735,000**  
**Arkansas Development Finance Authority**  
**State Agencies Facilities Revenue Refunding Bonds**  
**(Justice Building Project)**  
**Series 2015**

**MATURITY SCHEDULE**

**Serial Bonds**

<b>Maturity</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>1</sup></b>
December 1, 2016	\$430,000.00	2.000%	0.650%	040849 CQ2
December 1, 2017	435,000.00	2.000%	0.950%	040849 CR0
December 1, 2018	445,000.00	2.000%	1.230%	040849 CS8
December 1, 2019	450,000.00	2.000%	1.470%	040849 CT6
December 1, 2020	460,000.00	2.000%	1.810%	040849 CU3
December 1, 2021	465,000.00	3.000%	2.120%	040849 CV1
December 1, 2022	50,000.00	3.000%	2.370%	040849 CW9

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

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

The information contained in this Official Statement has been obtained from the Authority, the DBA, and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and it is not to be construed as a representation by the Underwriter. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale or exchange made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the DBA since the date hereof.

The Bonds have not been registered under the Securities Act of 1933 nor has the Trust Indenture been qualified under the Trust Indenture Act of 1939. The Bonds are offered pursuant to an exemption from registration with the Securities Exchange Commission. The Commission does not pass upon the merits of any securities nor does it pass upon the accuracy or completeness of any official statement or other selling literature.

By its purchase of the Bonds, an investor is acknowledging that it has reviewed all the information it deems necessary to make an informed decision, and that it is not relying on any representation of the Underwriter or any of its officers, representatives, agents, or directors in reaching its decision to purchase the Bonds.

The investor, by its purchase of the Bonds, acknowledges its consent for the Underwriter to rely upon the investor's understanding of and agreement to the preceding paragraphs as such relates to the disclosure and fair dealing obligations that may be applicable to the Underwriter under applicable securities laws and regulations.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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## SUMMARY STATEMENT

The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Official Statement and to the Indenture. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement, including the Appendices hereto. Unless otherwise specifically defined, certain capitalized terms used herein have the meanings set out in APPENDIX A-“Definitions of Certain Terms.”

- Issuer**..... Arkansas Development Finance Authority, a public body corporate and politic of the State of Arkansas. See the caption “THE AUTHORITY” herein.
- Offering** ..... \$2,735,000 Arkansas Development Finance Authority State Agencies Facilities Revenue Refunding Bonds (Justice Building Project) Series 2015, are authorized by a Resolution adopted by the Authority on July 16, 2015.
- Maturities** ..... The Bonds shall mature on December 1 of each year commencing on December 1, 2016 and continuing through December 1, 2022, as shown on the inside cover page of this Official Statement.
- Date of Issue** ..... December 1, 2015
- Redemption** ..... The Bonds are subject to optional and extraordinary redemption prior to maturity. See the caption “THE BONDS-Redemption Provisions” herein.
- Rating** ..... Standard & Poor’s Corporation is expected to assign the Bonds a rating of “A”. See the caption “RATING” herein.
- Use of Proceeds** ..... The proceeds of the Bonds are expected to be used (a) to refund the Authority’s State Agencies Facilities Revenue Bonds (Justice Building Project), Series 2005, (b) to establish a debt service reserve for the Bonds, and (c) to pay Underwriter’s compensation and other legal, financing, and miscellaneous costs of issuing the Bonds. See the caption “SOURCES AND USES OF FUNDS” herein.
- The Loan Agreement**..... In order to produce revenues sufficient to pay the principal of and premium, if any, and interest on the Bonds when due, the Authority will loan the proceeds of the bonds to the Arkansas Department of Finance and Administration, Division of Building Authority (“DBA”) pursuant to the provisions of a Loan Agreement, dated as of December 1, 2015 (the “Loan Agreement”). See the captions “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” herein.
- Security**..... The Authority has pledged to the Trustee for the benefit of the Bondholders: (a) all moneys and securities held by the Trustee in the funds and accounts established under the Indenture in connection with the issuance of the Bonds, except the Rebate Fund, and (b) all of its interest under the Loan Agreement, and the receipts and revenues therefrom. See the captions “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” and “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

## OFFICIAL STATEMENT

**\$2,735,000**

**Arkansas Development Finance Authority  
State Agencies Facilities Revenue Refunding Bonds  
(Justice Building Project)  
Series 2015**

### INTRODUCTION

This Official Statement, including the cover page and appendices, provides certain information concerning the sale by the Arkansas Development Finance Authority (the "Authority"), a public body corporate and politic of the State of Arkansas (the "State"), of its \$2,735,000 State Agencies Facilities Revenue Refunding Bonds (Justice Building Project) Series 2015 (the "Bonds"). The Bonds will be issued pursuant to the Arkansas Development Finance Authority Act, codified as Ark. Code Ann. §§ 15-5-101 *et seq.*, as amended, (the "Act"), and the State Agencies Facilities Acquisition Act of 1991, codified as Ark. Code Ann. §§ 22-3-1401 *et seq.*, as amended ("Act No. 1173"). The Bonds are being issued pursuant to and are secured by a Trust Indenture effective as of December 1, 2015 (the "Indenture"), by and between the Authority and Regions Bank, as trustee, paying agent, and bond registrar (the "Trustee").

The Bonds are being issued by the Authority to provide funds for the purpose of (i) refunding the Authority's State Agencies Facilities Refunding Revenue Bonds (Justice Building Project) Series 2005 (the "Series 2005 Bonds"), (ii) establishing a debt service reserve fund, and (iii) paying the costs of issuing the Bonds. See the captions "SOURCES AND USES OF FUNDS" and "THE PROJECT" herein.

The Bonds are being issued on a parity of security with the Authority's outstanding \$4,675,000 State Agencies Facilities Refunding Revenue Bonds (Justice Building Project), Series 2008 (the "Parity Bonds").

The Authority was created in 1985 by the Act as a public body corporate and politic. The Authority is the successor to the Arkansas Housing Development Agency created in 1977. The Act authorizes the Authority to borrow money and issue from time to time its bonds, notes, and other obligations in the principal amounts the Authority determines shall be necessary to provide sufficient funds to carry out its purposes and powers.

In addition to providing financing for public facilities, the Authority is permitted under the Act to issue bonds for the purpose of financing agricultural business enterprises, capital improvements for State agencies and local governments, residential housing for persons and families of low and moderate income, educational facilities, health care facilities, industrial enterprises, and short-term advance funding of local government obligations. The Authority is presently committed to several financing programs for other purposes permitted by the Act and expects to issue other revenue bonds secured by separate and distinct collateral.

**The Bonds and the interest thereon are special limited obligations of the Authority, and shall not be deemed to constitute a debt, liability, or obligation of the Authority, the State, or any political subdivision thereof, or a pledge of the faith and credit of the Authority, the State, or any political subdivision thereof, but shall be payable solely from the revenues and other amounts derived from payments under the Loan Agreement, certain amounts on deposit pursuant to the Indenture, and the pledge of the filing fees for each case filed in the courts of the State and required to be paid into the Justice Building Construction Fund. No owner of any of the Bonds shall have the right to compel the exercise of the taxing power of the State or any political subdivision thereof for the payment of the principal or premium, if any, or interest on the Bonds. The Authority has no taxing power.**

This Official Statement contains descriptions of, and information regarding the application of the proceeds of, the Bonds, the security and sources of payment for the Bonds, certain investment considerations, the Authority, DBA, the Act, Act No. 1173, the Project, the Indenture, the Loan Agreement, and certain other instruments and documents. These descriptions and information do not purport to be comprehensive or definitive, and the

summaries, references, and descriptions are qualified in their entirety by reference to the appropriate statutes, instruments, and documents and to laws and principles of equity relating to or affecting creditors' rights. Copies of the documents herein described will be available for inspection at the designated corporate trust office of the Trustee upon the initial delivery of the Bonds.

APPENDIX A contains definitions of terms used in this Official Statement. The proposed form of Continuing Disclosure Agreement is included as APPENDIX B. The proposed form of opinion of Bond Counsel is included as APPENDIX C.

## THE BONDS

### General

The Bonds are dated as of December 1, 2015. The Bonds shall mature on December 1, 2016, and on each December 1 thereafter through December 1, 2022. The Bonds bear interest from December 1, 2015 at the rates set forth on the inside front cover of this Official Statement. Interest is payable on June 1, 2016, and on each June 1 and December 1 thereafter until maturity or earlier redemption.

All of the Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to which principal and interest payments on the Bonds will be made so long as DTC or its nominee is the registered owner of the Bonds. See the caption "BOOK-ENTRY ONLY SYSTEM" herein. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

The Bonds and the interest thereon are special limited obligations of the Authority, and shall not be deemed to constitute a debt, liability, or obligation of the Authority, the State, or any political subdivision thereof, or a pledge of the faith and credit of the Authority, the State, or any political subdivision thereof, but shall be payable solely from the revenues and other amounts derived from the Loan Agreement and the Indenture. The lien against Pledged Revenue securing the Bonds is on parity with the lien of the outstanding Parity Bonds. No owner of any of the Bonds shall have the right to compel the exercise of the taxing power of the State or any political subdivision thereof for the payment of the principal of or interest on the Bonds. The Authority has no taxing power.

### Redemption Provisions

**Optional Redemption.** The Bonds maturing on and after December 1, 2021, are subject to redemption prior to maturity at the election of the Authority on or after December 1, 2020, at any time, as a whole or in part, in inverse order of maturity, at the redemption price of par plus accrued interest to the date set for redemption.

**Extraordinary Redemption.** The Bonds are subject to redemption by the Authority in whole at any time or in part on any Interest Payment Date, at a redemption price equal to 100 percent of the principal amount thereof, plus accrued interest to the date of redemption, in the event:

(a) the Project or any portion thereof is damaged or destroyed to such extent that in the judgment of DBA (A) it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (B) DBA is thereby prevented from carrying on its normal operation of the Project for a period of four months, or (C) the costs of restoration would exceed the Net Proceeds of insurance plus any amounts for which DBA is self-insured; or

(b) title to, or the temporary use of, all or substantially all of the Project is taken under the exercise of the power of eminent domain by any governmental authority (including such a taking as results in the prevention of the normal operation of the Project for a period of four months).

## **Selection of Bonds for Redemption**

If fewer than all of the Bonds in any maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed from such maturity shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, so long as DTC or its nominee (or any successor) is the sole registered owner of the Bonds, the regulations and procedures of the securities depository shall govern the selection process.

## **Notice of Redemption**

In the event any Bonds or portions thereof (which shall be \$5,000 or any integral multiple thereof) are called for redemption, notice thereof identifying the Bonds or portions thereof to be redeemed shall be given by the Trustee by mailing a copy of the redemption notice by first class mail or by sending via other standard means, including, but not limited to, electronic or facsimile communication, at least 30 but not more than 45 days prior to the date fixed for redemption to the Owner of each Bond to be redeemed in whole or in part at such Owner's address as it appears on the registration books maintained by the Trustee. Any redemption notice so sent shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice. All Bonds so called for redemption will cease to bear interest on the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time. Notwithstanding the foregoing, as long as the Bonds are registered in the name of DTC or its nominee (or a successor entity) in the book-entry system, the Trustee may give notice of the call for any redemption by any means, including facsimile transmission, acceptable to DTC or its successors.

## **Additional Bonds**

The Authority may issue one or more series of Additional Bonds on a parity of security with the Bonds and the Parity Bonds to finance the acquisition, construction, renovation, or equipping of additional Justice Building facilities, or to refund indebtedness previously incurred for such purposes secured by a parity lien on and ratably payable from the Trust Estate, provided in each instance that: (a) the Authority and DBA are in full compliance with all covenants and undertakings in connection with all of the Authority's bonds then Outstanding which are payable from the Pledged Revenues or any part thereof; (b) the amount of moneys allocated by law to, and reasonably expected to be received into, the Justice Building Construction Fund for each of the Fiscal Years during with the additional parity bonds, the Bonds, and all other bonds payable from the Pledged Revenues are to be Outstanding shall equal at least one hundred twenty-five percent (125%) of the average annual debt service requirements for the principal and interest on the Outstanding Bonds, all other bonds payable from Pledged Revenues, and on the additional parity bonds to be issued, according to a certificate of the Director of the State's Department of Finance and Administration, or such other person who is then the chief fiscal officer of the State, delivered to the Trustee; provided, however, that in the case of additional parity bonds that are being issued to refund bonds then Outstanding which are payable from the Pledged Revenues, if the additional parity bonds result in debt service savings, then such bonds may be issued without meeting these other requirements of the Indenture relating to the issuance of Additional Bonds, and (c) if the Additional Bonds are to be issued to finance the acquisition, construction, renovation, or equipping of additional facilities, such additional facilities shall be owned by DBA.

No Additional Bonds may be issued with a prior pledge on the Trust Estate.

## **BOOK-ENTRY ONLY SYSTEM**

The information in this caption concerning DTC and DTC's book entry system has been obtained from DTC, and neither the Authority, the Trustee, nor the Underwriter takes any responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as be by an of DTC-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 18A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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 between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, AND EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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](http://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. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of 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 Bond documents. 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 Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Agent 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 nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority 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.

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 information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Neither the Authority, the Trustee, nor the Underwriter shall have any responsibility or obligation to any DTC Participant or any Beneficial Owner with respect to: (1) the accuracy of any records maintained by DTC or any Participant; (2) the payment by DTC or any Participant of any amount due any Beneficial Owner in respect of the principal, interest, and redemption payments on the Bonds; (3) the delivery by DTC or any Participant to any Beneficial Owner of any notice (including a notice of redemption) or other communication which is required or permitted to be given to holders or registered owners of the Bonds under the Indenture; (4) the selection of the Beneficial Owners to receive payment in the event of a partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as Registered Owner of the Bonds.

## **SECURITY AND SOURCE OF PAYMENT FOR BONDS**

### **Special Obligations**

**The Bonds and the interest thereon are special limited obligations of the Authority, and shall not be deemed to constitute a debt, liability, or obligation of the Authority, the State, or any political subdivision thereof, or a pledge of the faith and credit of the Authority, the State, or any political subdivision thereof, but shall be payable solely from the revenues and other amounts derived from the Loan Agreement and the Indenture. No owner of any of the Bonds shall have the right to compel the exercise of the taxing power of the State or any political subdivision thereof for the payment of the principal of or interest on the Bonds. The Authority has no taxing power.**

### **Pledge and Assignment**

The Authority, subject to the terms of the Indenture, has pledged and assigned to the Trustee for the benefit of the Owners of the Bonds:

- (a) The Loan Agreement, and the receipts and revenues therefrom;

(b) All moneys and securities from time to time held by the Trustee in the Funds and Accounts established under the Indenture (other than the Rebate Fund); and

(c) Any and all other property of every kind and nature from time to time which is by delivery or writing conveyed, mortgaged, pledged, assigned, or transferred as and for additional security under the Indenture for the Bonds, by the Authority or by any person on behalf of the Authority, or with the written consent of the Authority, to the Trustee.

The properties and interests described above are called the “Trust Estate” in the Indenture.

The lien against Pledged Revenue securing the Bonds is on parity with the lien of the outstanding Parity Bonds.

### **The Loan Agreement**

To secure payment of the Bonds under the Agreement, DBA will deliver its promissory note dated December 1, 2015 (the “Note”) in the principal amount of \$2,735,000, payable in annual installments equal to the principal maturities of the Bonds, and bearing interest payable not less than five Business Days prior to each Interest Payment Date in amounts equal to the interest payable on the Bonds. In the Agreement, DBA has pledged to the payment of the Note all moneys paid into the Justice Building Construction Fund. See the caption “SUMMARY PORTIONS OF THE LOAN AGREEMENT” herein for further information concerning the Agreement.

### **Justice Building Construction Fund**

By Act No. 901, the General Assembly of the State has created the Justice Building Construction Fund to be maintained by ABA as a “cash fund” separate from the State Treasury. Moneys deposited into the Justice Building Construction Fund are restricted and dedicated solely to finance the Project and are not deemed to be a part of the State Treasury requiring annual appropriation for expenditure. Act No. 901 specifically authorizes the use of the Justice Building Construction Fund to repay obligations issued by the Authority.

In 1997 the General Assembly also adopted Act 788 of 1997 (“Act No. 788”) to establish a uniform system of receipt and distribution of funds generated by the courts of the State thereby transferring the funding of the general and limited jurisdiction courts to the State level rather than the local level as has been the statutory method in effect. Act No. 788 provides that effective July 1, 1997, all filing fees paid to commence actions in the various courts of the State shall be administered under Act No. 788 which, in general, requires that a portion of such fees be deposited in the applicable city or county “administration of justice” fund in accordance with procedures determined by the Arkansas Department of Finance and Administration (“DF&A”), and that the balance of such fees be paid to DF&A for the credit of the State’s Administration of Justice Fund. DF&A is required by Act No. 788 to make monthly distributions of fees received to various judicial and law enforcement programs including the Justice Building Construction Fund. Such distributions are required to be at least one-twelfth (1/12) of the amounts specified by legislation. The amount allocated to the Justice Building Construction Fund is \$990,000 annually. Future payments into the Justice Building Construction Fund are pledged by DBA to the payment of principal of and interest on the Bonds and the Parity Bond under the Loan Agreement. Unless Additional Bonds are issued for the purpose of refunding either the Bonds or the Parity Bonds to achieve debt service savings, Additional Bonds on a parity of security with the Bonds and the Parity Bonds may only be issued if amounts expected to be received in the Justice Building Construction Fund are at least one hundred twenty-five percent (125%) of the average annual debt service requirements of all bonds paid or to be paid from the Justice Building Construction Fund. See “THE JUDICIAL DEPARTMENT” herein for information concerning the courts of the State, case filings, and fees charged.

## SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be used as follows:

### Sources of Funds

Principal Amount of Bonds	\$2,735,000.00
Transfers from Prior Issue Debt Service Funds	1,695,812.50
Reoffering Premium / Discount	<u>59,038.95</u>

Total Sources: \$4,489,851.45

### Uses of Funds

Deposit to Debt Service Reserve Fund	\$273,500.00
Costs of Issuance (including Underwriter's Discount)	71,351.45
Deposit to Current Refunding Fund	<u>4,145,000.00</u>

Total Uses: \$4,489,851.45

## DEBT SERVICE REQUIREMENTS

The following table sets forth the aggregate net debt service on the Bonds and the Parity Bonds during the Fiscal Year indicated.

Fiscal Year Ending June 30	Series 2008	Series 2015	Total	Annual Allocation	All Bonds Annual Debt Service Coverage
2016	\$306,608.76	\$29,925.00	\$737,075.01*	\$990,000.00	1.34*
2017	306,628.76	485,550.00	792,178.76	990,000.00	1.25
2018	301,341.26	481,900.00	783,241.26	990,000.00	1.26
2019	300,773.76	483,100.00	783,873.76	990,000.00	1.26
2020	304,400.01	479,150.00	783,550.01	990,000.00	1.26
2021	307,175.01	480,050.00	787,225.01	990,000.00	1.26
2022	304,631.26	473,475.00	778,106.26	990,000.00	1.27
2023	306,768.76	50,750.00	357,518.76	990,000.00	2.77
2024	303,587.51		303,587.51	990,000.00	3.26
2025	300,068.76		300,068.76	990,000.00	3.30
2026	301,100.01		301,100.01	990,000.00	3.29
2027	301,693.76		301,693.76	990,000.00	3.28
2028	306,740.63		306,740.63	990,000.00	3.23
2029	770,400.00		770,400.00	990,000.00	1.29
2030	777,100.00		777,100.00	990,000.00	1.27
<b>Totals:</b>	<b>\$5,499,018.25</b>	<b>\$2,963,900.00</b>	<b>\$8,863,459.50</b>		

\*Fiscal year 2016 includes \$400,541.25 of debt service paid on the Series 2005 Bonds.

## INVESTMENT CONSIDERATIONS

Purchase of the Bonds requires the investor to assume certain risks. In particular, the following risks should be considered before making any such purchase.

## **Remedies; Enforceability Risk**

Purchasers of the Bonds should understand that in the event of a Default or other termination of the Loan Agreement, or in the event of a Default under the Indenture, the remedies provided in the Loan Agreement and the Indenture may be unenforceable due to the application of principles of equity or State and federal laws relating to bankruptcy, moratorium, reorganization, and creditors' rights generally. The enforcement of any such remedies provided in the Loan Agreement and the Indenture could prove both expensive and time consuming.

## **Early Redemption Risk**

Early redemption of the Bonds may occur (i) if DBA exercises its option to make prepayments of the Note in order to redeem all or a portion of the Bonds on or after December 1, 2020, or (ii) if the Project is destroyed, damaged, or condemned in whole or in part and DBA exercises its option to apply the Net Proceeds to make prepayments of the Note. In any of such events, some or all of the Outstanding Bonds will be paid prior to their respective scheduled maturity dates. See the caption "THE BONDS-Redemption Provisions" herein.

## **Occurrence of Taxability**

The Bonds are not required to be redeemed in the event the interest on the Bonds becomes subject to federal income taxation. Neither the Loan Agreement nor the Indenture provides for an increase in payments due under the Note or any increase in the interest due on the Bonds in such event. In such event, the after-tax yield to the Owners of the Bonds would be materially decreased.

## **Appropriations Legislation Error**

The ultimate source of funds to repay the Bonds is uniform filing fees and court costs. These fees and costs are deposited in the Administration of Justice Fund maintained by the State Treasury. Through annual appropriation legislation, moneys in the Administration of Justice Fund are authorized to be transferred to the Justice Building Construction Fund. Appropriation acts adopted by the General Assembly include provisions that exempt moneys appropriated from the Administration of Justice Fund to be used for the repayment of bond issues from any reduction or pro ration triggered by a cash flow shortage or overall shortfall of funds. The annual appropriation legislation for the 2016 fiscal year contains a typo in these provisions resulting in an incorrect reference. The Arkansas Department of Finance and Administration has acknowledged the error; however, corrective legislation cannot be implemented unless the General Assembly is called into session. The next scheduled session for the General Assembly is the Spring of 2016. It is not anticipated that the typo will impact payments on the Bonds.

## **THE PROJECT**

The Series 2005 Bonds financed the refunding of the Authority's \$7,535,000 State Agencies Facilities Revenue Bonds (Justice Building Project) Series 1997 (the "Series 1997 Bonds"), which funded construction and renovation of certain facilities known as the Justice Building, located in Little Rock, Arkansas (the "Project").

## **Justice Building**

The original Justice Building was constructed in 1957 and was financed primarily from proceeds of revenue bonds issued by the Arkansas Justice Building Commission. The bonds were secured by payments from court filing fees and the rental of space to other State agencies. Clad in limestone similar to the State Capitol and other State buildings on the Capitol grounds, the two-story Justice Building initially housed the Supreme Court of Arkansas, the State's Attorney General, the Public Service Commission, and the Worker's Compensation Commission. In 1975, the Justice Building was expanded by the addition of a new courtroom for the Supreme Court. The Establishment of the Court of Appeals in 1978 and growth of the administrative functions of the Supreme Court required an expansion of the Justice Building.

## Project Description

Proceeds of the Series 2005 Bonds were used refund the Series 1997 Bonds, the proceeds of which were used to construct an addition containing approximately 36,000 square feet on two floors to the Justice Building and the renovation of approximately 500 square feet of the then-existing building. The first floor now provides administrative offices, an entrance lobby with exhibit space, a gallery for portraits of former Justices, and a security office. The second floor now provides office suites for each of the seven justices of the Supreme Court and a conference room. The addition provided a new west-facing façade for the Justice Building with a limestone exterior similar to the original building. Secure parking facilities for members of the courts was also provided. Substantial renovation and improvements to the electrical and mechanical systems of the original Justice Building were included in the project financed with the Series 1997 Bonds proceeds.

## THE AUTHORITY

The powers of the Authority are vested in the Board of Directors, consisting of the State Treasurer, the Director of the Arkansas Department of Finance and Administration, and 11 public members appointed by the Governor with the advice and consent of the State Senate. The Act provides that the Authority 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.

## Officers and Directors

The names, offices, principal occupations, and residences of the directors of the Authority and the dates of expiration of their terms are as follows:

NAME AND OFFICE	TERM EXPIRES (JANUARY 14)	PRINCIPAL OCCUPATION AND RESIDENCE
Richard Burnett, M.D., Chair	2018	Physician, Gassville
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
Vacant	2017	
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 consists of approximately fifty-six (56) full-time employees. Aaron Burkes is President of the Authority, Cheryl Schluterman is Vice President for Finance and Administration, Brad Henry is

Vice President for Development Finance, Patrick Patton is Vice President for Internal Audit, Layne Anderson is Vice President and General Counsel, and Ro Arrington is Public Finance Officer of the Authority.

The office of the Authority is located at 900 West Capitol Avenue, Suite 310, Little Rock, Arkansas. Its telephone number is (501) 682-5900, and its mailing address is P.O. Box 8023, Little Rock, Arkansas 72201. More information concerning the Authority appears on its website: [www.arkansas.gov/adfa](http://www.arkansas.gov/adfa).

### **Other Indebtedness of the Authority**

The Authority has outstanding various bond issues which have been issued for single-family and multifamily housing, industrial development facilities, higher educational facilities, correction facilities, facilities to house other State agencies, and other governmental purposes. Such bond issues are secured by other revenues and assets separate and apart from the revenues and assets pledged to secure the Bonds pursuant to the Indenture. No assets or funds of the Authority, other than those held under the Indenture, are pledged to the payment of the Bonds.

S&P has established an investment grade rating for obligations secured by a pledge of the Authority's full faith and credit. The Bonds are not secured by a pledge of the Authority's full faith and credit.

### **Future Financings of the Authority**

The Authority expects in 2015 and in future years to issue other bonds for purposes authorized in the Act, to the extent permitted by law, and to finance other activities as permitted by the Act.

## **THE JUDICIAL DEPARTMENT**

The various constitutions of Arkansas, since the grant of statehood in 1836, have provided for traditional divisions of legislative, executive and judicial authority in the three branches of government similar to the division of powers of the United States Constitution. Arkansas' present Constitution of 1874 provides that:

The judicial power shall be vested in the Judicial Department of state government, consisting of a Supreme Court and other courts established by this Constitution. Ark. Amendment 80, Sec. 1.

The General Assembly shall have the power to establish jurisdiction of all courts and venue of all actions therein, unless otherwise provided in this Constitution, and the power to establish judicial circuits and districts and the number of judges for Circuit Courts and District Courts, provided such circuits or district are comprised of contiguous territories. Ark. Amendment 80, Sec. 10.

Arkansas continues to have the three-tiered structure of its court system as established in 1874, although certain designations and jurisdictions have been changed by Constitutional amendment and legislation adopted from time to time. Arkansas Constitutional Amendment 80, having taken effect on July 1, 2001, eliminated separate courts of law and courts of equity.

### **Appellate Courts**

The appellate structure consists of the Supreme Court and the Court of Appeals, which is an intermediary appellate court. The Court of Appeals, authorized by Amendment No. 80, Section 5 to the State Constitution adopted in 2000, was established in order to relieve the State's heavy appellate caseload. Parties in litigation are entitled to an appeal either to the Supreme Court or the Court of Appeals, depending upon the nature of the litigation. The distribution of the cases between the two courts is established by Supreme Court rule. The Supreme Court consists of one Chief Justice and six Associate Justices, each elected statewide for an eight-year term of office. Judges of the Court of Appeals are elected from districts established by law for an eight-year term of office. There are twelve judges on the Court of Appeals, one of whom is designated Chief Judge by the Chief Justice of the Supreme Court. Supreme Court Justices and Court of Appeals Judges are elected on a nonpartisan basis by a majority of qualified electors within the State voting for such office.

## **Courts of General Jurisdiction**

With the passage of Amendment 80, Arkansas joined the majority of states that have created a unified court of general jurisdiction. The general jurisdiction courts are circuit courts. Effective January 1, 2002, circuit courts now consist of five subject matter divisions: criminal, civil, probate, domestic relations, and juvenile. The right to a trial by jury exists in circuit court. Judicial candidates for circuit judge now run in nonpartisan elections and are required to have been licensed attorneys in the state for six years preceding the date of assuming office. Circuit judges serve a six-year term. There are 121 circuit judges, each elected circuit-wide in one of 28 circuits.

## **Courts of Limited Jurisdiction**

District courts, formerly known as municipal courts before the passage of Amendment 80 to the Arkansas Constitution, exercise county-wide jurisdiction over misdemeanor cases, preliminary felony cases and civil matters of less than \$5,000. District courts are subject to the right of appeal to Circuit courts for a trial de novo. A small claims division of district court provides a forum in which citizens represent themselves to resolve minor civil matters. City courts operate in smaller communities where district courts do not exist and exercise city-wide jurisdiction. There is no right to a jury trial in any limited jurisdiction courts. The Arkansas District Judges Council is made up of all district court judges in the state. The council acts as the general body representing the state's limited jurisdiction courts.

More than 200 judges comprise the judges of the district courts of limited jurisdiction. Their terms of office are four years. District judges are elected on a nonpartisan basis and are required to have been licensed attorneys of the state for at least four years immediately preceding the date of assuming office.

## **Administrative Office of the Courts**

The Administrative Office of the Courts provides administrative services for non-judicial business of the State's courts. The Director is appointed by the Chief Justice of the Supreme Court with the approval of the Arkansas Judicial Council (an advisory body of the State's judges) and other Supreme Court Justices.

## **Court Fees and Filings**

Under current law uniform filing fees apply to all cases filed in the courts of the State. No refund of filing fees is permitted upon withdrawal or dismissal of a case. The filing fees are: courts of general jurisdiction - \$150; courts of limited jurisdiction - \$65 for small claims and \$80 for civil cases; appellate courts-\$150. The State is not required to pay filing fees in criminal proceedings or in certain other limited circumstances. Under certain conditions filings may be permitted with no fee by paupers. Annual statistics concerning court filings and a summary of moneys received by the State from filing fees, fines, forfeitures and other penalties are available from the Administrative Office of the Courts, Justice Building, Suite 1100, 625 Marshall Street, Little Rock, Arkansas 72201 (telephone: (501) 682-9400).

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Set forth below is a statistical table reflecting the number of cases filed in the respective courts of the State during the previous five fiscal years as reported to the Administrative Office of the Courts:

**Number of Cases Filed**  
Calendar Year ended December 31

<b>Court</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Supreme Court	301	275	269	434	432
Court of Appeals	674	935	576	1,952	1,733
General Jurisdiction	222,223	222,419	215,304	205,014	210,362
<b>Limited Jurisdiction-</b>					
District	1,190,930	1,081,967	1,154,409	1,165,397	1,063,652
City	62,979	33,090	*	*	*
<b>Totals</b>	<b>1,477,107</b>	<b>1,338,686</b>	<b>1,370,558</b>	<b>1,372,797</b>	<b>1,276,179</b>

\* Reported with District. City Courts abolished after 2011.

The following tables reflect total revenues received in the State Administration of Justice Fund as reported by the Arkansas Department of Finance and Administration for the fiscal years as set forth below:

**Revenues Received by State Administration of Justice Fund**  
Fiscal Year ended June 30

<b>Revenues</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Uniform Filing Fees and Court Costs	\$33,734,297	\$35,012,993	\$35,322,103	\$36,373,714	\$38,249,124
Interest Income	149,509	149,509	149,510	133,623	63,000
<b>Total Revenues</b>	<b>\$36,473,529</b>	<b>\$38,252,225</b>	<b>\$38,561,336</b>	<b>\$38,597,060</b>	<b>\$40,401,847</b>

  

<b>Revenues</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Uniform Filing Fees and Court Costs	\$37,422,908	\$33,981,797	\$31,680,041	\$30,871,682	\$33,962,880	\$32,395,009
Interest Income	73,356	29,918	2,411	0	0	0
<b>Total Revenues</b>	<b>\$39,585,987</b>	<b>\$36,101,438</b>	<b>\$33,568,933</b>	<b>\$32,585,255</b>	<b>\$35,716,437</b>	<b>\$32,395,009</b>

**DEPARTMENT OF FINANCE AND ADMINISTRATION, DIVISION OF BUILDING  
AUTHORITY**

Arkansas Building Authority (“ABA”) was an agency of the State of Arkansas created pursuant to Ark. Code Ann. §§ 22-2-101 *et seq.* ABA was charged with the task of arranging “for the housing of state agencies as space and facilities permit and to rent and lease space and facilities upon such terms and conditions and for such rentals as ABA may determine.” Pursuant to Act 7 and Act 8 of the First Extraordinary Session of the 90th General Assembly of the State of Arkansas and in compliance with Ark. Code Ann. § 25-2-101 *et seq.*, all powers, duties,

and functions of the ABA have been transferred to the Arkansas Department of Finance and Administration (“DF&A”). The Arkansas Department of Finance and Administration, Division of Building Authority (“DBA”) is the successor to ABA.

DBA is made up of four sections consisting of the Construction Section, the Building Operations Section, the Real Estate Services Section, and the Design Review Section. The Financial Management Office is a part of the Director’s Office. These sections work together to produce the following delivery of services: As Property Management Coordinator, DBA owns and manages approximately 1.2 million square feet of office space within the areas of the State Capitol Complex, downtown Little Rock, and Fort Smith. State agencies occupy 99 percent of the premises with the remainder being leased to food vendor services or other private entities through the Real Estate Services Section. The Building Operations Section employs a staff to provide operational and maintenance services to the tenants of DBA owned buildings. These services include meeting the day-to-day needs of tenants as well as any tenant alterations and modifications needs.

As Leasing Coordinator within the Real Estate Services Section, DBA acts as leasing agent for all state agencies on a statewide basis, in which the state contracts with private entities and public bodies such as counties, municipalities, and the Federal Government. DBA determines the space needs for state agencies, negotiates lease terms, and monitors lessor/lessee relations. DBA administers more than 1,000 leases involving 6.5 million square feet of space with \$64 million in annual rents.

As Design Review Coordinator, DBA reviews the plans, drawings, and other documents for state agencies under its jurisdiction. As Construction Coordinator, DBA supervises state agency capital improvements under its jurisdiction. As Real Property Coordinator, DBA assists agencies in their purchases and sales of state property as well as providing recommendations to the Governor for approval of such transactions.

DBA is administered by the director of DF&A, who is appointed by and serves at the pleasure of the Governor of the State. The appointment is confirmed by the State Senate. Larry Walther is Director of DF&A. Anne Laidlaw is the director of DBA.

The Arkansas Justice Building Commission was created in 1955 by the Justice Building Commission Act for the purpose of financing and operating the Justice Building and was empowered to borrow funds for the construction of the Justice Building and the construction of extensions, additions or improvements thereto. Subsequently, by Act 235 of 1993 the Commission was abolished and the powers, duties, functions and assets of the Commission were transferred to ABA.

## **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The following is a summary, which does not purport to be comprehensive and definitive, of provisions of the Indenture. Certain defined terms used in this summary are set forth in APPENDIX A to this Official Statement.

### **Funds and Accounts**

The Indenture authorizing the Bonds establishes the following Funds and Accounts to be held by the Trustee in trust for application in accordance with the Indenture:

- (a) the Refunding Fund, including therein the Cost of Issuance Account;
- (b) the Bond Fund;
- (c) the Debt Service Reserve Fund; and
- (d) the Rebate Fund.

The net proceeds of the sale of the Bonds shall be deposited into the Bond Fund, the Debt Service Reserve Fund, the Refunding Fund, and the Cost of Issuance Account in such amounts as are specified by the Authority at the time of the delivery of the Bonds.

### **Refunding Fund**

The Refunding Fund shall be maintained by the Trustee and moneys therein shall be expended only for the accomplishment refunding of the Authority's State Agencies Facilities Refunding Revenue Bonds (Justice Building Project), Series 2005.

### **Cost of Issuance Account**

Upon the delivery of the Bonds, funds shall be deposited into the Cost of Issuance Account. Moneys in the Cost of Issuance Account shall be used to pay Issuance Costs. Payment for such Issuance Costs shall be made only upon a written request of the Authority's giving certain required information concerning the payment.

### **Bond Fund**

Upon the delivery of the Bonds, there shall initially be deposited into the Bond Fund moneys representing the accrued interest received, if any.

There shall be deposited in the Bond Fund from time to time the following: (a) all accrued interest, if any, received at the time of the issuance, sale, and delivery of the Bonds; (b) all Pledged Revenues specified in the Loan Agreement; and (c) all other moneys received by the Trustee pursuant to the Loan Agreement that are required to be or which are accompanied by directions that such moneys are to be paid into the Bond Fund. Moneys in the Bond Fund shall be used solely for the payment of the principal of and redemption premium, if any, and interest on the Bonds, as and when due and payable, and the fees and expenses of the Trustee.

### **Debt Service Reserve Fund**

There will be deposited in the Debt Service Reserve Fund the amount equal to \$273,500.00 (the "Required Reserve"), to be used solely for the payment of the principal of and interest on the Bonds when (whether at maturity, upon a redemption date or any interest payment date) other funds available for such purposes are insufficient. Any earnings on the amount held in the Debt Service Reserve Fund in excess of the Required Reserve shall be transferred to the Bond Fund to be used to make payments on the Bonds, as provided in the Indenture.

So long as the Required Reserve is maintained, no deposits shall be required to be made to the Debt Service Reserve Fund; provided, however, if the Debt Service Reserve Fund should ever contain less than the total Required Reserve, monthly deposits in amounts equal to not less than one-sixth (1/6) of the deficiency in the then Required Reserve shall be made to the Debt Service Reserve Fund on or before the 25th day of each month until the Required Reserve has been fully restored and deposited in the Debt Service Reserve Fund.

### **Investment of Moneys**

Moneys held for the credit of the Bond Fund, the Debt Service Reserve Fund, the Rebate Fund, or any other Fund or Account shall to the extent practicable be invested and reinvested in Permitted Investments that will mature, or which will be subject to redemption by the owner thereof at the option of the owner, not later than the date or dates on which the money held for credit of the particular Fund shall be required for the purposes intended. The Trustee shall so invest and reinvest pursuant to written instructions from the Authority. Any profit or income realized from such investments shall be credited to the Bond Fund; except that (i) earnings on investment of the Rebate Fund shall, at all times, be and remain a part of the Rebate Fund until disbursed in accordance with the Indenture and the Tax Regulatory Agreement, and (ii) earnings on investment of the Debt Service Reserve Fund shall remain a part of said Fund if required to restore the Debt Service Reserve Fund to the Required Reserve.

Except as provided above, obligations purchased as an investment of moneys in any Fund or Account shall be deemed at all times a part of such Fund or Account.

### **Rebate Fund**

The Authority has covenanted to comply with the provisions of section 148 of the Code, which requires, under certain circumstances, the rebate to the United States of America of earnings on investment of proceeds of the Bonds in excess of the yield on the Bonds (the "Rebate Amount"). The Authority has covenanted to determine the Rebate Amount within 30 days after the close of each five-Bond Year period in accordance with the Code. Upon each such determination, the Trustee shall transfer to the Rebate Fund from the balances in the Bond Fund, the Refunding Fund, and the Debt Service Reserve Fund in that order of priority, the Rebate Amount so determined. Moneys in the Rebate Fund shall be paid by the Trustee, as directed by the Authority, to the United States of America at such times and in such amounts as are necessary to comply with the Code. Upon the receipt by the Trustee of a written request of the Authority certifying that certain amounts in the Rebate Fund are not subject to rebate and an opinion of Bond Counsel to the effect that failure to rebate such amount will not cause interest on the Bonds to become includable in gross income of the Owners thereof for federal income tax purposes under existing laws, regulations, rulings, and decisions, the Trustee shall transfer any such amounts to the credit of the Bond Fund. Pending payments from the Rebate Fund, the moneys therein shall be invested in Permitted Investments, and any earnings on such investments shall be retained in the Rebate Fund.

### **Insurance**

The Authority covenants under the Indenture to maintain casualty insurance in an amount sufficient to provide for not less than full recovery whenever the covered loss does not exceed 80 percent of the full insurable value of the damaged property.

The Loan Agreement obligates DBA to maintain or cause to be maintained certain property and liability insurance, and to the extent the insurance provided by DBA remains in effect, the obligation of the Authority under the Indenture to maintain such insurance will be deemed to be satisfied.

### **Defaults**

Defaults are defined in the Indenture. A Default under the Indenture means any one of the following events:

- (a) Default in the due and punctual payment of interest on any Bond;
- (b) Default in the due and punctual payment of the principal of 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 any other of the covenants, agreements, or conditions on the part of the Authority in the Indenture or in the Bonds contained and failure to remedy the same for a period of 30 days following the written notice thereof from the Trustee to the Authority; or
- (d) The occurrence of a "Default" under the Loan Agreement, or the Tax Regulatory Agreement.

The occurrence of an event of default under the Continuing Disclosure Agreement shall not constitute a "Default" under the Indenture.

### **Remedies**

If the event of a Default, the Trustee may, and, at the written request of the Owners of not less than 25 percent in aggregate principal amount of the Bonds Outstanding, shall, by written notice to the Authority and DBA, declare the Bonds to be immediately due and payable, anything in the Indenture or in the Bonds to the contrary

notwithstanding. Upon any such declaration of acceleration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement.

Upon the occurrence of a Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on the Outstanding Bonds.

Moneys received by the Trustee pursuant to any action taken as the result of a Default shall be paid to and applied by the Trustee as follows:

(1) To the payment of costs and expenses of the proceedings resulting in the collection of such moneys and to the payment of the expenses, liabilities, and advances incurred or made by the Trustee, and the creation of a reasonable reserve for anticipated fees, costs, and expenses.

(2) (a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: to the payment of amounts due to the Trustee pursuant to the Indenture;

SECOND: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of maturity of the installments of interest (with interest on overdue installments of such interest to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

THIRD: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) (with interest on overdue installments of such principal to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of the principal due on that date, to the persons entitled thereto without any discrimination or privilege; and

FOURTH: to be held for the payment to the persons entitled thereto as the same shall become due of the principal of and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on the overdue installments of interest or principal to the extent permitted by law.

(3) The payment of the surplus, if any, to the Authority, as provided in the Indenture.

Whenever moneys are to be applied pursuant to the foregoing provisions, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall

not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

## **SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT**

The following is a summary, which does not purport to be comprehensive and definitive, of certain provisions of the Loan Agreement. Certain defined terms used in this summary are set forth in APPENDIX A to this Official Statement.

### **Issuance of the Bonds**

Pursuant to the Loan Agreement, the Authority has agreed to issue the Bonds and to loan the proceeds thereof to DBA in order to provide funds to refund the Series 2005 Bonds, to establish the Debt Service Reserve Fund, and to pay the costs of issuing the Bonds.

In connection with the State's budgeting and appropriations process, DBA has agreed to request that appropriations be made and funded from the Administration of Justice Fund, or from such other source as permitted by law, to the Justice Building Construction Fund for each of the Fiscal Years during which the Bonds and all other bonds payable from the Pledged Revenues are to be Outstanding in an amount at least equal to one hundred twenty-five percent (125%) of the average annual debt service requirements for the principal and interest on the Outstanding Bonds and all other bonds payable from Pledged Revenues.

### **Term of the Loan Agreement**

The term of the Loan Agreement shall commence on the date of issuance and delivery of the Bonds to the Underwriter, and unless sooner terminated as provided in the Agreement, shall expire on December 1, 2022, or on the date that all of the Bonds and all fees and charges of the Authority, the Trustee and any paying agents have been fully paid or provision made for such payment, whichever is later; provided, however, that the Agreement may be terminated prior to such date if DBA exercises its option to prepay to the amounts payable under the Agreement pursuant to the terms thereof (see "Option to Prepay Note" below).

### **Security for the Loan; Pledge of Justice Building Construction Fund.**

(a) The obligations of DBA under the Loan Agreement and the Note are the special obligations of DBA secured by the Pledged Revenues. Simultaneously, with the issuance of the Bonds, the Authority will assign and pledge to the Trustee under the terms of the Indenture, all of the Authority's right, title and interest in and to the Loan Agreement, the Note and the Pledged Revenues. DBA agrees that the Trustee may enforce any or all rights, privileges and remedies of the Authority in and under the Loan Agreement, the Note and the Pledged Revenues.

(b) DBA pledges and sets over to the Authority for the payment of the Note and all other obligations of DBA under the Loan Agreement, the Justice Building Construction Fund established by Act No. 901 and moneys therein from time to time received from whatever source, such pledge to be effective until the Bonds are fully paid as provided in the Indenture, and all payments due under the Loan Agreement are fully paid and discharged.

(c) The pledge of the Justice Building Construction Fund is on parity with DBA's pledge of revenue from the Justice Building Construction Fund to secure the Parity Bonds.

### **Loan Payments**

Under the Loan Agreement and the Note, DBA agrees to repay the loan from the Authority, its successors or assigns, as follows:

(i) On or before three (3) Business Days prior to each December 1 and June 1 while the Bonds are Outstanding and on or before five (5) Business Days prior to any date on which all the Bonds shall be declared to be and shall become due and payable prior to their stated maturity pursuant to the provisions of the Indenture, DBA

shall pay directly to Trustee in immediately available funds the aggregate amount of principal, premium, if any, and interest becoming due and payable on the Bonds on such date.

Any amount at any time held by Trustee in the Bond Fund (except for any amounts held in any separate, restricted fund within the Bond Fund) shall be credited against the next succeeding Note payment and shall reduce the payment to be made by DBA to the extent such amount is in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past-due interest in all cases where such Bonds have not been presented for payment; and further, so long as the amount held by Trustee in the Bond Fund should be sufficient to pay at the times required the principal of and premium, if any, and interest on the Bonds then remaining unpaid, DBA shall not be obligated to make any further payments under the Note.

(ii) Commencing within twenty (20) days following any date on which DBA is notified that the amount on hand in the Debt Service Reserve Fund is less than the Required Reserve, DBA will pay the amount, if any, required to restore, in twelve (12) equal monthly installments, the amount on deposit in the Debt Service Reserve Fund to the Required Reserve.

(iii) DBA will pay the amounts, if any, required to be deposited into the Rebate Fund and rebated to the United States pursuant to the Indenture and the Tax Regulatory Agreement. Such payment shall be made within three (3) Business Days of notification by the Authority or the Trustee of the required amount.

### **Administrative Expenses**

In addition to the repayments of the Loan, DBA agrees to pay the Authority or the Trustee, on demand of the respective parties, the following Administrative Expenses:

(a) All reasonable expenses incurred by the Authority in relation to the Bonds and the transactions contemplated by the Loan Agreement, the Indenture, and any of the Bond Documents which are not otherwise required to be paid by DBA under the terms of the Loan Agreement

(b) The administrative fee of the Authority, an amount equal to 1/8 of 1% (0.125%) of the principal amount of the Bonds Outstanding on November 30 of each year while the Bonds are Outstanding, commencing December 1, 2016. The annual administrative fee is to be billed by the Trustee for payment to the Authority.

(c) As and when due, the reasonable fees and expenses of Trustee and any Paying Agents under the Indenture, such reasonable fees and expenses to be paid directly to Trustee or any Paying Agent for Trustee's or any such Paying Agent's own account, as and when such reasonable fees and expenses become due and payable, and any reasonable expenses in connection with any redemption of the Bonds.

(d) All rebate payments required under Section 148(f) of the Code and the Tax Regulatory Agreement, to the extent such amounts are not available to the Trustee in the Rebate Fund or other funds and accounts held under the Indenture.

All payments payable by DBA under the Note or the Agreement are assigned by the Authority to Trustee for the benefit of the Owners of the Bonds. DBA consents to such assignment.

In the event DBA should fail to make any of the payments required as Administrative Expenses, the item or installment so in default shall continue as an obligation of DBA until the amount in default shall have been fully paid, and DBA agrees to pay the same with interest thereon or with respect to payments to Trustee or the Authority with interest thereon from the date thereof until paid at the rate of ten percent (10%) per annum.

### **Option to Prepay Note**

On and after December 1, 2020, DBA may, at any time upon 60 days' written notice to the Trustee, elect to exercise its option to prepay to the Note prior to maturity, as a whole or in part, at any time, in inverse order of

maturity, by paying to the Trustee the principal amount and accrued interest to the date of redemption of the Bonds. Upon such prepayment, the Loan Agreement will terminate.

The Note is subject to prepayment at any time, in whole or in part, without premium or penalty, in principal amounts of \$5,000, or any multiple thereof plus accrued interest to the date of prepayment, at the request of DBA, in the event the Project or any part thereof is damaged, destroyed, or condemned, to the extent of funds provided therefor pursuant to the terms of the Loan Agreement.

### **Maintenance and Modifications; Impositions and Insurance**

DBA agrees that at all times during the term of the Loan Agreement it will, at its own expense, maintain, preserve and keep the Project, or cause the Project to be maintained, in good condition, and that DBA will from time to time make or cause to be made all necessary and proper repairs, replacements, renewals, additions and improvements thereof or thereto, at the expense of DBA.

DBA agrees to pay or cause to be paid during the term of the Loan Agreement all taxes and governmental charges of any kind lawfully assessed or levied upon the Project or any part thereof; and all utility and other charges incurred in the operations, maintenance, use, occupancy, and upkeep of the Project.

DBA agrees to insure or cause to be insured the Project against loss or damage of the kinds customarily insured against with respect to similar facilities in an amount equal to or exceeding the greater of (i) the full replacement value of the Project, or (ii) the amount required for the full redemption or retirement of all Bonds then Outstanding. DBA also agrees to carry worker's compensation insurance and flood insurance with respect to the Project in accordance with State law. All policies of insurance related to loss or damage to the Project shall be payable to DBA and the Trustee, as their interests may appear.

Upon the written request of Authority or Trustee, but no more frequently than annually, DBA shall provide Authority and Trustee with an opinion of an independent insurance broker of recognized national standing that the insurance then in force upon the Project is adequate and reasonable for the protection of the interests of DBA.

### **Damage, Destruction and Condemnation**

In the event of a loss or destruction of the Project, the Authority and DBA shall confer with respect to the repair or replacement of the Project. In the event that substantially all of the Project is damaged, destroyed or condemned, DBA has the option to apply the Net Proceeds of insurance to the redemption of the Bonds. If DBA does not exercise such option, and if no Event of Default under the Loan Agreement has occurred and is continuing, the Net Proceeds will be deposited into a trust fund held by the Trustee, and DBA has agreed to repair, rebuild, or replace the damaged portions of the Project.

### **Assignment**

Except by operation of law upon the transfer of the functions of DBA to another agency of the State, the Loan Agreement may not be assigned by DBA except with the express written consent of the Authority which consent may not be unreasonably withheld. The DBA may permit the Project to be used by any agency of the State for use solely in governmental activities, or, if DBA shall have delivered to the Authority and the Trustee an opinion of Bond Counsel that such use will not cause the Bonds to become "private activity bonds" under Section 141 of the Code, to other persons permitted to be tenants of premises owned by the State and under the control of DBA under the laws of the State.

The Loan Agreement (and the Note issued thereunder) will be assigned and pledged to Trustee as security for the payment of the principal of and interest on the Bonds, but otherwise the Authority shall not, without the prior written consent of DBA, assign, encumber, sell or dispose of all or any part of its rights, title and interest in and to the Note and the Loan Agreement.

## **Events of Default Under the Loan Agreement**

The Loan Agreement provides that any one or more of the following events will constitute an “Event of Default”:

- (a) Failure by DBA to pay principal and interest on the Note or any payment required to be paid under the Loan Agreement as the same becomes due; or
- (b) Failure by DBA to observe and perform any covenant, condition, or agreement on its part to be observed or performed, other than as referred to in paragraph (a) above, for a period of thirty days after written notice, specifying such failure and requesting that it be remedied, shall have been given to DBA by the Authority or the Trustee, unless the Authority and the Trustee shall agree in writing to an extension of such time prior to its expiration; or
- (c) The occurrence of a “Default,” as defined in the Indenture or in the Tax Regulatory Agreement.

With respect to the Loan Agreement covenants concerning the maintenance and use of the Project and the Authority’s right of inspection (other than any payment obligations set forth therein), the foregoing subparagraph (b) is subject to the following limitations: if by reason of *force majeure* DBA is unable in whole or in part to carry out the agreements on its part contained in such provisions, DBA shall not be deemed in default during the continuance of such inability. The term *force majeure* as used herein shall mean, without limitation, the following: strikes and lockouts, acts of public enemies, orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority, insurrections, riots, fires, explosions, or breakage or accident to machinery, transmission pipes or canals. Notwithstanding the applicability of such provisions, the Loan Agreement shall remain valid and in full force and effect, and DBA shall pay all loan repayments as and when due and payable.

## **Remedies**

Whenever any Default under the Loan Agreement shall have happened and is continuing, the Authority (or the Trustee pursuant to the assignment of rights and remedies contained in the Indenture) may take one or any combination of the following remedial steps:

- (a) Declare all amounts due under the Loan Agreement payable for the remainder of the term to be immediately due and payable, whereupon the same shall become immediately due and payable.
- (b) Have access to and inspect, examine and make copies of such of the books, records, accounts and data of DBA pertaining to the Justice Building Construction Fund.
- (c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts payable by DBA thereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of DBA under the Loan Agreement.

Any amounts collected pursuant to action so taken shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

## **SECONDARY MARKET DISCLOSURE**

In the Continuing Disclosure Agreements dated December 1, 2015 (attached hereto as Appendix B) the parties have covenanted for the benefit of Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Authority and the DBA, if available, by not later than 240 days after the end of their respective fiscal years, commencing with the fiscal year ended June 30, 2015 (the “Annual Disclosure Statement”), and to provide notices of the occurrence of certain enumerated events. The Annual Disclosure Statements will be filed by the Authority with the Municipal Securities Rule Making Board’s EMMA system. The notices of enumerated events will be filed by Regions Bank, as the Dissemination Agent, on behalf of the Authority

with the Municipal Securities Rule Making Board. The Authority may satisfy their obligations to file any notice, document or information with the Municipal Securities Rule Making 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 Rule Making 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 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. In May of 2014, the Authority initiated a comprehensive review of each of its Undertakings. In connection with that review, the Authority 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 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 results of the Authority’s review.

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 recent comprehensive review, and supplemental filings for the necessary years were recently made by the Authority and are continuing to be made by other obligated parties. As noted below, the Authority is implementing 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 were 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 previous five 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 requires that an issuer also disclose in an official statement related to its debt obligations any instances in the previous five years in which certain obligated parties 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 prior obligations of DBA, DBA agreed to provide certain financial information in written agreements specified in paragraph (b)(5)(i) of the Rule. In 2010, 2011, and 2012, DBA had instances of late filings for information required under its continuing disclosure obligations. The delay in filing was up to two (2) years late.

## **TAX MATTERS**

### **General**

In the opinion of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel, under existing laws, regulations, rulings, and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion described in the preceding sentence is subject to the condition that the Authority and the DBA comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the DBA have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Bond Counsel is of the opinion that the interest on the Bonds is exempt from all Arkansas state, county, and municipal taxes and that the Bonds are exempt from property taxation in the State of Arkansas.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status

and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

### **Original Issue Premium**

The Bonds are being sold at a premium. An amount equal to the excess of the issue price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. An initial purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Bond.

### **Changes in Federal Tax Law**

From time to time, there are legislative proposals in the Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

### **RATING**

Standard & Poor's Corporation has assigned a rating of A (Stable Outlook) to the Bonds. 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.

### **UNDERWRITING**

Under a Bond Purchase Agreement dated October 22, 2015 (the "Bond Purchase Agreement"), entered into by and among the Authority and Stephens Inc., as underwriter (the "Underwriter"), the Bonds offered hereby are being purchased from the Authority by the Underwriter at a price of \$2,774,893.95 (the principal amount thereof plus a reoffering premium of \$59,038.95 less an Underwriter's discount of \$19,145.00). The Bond Purchase Agreement provides that the Underwriter shall purchase all of the Bonds offered hereby if any are purchased, and that the obligation to make such purchase is subject to the approval of certain legal matters by Bond Counsel and certain other conditions. The initial public offering price may be changed from time to time by the Underwriter.

The Underwriter reserves the right to join with dealers and other Underwriter in offering the Bonds to the public and may offer the Bonds to such dealers or other Underwriter at a price below the public offering price.



## APPENDIX A

### DEFINITIONS OF CERTAIN TERMS

In addition to terms defined elsewhere in this Official Statement, the following are definitions of certain terms contained in this Official Statement.

“Account” or “Accounts” means one or more of the Accounts established by the Indenture.

“Act” means the “Arkansas Development Finance Authority Act,” codified as Ark. Code Ann. §§ 15-5-101 et seq., and all acts supplemental thereto or amendatory thereof.

“Act No. 1173” means the State Agencies Facilities Acquisition Act of 1991, codified as Ark. Code Ann. §§ 22-3-1401 et seq., and all acts supplemental thereto or amendatory thereof.

“Additional Bonds” means the additional parity bonds authorized to be issued by the Authority pursuant to the Indenture.

“Authority” means the Arkansas Development Finance Authority, a body politic and corporate of the State created by the Act, duly organized and existing under the laws of the State, and its successors and assigns.

“Bond Counsel” means an attorney or firm of attorneys nationally recognized standing in the field of law relating to municipal securities acceptable to the Trustee.

“Bond Fund” means the State Agencies Facilities Revenue Refunding Bonds (Justice Building Project) Series 2015 Bond Fund, created in the Indenture.

“Bond Year” means each period from and including December 1 through and including the following November 30.

“Bonds” means \$2,735,000 aggregate principal amount of the Authority’s State Agencies Facilities Revenue Refunding Bonds (Justice Building Project) Series 2015, issued pursuant to the Indenture.

“Book-Entry Bonds” means that part of the Bonds or Additional Bonds for which a Securities Depository or its nominee is the Owner.

“Business Day” means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed in the city in which the Trustee has its designated corporate trust office or a day on which the New York Stock Exchange is closed or the payment system of the Federal Reserve is not operational.

“Closing Date” means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Original Purchasers.

“Code” means the Internal Revenue Code of 1986, as amended, and the Regulations (including temporary or proposed Regulations) thereunder.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of December 1, 2015, among the Authority, DBA, and the Trustee, as originally executed, or as may be amended from time to time.

“Cost of Issuance Account” means the Cost of Issuance Account in the Refunding Fund established in the Indenture.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys, selected by the Authority, of nationally recognized standing in the field of law relating to municipal securities.

“DBA” means the Arkansas Department of Finance and Administration, Division of Building Authority, formerly Arkansas Building Authority (“DBA”) and the Arkansas Building Authority Council successor to Arkansas State Building Services and the Arkansas State Building Services Council, respectively, as established under Ark. Code Ann. §§ 22-2-101 *et seq.* Pursuant to Act 7 and Act 8 of the First Extraordinary Session of the 90th General Assembly of the State of Arkansas and in compliance with Ark. Code Ann. § 25-2-101 *et seq.*, all powers, duties, and functions of the DBA have been transferred to the Arkansas Department of Finance and Administration (“DF&A”).

“Debt Service” means, with respect to any particular Bond Year, and as of any particular date of computation, an amount equal to the aggregate of: (i) all interest paid or payable on June 1 and December 1 of such Bond Year on all Bonds Outstanding on the date of computation, plus (ii) the principal amount of all of the Bonds Outstanding on the date of computation which mature on December 1 of such Bond Year, all calculated on the assumption that Bonds will after the date of computation cease to be Outstanding by reason, but only by reason, of the payment of Bonds when due payable at or after the date of computation.

“Debt Service Reserve Fund” means the State Agencies Facilities Revenue Refunding Bonds (Justice Building Project) Series 2015, Debt Service Reserve Fund established in Indenture.

“Debt Service Reserve Requirement” or “Required Reserve” shall mean the least of (i) the Maximum Annual Debt Service on the Bonds, (ii) ten percent (10%) of the stated principal amount of the Bonds, or (iii) one-hundred twenty-five percent (125%) of the average annual Debt Service on the Bonds.

“Default” shall have the meaning set forth in the Indenture.

“Fund” or “Funds” means one or more of the Funds established by the Indenture.

“Governmental Obligations” means (i) 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), or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America; and (ii) any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (i) above.

“Indenture” means the Trust Indenture, dated as of December 1, 2015, between the Authority and the Trustee, pursuant to which the Bonds are authorized to be issued, and any amendments and supplements thereto.

“Interest Payment Date” means each December 1 and June 1, commencing December 1, 2015, and any date on which Bonds are called for redemption pursuant to the Indenture, so long as any Bonds are Outstanding.

“Issuance Costs” means all costs and expenses of issuance of the Bonds, including, but not limited to: (i) Underwriter’s discount and fees; (ii) counsel fees, including bond counsel, underwriter’s counsel, and DBA’s counsel, as well as any other specialized counsel fees; (iii) rating agency fees, if any; (iv) trustee fees and trustee counsel fees; (v) paying agent and certifying and authenticating agent fees related to issuance of the Bonds; (vi) accountant fees; (vii) printing costs of the Bonds and of the preliminary and final official statement; and (viii) publication costs associated with the financing proceedings.

“Letter of Representations” means, when all the Bonds or Additional Bonds are Book-Entry Bonds, the Blanket Letter of Representations dated [July 24, 1995], executed by the Authority and delivered to the Securities Depository, and any amendments thereto or successor blanket agreements between Authority and any successor Securities Depository, relating to a system of Book-Entry Bonds to be maintained by the Securities Depository with respect to any bonds, notes or other obligations issued by the Authority.

“Loan Agreement” means the Loan Agreement between the Authority and DBA, dated as of December 1, 2015.

“Maximum Annual Debt Service” means, at any given time of determination with respect to the Outstanding Bonds, the maximum amount of principal and interest coming due therein in the current or any subsequent Bond Year.

“Moody’s” means Moody’s Investors Service and its successors.

“Net Proceeds” means (a) with respect to any insurance policies required by the Loan Agreement or any condemnation award, the amount of proceeds or award remaining after deducting from the gross proceeds or award all expenses (including attorneys’ fees) incurred in the collection of such proceeds or award; or (b) when used with reference to the Bonds, means the face amount of the Bonds, plus accrued interest and premium, if any, and less original issue discount, if any.

“Original Purchasers” means the first purchasers of the Bonds from the Authority.

“Outstanding” or “Bonds Outstanding” means all Bonds that have been authenticated and delivered by Trustee under the Indenture, except: (a) Bonds cancelled after purchase in the open market or because of payment at, or redemption prior to, maturity; (b) Bonds paid or deemed paid pursuant to the Indenture; (c) Bonds cancelled after exchanges or transfers pursuant to the Indenture; and (d) Bonds in lieu of which others have been issued, authenticated, and delivered pursuant to the Indenture; provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Authority shall be disregarded and deemed not to be Outstanding, except that in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded unless all Bonds are owned by the Authority or any affiliate thereof and/or held by the Trustee for the account of the Authority, in which case such Bonds shall be considered outstanding for the purpose of such determination.

“Owner” or “Bondowner” means the person or persons in whose name or names a Bond shall be registered on the books of the Authority kept by Trustee for that purpose in accordance with provisions of the Indenture.

“Parity Bonds” means the Authority’s \$4,675,000 State Agencies Facilities Refunding Revenue Bonds (Justice Building Project), Series 2008.

“Participants” means brokers, dealers, banks and other financial institutions and other persons for whom, from time to time, the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

“Paying Agent” or “Paying Agents” means Trustee and such financial institutions as are appointed additional Paying Agents pursuant to the Indenture.

“Permitted Investments” means any of the following:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations).

(b) Government Obligations.

(c) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: Export-Import Bank; Farm Credit System Financial Assistance Corporation; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association; U.S. Department of Housing and Urban Development; and Federal Housing Administration.

(d) Senior debt obligations rated “AAA” by S&P and “Aaa” by Moody’s at the time of purchase, issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

(e) (i) Federal funds, or banker’s acceptances, maturing in not more than 270 days, issued or accepted by commercial banks which have a rating on their short-term certificates of deposit on the date of purchase of not lower than “A” by S&P or “A3/P-1” by Moody’s, (ii) U.S. dollar denominated certificates of deposit issued by commercial banks or savings and loans and fully insured by the Federal Deposit Insurance Corporation, or (iii) U.S. dollar denominated certificates of deposit issued by commercial banks or savings and loans, provided (a) the payment of principal of and interest on the certificates is fully secured by a pledge of Governmental Obligations and provided the issuer of the certificate of deposit has a rating described in (i), above, and (b) the Trustee receives an opinion of counsel satisfactory to the Trustee to the effect that the certificate holder holds a valid and legally effective security interest in the pledged Governmental Obligations.

(f) 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 270 days after the date of purchase.

(g) Investments in a money market fund rated at the time of purchase “AAAm” or “AAAm-G” or better by S&P or rated not lower than the highest rating category from Moody’s.

“Pledged Revenues” means any and all of the amounts, income, revenues, issues and profits, and any other sums of money payable or receivable under the Loan Agreement (except for amounts payable to or for the Rebate Fund), and the net earnings from the investment of moneys in the Funds and Accounts created therein (except for the Rebate Fund).

“Project” means the Project and any project financed with proceeds of Additional Bonds.

“Rebate Fund” means the Fund created in the Indenture.

“Redemption Price” means when used with respect to a Bond or portion thereof to be redeemed, the principal amount of such Bond or such portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

“Refunding Fund” means the Fund created in the Indenture.

“Regulations” means proposed, temporary and permanent regulations promulgated under the Code.

“Series 2005 Bonds” means the Authority’s State Agencies Facilities Refunding Revenue Bonds (Justice Building Project) Series 2005.

“S&P” means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, and its successors.

“Securities Depository” means a person that is registered as a clearing agency under section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in section 3(a)(12) of such Act for the purposes of section 17A thereof.

“State” means the State of Arkansas.

“Tax Regulatory Agreement” means an agreement by and between the Authority and the Trustee prescribing the procedures for compliance with section 148 of the Code and the Regulations promulgated thereunder, which is applicable to the Bonds and this Indenture.

“Trustee” means Regions Bank, an Alabama state bank with a corporate trust office in Little Rock, Arkansas, and its successors and any entity resulting from or surviving any conversion, sale, transfer, consolidation, or merger to which it or its successors may be a party and any successor Trustee at the time serving as successor trustee under this Indenture.

“Trust Estate” means the property conveyed to Trustee pursuant to the Granting Clauses of the Indenture.

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## APPENDIX B

### PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

#### CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated December 1, 2015 (this “Agreement”) is executed and delivered by the Arkansas Department of Finance and Administration, Division of Building Authority (the “Department”), the Arkansas Development Finance Authority (the “Authority”), the Arkansas Judiciary, Administrative Office of the Courts (the “Judiciary” and collectively with the Department and the Authority, the “Disclosing Parties”) and Regions Bank, as Trustee (the “Trustee”), in connection with the issuance by the Authority of its \$2,735,000 Arkansas Development Finance Authority State Agencies Facilities Revenue Refunding Bonds (Justice Building Project) Series 2015 (the “Bonds”). The Bonds are being issued pursuant to an authorizing resolution of the Authority and that certain Trust Indenture by and between the Authority and the Trustee, dated as of December 1, 2015 (the “Indenture”). The Disclosing Parties and Trustee covenant and agree as follows:

**Section 1. Purpose of this Agreement.** This Agreement is being executed and delivered by the Disclosing Parties and the Trustee for the benefit of the Beneficial Owners (as defined below) of the Bonds and in order to assist the Underwriter (as defined below) 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 Disclosing Parties 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.

“Annual Disclosure Statement” shall mean any Annual Disclosure Statement provided by the Disclosing Parties and filed by the Authority in the form attached hereto as Exhibit A and as further described in Section 4(a).

“Disclosure Representative” shall mean (i) with respect to the Authority, the Vice President for Internal Audit or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Department and the Trustee from time to time; (ii) with respect to the Department, Deputy Director or his or her designee, or such other officer or employee as the Department shall designate in writing to the Authority and the Trustee from time to time; and (iii) with respect to the Judiciary, Director of the Administrative Office of the Courts or his or her designee, or such officer or employee as the Judiciary shall designate in writing to the Authority, the Department and the Trustee from time to time.

“Beneficial Owner” of a Bond shall mean 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 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.

“Underwriter” shall mean Stephens Inc.

### **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 State of Arkansas’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 and in the form attached hereto as Exhibit A. Not later than 30 days prior to said date, the Department and the Judiciary shall provide the Annual Disclosure Statement to the Authority. Not later than 15 days prior to said date, the Authority shall provide the 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) 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, any 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.

(c) If by 15 days prior to the date specified in Subsection 3(a) for providing the Annual Disclosure Statement to the MSRB, the Trustee has not received a copy of the Annual Disclosure Statement and proof of filing with the MSRB, the Trustee shall contact the appropriate Disclosure Representative to determine if the Authority, the Judiciary and the Department are in compliance with Subsection 3(a).

(d) If the Trustee is unable to verify that the Annual Disclosure Statement has been provided to the MSRB by the date required in Subsection 3(a), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit B.

### **Section 4. Content of Annual Disclosure Statement.**

(a) The Disclosing Parties’ Annual Disclosure Statement shall contain or incorporate by reference the following:

(i) The following general information and data:

- The number of cases filed in the respective courts of the state for the prior five calendar years ending on December 31; and
  - Total revenues received in the State Administration Of Justice Fund for the prior five fiscal years ending on June 30.
- (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) 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 Disclosing Parties 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 Disclosing Parties 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 Disclosing Parties 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 Disclosure Statement prepared or delivered by the Department or the Judiciary pursuant to this Agreement and shall have no duty or obligation to review any such notice or Annual Disclosure Statement.

**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 any Disclosing Party;
- (xiii) The consummation of a merger, consolidation or acquisition involving any Disclosing Party or the sale of all or substantially all of the assets of any Disclosing Party, 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 Disclosing Parties, as appropriate, shall provide, or shall cause to be provided by the Trustee, a Listed Event Notice (the “Listed Event Notice”), in a timely manner within 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, the Disclosing Parties, as applicable, agree to report such occurrence to the dissemination agent in a timely manner not in excess of two Business Days after the occurrence of such Listed Event. The dissemination agent shall in a timely manner determine if a notice relating to such reported event must be filed and, if filing is required, file the Listed Event Notice in the time required by Section 5(b).

(d) The Trustee shall promptly advise the Authority whenever, in the course of performing its duties as Trustee hereunder, the Trustee identifies an occurrence which may 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 or under the Indenture.

(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 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 Agreement without direction from the Disclosing Parties and without a determination by the Disclosing Parties as whether such event must be filed pursuant to applicable federal securities laws.

**Section 6. Termination of Reporting Obligation.** The obligations of the Disclosing Parties 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 Disclosing Parties 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 Disclosing Parties choose 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 Disclosing Parties 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 Disclosing Parties and the Trustee may amend this Agreement (and the Trustee shall agree to any amendment so requested by the Disclosing Parties so long as such amendment is not materially adverse 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 Disclosing Parties 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 Disclosing Parties to comply with any provision of this Agreement, the Trustee may (and, at the request of the Beneficial Owners of at least 25 percent 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 Disclosing Parties, as applicable, to comply with its obligations under this Agreement. In the event of a failure of the Trustee to comply with any provision of this Agreement, the Disclosing Parties may 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 Trustee 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 Beneficial Owners of at least 25 percent 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 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 Disclosing Parties or the Trustee to comply with this Agreement shall be an action to compel performance, and the Disclosing Parties and their members, officers 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. The Dissemination Agent shall have no duty or obligation 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, the Department, the Judiciary, the Beneficial Owners or any other party. The 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 Disclosing Parties, 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 Disclosing Parties 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 the Disclosing Parties, as applicable; 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 Disclosing Parties, as applicable, each acknowledge that it, and not the Dissemination Agent, 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 Disclosing Parties, as applicable.

**Section 11.** The Disclosing Parties, as applicable, 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 12. Beneficiaries.** This Agreement shall inure solely to the benefit of the Disclosing Parties, 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 13. 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.

Dated as of the date first set forth above.

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY**

By: \_\_\_\_\_  
Aaron Burkes, President

**ARKANSAS DEPARTMENT OF FINANCE AND  
ADMINISTRATION, DIVISION OF BUILDING  
AUTHORITY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ARKANSAS JUDICIARY, ADMINISTRATIVE OFFICE  
OF THE COURTS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**REGIONS BANK**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT A

**ANNUAL DISCLOSURE STATEMENT**

Name of Issuer: Arkansas Development Finance Authority

Names of Obligated Parties: Arkansas Department of Finance and Administration, Division of Building Authority and Arkansas Judiciary, Administrative Office of the Courts

Name of Bond Issue: \$2,735,000 Arkansas Development Finance Authority State Agencies Facilities Revenue Refunding Bonds (Justice Building Project), Series 2015, dated December 1, 2015

Filing Date: \_\_\_\_\_

CUSIP Nos:

040849 CQ2	040849 CS8	040849 CU3	040849 CW9
040849 CR0	040849 CT6	040849 CV1	

**Part I**

If prepared and available, the Authority’s audited financial statements for the prior fiscal year. See Section 4(a)(ii) of the Continuing Disclosure Agreement dated December 1, 2015.

The Authority’s audited financial statements for the fiscal year ended June 30, 20\_\_ [is attached hereto and made a part hereof] [has not been provided to the Disclosing Parties as of the date of this filing].

**Part II**

**NUMBER OF CASES FILED IN THE RESPECTIVE COURTS OF THE STATE**  
For the prior five calendar years ending on December 31

<b>Court</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Supreme Court	301	275	269	434	
Court of Appeals	674	935	576	1,952	
General Jurisdiction	222,223	222,419	215,304	205,014	210,362
<b>Limited Jurisdiction-</b>					
District	1,190,930	1,081,967	1,154,409	1,165,397	
City	62,979	33,090	*	*	
<b>Totals</b>	<b>1,477,107</b>	<b>1,338,686</b>	<b>1,370,558</b>	<b>1,372,797</b>	

\*- Reported with District Courts; City Courts abolished.

TOTAL REVENUES RECEIVED IN THE STATE ADMINISTRATION OF JUSTICE FUND  
For the prior five fiscal years ending on June 30

<b>Revenues</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Uniform Filing Fees and Court Costs	\$37,422,908	\$33,981,797	\$31,680,041	\$30,871,682	\$33,962,880
Interest Income	73,356	29,918	2,411	0	0
<b>Total Revenues</b>	<b>\$37,496,264</b>	<b>\$34,011,715</b>	<b>\$31,682,452</b>	<b>\$30,871,682</b>	<b>\$33,962,880</b>

**Part III**

As of the date of this filing, the rating assigned to the Bonds by Standard & Poor's Corporation is "A". [See Section 5 of the Continuing Disclosure Agreement dated December 1, 2015. Are the Disclosing Parties or the 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 filing.]

**EXHIBIT B**

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

Name of Issuer: Arkansas Development Finance Authority

Names of Obligated Parties: Arkansas Department of Finance and Administration, Division of Building Authority and Arkansas Judiciary, Administrative Office of the Courts

Name of Bond Issue: \$2,735,000 Arkansas Development Finance Authority State Agencies Facilities Revenue Refunding Bonds (Justice Building Project) Series 2015, dated December 1, 2015

Dated Date: \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that the Disclosing Parties have not provided an Annual Disclosure Statement with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of December 1, 2015 between the Disclosing Parties and Regions Bank, as Trustee. [The Disclosing Parties anticipate that the Annual Disclosure Statement will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

\_\_\_\_\_  
Regions Bank

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

## APPENDIX C

### PROPOSED FORM OF OPINION OF BOND COUNSEL

Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel, will render an opinion with respect to the Bonds, dated the date of issuance and delivery thereof, in substantially the following form:

Re: \$2,735,000 Arkansas Development Finance Authority State Agencies Facilities Revenue Refunding Bonds (Justice Building Project), Series 2015

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Arkansas Development Finance Authority (the "Authority") of its \$2,735,000 State Agencies Facilities Revenue Refunding Bonds (Justice Building Project), Series 2015 (the "Bonds"), pursuant to a Trust Indenture dated as of December 1, 2015 (the "Indenture"), between the Authority and Regions Bank in Little Rock, Arkansas, as Trustee (the "Trustee"). In connection with the issuance of the Bonds, we have examined the law and such certified proceedings of the Authority and other documents as we have deemed necessary or appropriate for the purposes of this opinion.

The Bonds are issued under and by virtue of the Arkansas Development Finance Authority Act, codified as Arkansas Code Annotated Sections 15-5-101 *et seq.* (2009 Repl.; Suppl. 2013) (the "Act"), the State Agencies Facilities Acquisition Act of 1991 codified as Arkansas Code Annotated Sections 22-3-1401 *et seq.* (2004 Repl.; Suppl. 2013) ("Act 1173"), a resolution of the Authority adopted July 16, 2015 (the "Resolution") and the Indenture for the purposes of providing the Authority with funds to be loaned to the Arkansas Department of Finance and Administration, Division of Building Authority ("DBA") pursuant to a Loan Agreement, dated as of December 1, 2015 (the "Agreement"), to refund the Authority's State Agencies Facilities Revenue Refunding Bonds (Justice Building Project) Series 2005, establish a debt service reserve fund, and pay the costs of issuing the Bonds.

The Bonds are issuable in fully registered form, but only in the manner and subject to the terms and conditions set forth in the Indenture, and are dated, mature, bear interest and are subject to redemption prior to maturity as provided in the Indenture. The Bonds are secured by the Authority's pledge, under the Indenture, of certain revenues received under the Agreement (the "Pledged Revenues") and certain funds and accounts created by the Indenture.

The Bonds shall constitute limited obligations of the Authority, secured solely by a pledge of the pledged revenues and certain funds and accounts held under the Indenture. The Bonds do not constitute an obligation, either general or special, of the State, any municipality or any other political subdivision of the State. Neither the faith and credit nor the taxing power of the state or any political subdivision thereof is pledged for payment of the Bonds. The Issuer has no taxing power.

In connection with the issuance of the Bonds, we have examined (i) copies of the Act and Act 1173, (ii) a copy of the Resolution; (iii) a copy of the Indenture; (iv) a copy of the Agreement and (v) such other opinions, documents, certificates and letters as we deem relevant and necessary in rendering this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Authority and DBA contained in the Indenture, the Agreement and the certified proceedings and other certifications of officials of the Authority and DBA furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Authority is duly created and validly existing as a body corporate and politic and public instrumentality of the State, with the corporate power to enter into the Indenture and the Agreement, perform the agreements on its part contained therein and issue the Bonds.

2. The Agreement and the Indenture have been duly authorized, executed, and delivered by the Authority and are valid and binding obligations of the Authority enforceable in accordance with their terms. The Agreement has been duly authorized, executed, and delivered by DBA and is a valid and binding obligation of DBA, enforceable in accordance with its terms. Under the Agreement, DBA has agreed to make loan payments sufficient to pay when due the principal of and premium, if any, and interest on the Bonds. Pursuant to the Indenture, such loan repayments and other income derived from the investment of the funds and accounts created by the Indenture (collectively, the “Pledged Revenues”) and the rights of the Authority under the Agreement (except certain rights to indemnification and reimbursement) have been duly and legally assigned and pledged by the Authority to the Trustee as security for the Bonds.

3. The Bonds have been duly authorized, executed, and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Indenture. The Bonds are obligations only of the Authority; the Bonds are not an indebtedness of the State, an indebtedness for which the faith and credit of the State or any of its revenues are pledged, or an indebtedness secured by lien on or a security interest in any property of the State.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The interest on the Bonds is exempt from all state, county, and municipal taxes in the State, and the Bonds are exempt from property taxation in the State.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds, Indenture and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.