

NEW ISSUE-Book Entry Only

**RATINGS: (AGM Insured) Standard & Poor's: "AA" (Stable Outlook)
(Underlying Rating) Standard & Poor's: "A" (Stable Outlook)**

In the opinion of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel, based on existing statutes, regulations, rulings and court decisions, and assuming, amount other matters, compliance with certain requirements, interest on the Bonds is excludable from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding other federal income tax consequences relating to the accrual or receipt of interest on the Bonds. Bond Counsel is also of the opinion that interest on the Bonds is exempt from all Arkansas state, county, and municipal taxes. See "TAX EXEMPTION": herein.



\$31,675,000
ARKANSAS DEVELOPMENT FINANCE AUTHORITY
DRIVERS' LICENSE REVENUE BONDS
(ARKANSAS STATE POLICE – HEADQUARTERS PROJECT)
SERIES 2017

Dated: Date of Delivery

Due: June 1, as shown below

The Bonds are issuable only as fully registered bonds, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued pursuant to a book-entry-only system and will be registered in the name of Cede & Co. as nominee of the Depository Trust Company ("DTC"), New York, New York. There will be no distribution of the Bonds to ultimate purchasers ("Beneficial Owners"). See "THE BONDS" and "BOOK-ENTRY-ONLY SYSTEM" herein. Interest on the Bonds will be payable semiannually on June 1 and December 1, commencing December 1, 2017, to the Owners of the Bonds, as listed in the records of Regions Bank, Little Rock, Arkansas, as Trustee and Paying Agent (the "Trustee"). Principal on the Bonds will be payable at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



The Bonds are issued by the Arkansas Development Finance Authority (the "Authority") for the purpose of (i) financing the designing, acquisition, construction and equipping of five headquarters facilities to be utilized by the Department of Arkansas State Police and located in Lowell, Newport, Forrest City, Warren, and Harrison, Arkansas and (ii) paying necessary expenses incidental to the sale and issuance of the Bonds.

The Bonds are special obligations of the Authority payable solely from, and secured by a pledge of the revenues and funds described herein (the "Pledged Revenues"). The Bonds are issued to be subordinate to the Authority's outstanding Drivers' License Refunding Revenue Bonds (Arkansas State Police-Headquarters and Wireless Data Equipment Project, Series 2014 (the "Series 2014 Bonds") and the Authority's outstanding Drivers' License Refunding Revenue Bonds (Arkansas State Police – Wireless Information Network Project), Series 2011 (the "Series 2011 Bonds"). The Bonds do not constitute an indebtedness of the State of Arkansas (the "State") or an indebtedness for which the faith and credit of the State or any of its revenues are pledged or an indebtedness secured by a lien on or a security interest in any property of the State. The Authority has no taxing power.

MATURITY SCHEDULE
See schedule on inside front cover

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to the approval of legality of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel. It is expected that the Bonds will be available for delivery in New York, New York, on or about May 10, 2017.



RAYMOND JAMES®

Stephens Inc.

Dated: April 27, 2017

MATURITY SCHEDULE

\$31,675,000

Base CUSIP¹ 04108H

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
DRIVERS' LICENSE REVENUE BONDS
(ARKANSAS STATE POLICE – HEADQUARTERS PROJECT)
SERIES 2017**

Serial Bonds

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP¹</u>
06/01/2019	\$3,220,000.00	2.000%	1.300%	04108H CJ2
06/01/2020	1,745,000.00	2.000%	1.450%	04108H CK9
06/01/2024	1,825,000.00	2.250%	2.350%	04108H CL7
06/01/2025	3,365,000.00	2.500%	2.580%	04108H CM5
06/01/2026	3,455,000.00	2.625%	2.770%	04108H CN3
06/01/2027	3,550,000.00	2.750%	2.880%	04108H CP8
06/01/2028	2,115,000.00	2.875%	2.980%	04108H CQ6
06/01/2032	2,200,000.00	3.125%	3.310%	04108H CR4
06/01/2033	3,785,000.00	3.250%	3.400%	04108H CS2
06/01/2034	3,915,000.00	3.375%	3.510%	04108H CT0
03/01/2035	2,500,000.00	3.375%	3.560%	04108H CU7
Total	\$31,675,000.00			

¹ The CUSIP numbers shown above have been assigned by an organization not affiliated with the Issuer. The Issuer was not responsible for the selection of CUSIP numbers, and makes no representation as to the accuracy of such numbers on the Bonds or as indicated herein.

No dealer, broker, salesperson, or other person has been authorized to give any information or to make any representations other than as 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 Arkansas Development Finance Authority or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from the Arkansas Development Finance Authority and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

ASSURED GUARANTY MUNICIPAL CORP. (“AGM” OR “BOND INSURER”) MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, AGM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING AGM SUPPLIED BY AGM AND PRESENTED UNDER THE HEADING “BOND INSURANCE” AND “APPENDIX B - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 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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INTRODUCTION

This Official Statement, including the cover page and Appendices, is furnished in connection with the issuance and sale by the Arkansas Development Finance Authority (the “Authority”), of its \$31,675,000 principal amount of Drivers’ License Revenue Bonds (Arkansas State Police - Headquarters Project), Series 2017 (the “Bonds”). The Bonds will be issued pursuant to the Arkansas Development Finance Authority Act, codified at Arkansas Code Annotated Sections 15-5-101 *et seq.* (1987) (the “ADFA Act”) and The Arkansas State Police Headquarters Facilities and Equipment Financing Act, codified at Arkansas Code Annotated Sections 12-8-601 *et seq.* (the “ASP Act”). The Bonds are being issued and are secured by a Trust Indenture dated as of May 10, 2017 (the “Indenture”), between the Authority and Regions Bank, Little Rock, Arkansas as trustee, paying agent and bond registrar (the “Trustee”).

The Bonds are being issued for the purpose of (i) financing the designing, acquisition, construction and equipping of five headquarters facilities to be utilized by the Department of Arkansas State Police and located in Lowell, Newport, Forrest City, Warren, and Harrison, Arkansas and (ii) paying necessary expenses incidental to the sale and issuance of the Bonds. The Department will execute a Loan Agreement by and between the Authority and the Department dated as of May 10, 2017 (the “Loan Agreement”).

The Bonds are subordinate to the Issuer’s pledge to the Issuer’s outstanding Drivers’ License Refunding Revenue Bonds (Arkansas State Police - Wireless Information Network Project), Series 2011 (the “Series 2011 Bonds”) and to the Issuer’s outstanding Drivers’ License Refunding Revenue Bonds (Arkansas State Police-Headquarters and Wireless Data Equipment Project), Series 2014 (the “Series 2014 Bonds”).

Pursuant to the Indenture, the Bonds are secured by the pledges and covenants contained therein. Additionally, the Bonds are secured by the pledge of the Drivers’ License Revenue Fund (defined herein) and all receipts thereof. The references to and summaries and description of the ADFA Act, ASP Act, the Loan Agreement, the Indenture, the Bonds, the Project, and the other statutes, instruments, and documents which are included in this Official Statement do not purport to be comprehensive or definitive, and such summaries, references, and descriptions are qualified in their entirety by reference to the appropriate statute, instrument, or document. Copies of such documents are available for inspection at the principal corporate trust office of the Trustee in Little Rock, Arkansas. Except as otherwise defined, all capitalized words and phrases used herein shall have the meaning ascribed to them in Appendix A hereto.

The ADFA Act authorizes the Authority to borrow money and issue, from time to time, its bonds, notes, and other obligations in such principal amounts as the Authority determines shall be necessary to provide sufficient funds to carry out its purposes and powers, including, among other purposes, the financing of residential housing for persons and families of low and moderate income, agricultural business enterprises, capital improvements for State agencies and local governments, educational facilities, health care facilities, industrial enterprises, and short-term advance funding of local government obligations. The Authority is presently committed to several financings for other purposes permitted by the ADFA Act and to issue other special revenue bonds secured by separate and distinct collateral. The ASP Act establishes the Drivers’ License Revenue Fund (as defined herein) and provides for deposit of all fees from the sale of Arkansas driver’s licenses as authorized in Ark. Code Ann. Sections 27-16-801(a) and 27-23-

118(a)(3) into the Fund. The Series 2011 and Series 2014 Bonds were issued under the authority of Act 1057 of the Regular Session of the General Assembly of the State of Arkansas for the Year 1997 which was in the nature of temporary legislation. The ASP Act is substantially similar to Act 1057 and is permanent legislation. The ASP Act specifically authorizes the pledging of drivers' license revenues to secure bonds issued for the purpose of financing or refinancing headquarters for the Arkansas State Police.

THE BONDS

General Description

The Bonds are issuable only as fully registered bonds initially registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds.

The Bonds are issuable as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. Each Bond shall be dated May 10, 2017, and shall bear interest from such date payable December 1, 2017 and semiannually thereafter on June 1 and December 1 of each year until maturity.

Regions Bank, Little Rock, Arkansas, has been appointed Trustee, Registrar, and Paying Agent for the Bonds and also serves in that capacity for all bonds currently secured by the Pledged Revenues. Additional Paying Agents may be appointed and the Registrar and any Paying Agent may be removed or replaced by the Authority in accordance with the Indenture. Principal of the Bonds is payable at the principal corporate trust office of the Trustee in Little Rock, Arkansas, and semiannual interest on the Bonds will be paid by check of the Trustee mailed to the Owner. The Owner of Bonds of \$1,000,000 or more in aggregate principal amount may receive interest on the Bonds by wire transfer of funds to a bank account as designated in writing to the Trustee.

The Bonds are special obligations of the Authority, payable solely from and secured by a pledge of revenues generated by payments under the Loan Agreement, amounts on deposit in the Drivers' License Revenue Fund, and other moneys and securities held in certain funds or accounts established by the Indenture. The lien against Pledged Revenues securing the Bonds is subordinate to the lien securing the outstanding Series 2011 Bonds and the outstanding Series 2014 Bonds, each of which mature on June 1, 2018. No other senior or parity bonds may be issued. The Bonds do not constitute an indebtedness of the State of Arkansas (the "State") or an indebtedness for which the faith and credit of the State or any of its revenues are pledged or an indebtedness secured by a lien on or a security interest in any property of the State. The Authority has no taxing power.

Redemption Provisions.

The Bonds are subject to special and optional redemption prior to maturity as follows:

Extraordinary Redemption of Bonds. The Series 2017 Bonds shall be redeemed at a redemption price equal to the principal amount of the Bonds then Outstanding to be so redeemed, plus accrued interest to the date fixed for such redemption (which date shall be the earliest practicable date in accordance with Section 3.04 of the Indenture) and without premium, from

unexpended proceeds remaining in the Project Fund, in inverse order of maturity, at the earlier of (i) the Completion Date, or (ii) expiration of the temporary period for construction financings provided in §148 of the Internal Revenue Code of 1986, as amended. Provided, however, unexpended proceeds in a de minimis amount may be transferred to the Bond Fund and applied toward amounts due on the next Interest Payment Date or otherwise applied in a manner that will not adversely impact the tax exempt status of the Series 2017 Bonds as evidenced by an opinion of Bond Counsel.

Optional Redemption. The Series 2017 Bonds are subject to redemption at the option of the Issuer, in whole or in part at any time on and after June 1, 2020, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.

If less than all of the Bonds shall be called for redemption, the Bonds to be redeemed shall be identified by the Authority, and if no specific direction is given, then Bonds shall be redeemed on a pro rata basis for each maturity of Outstanding Bonds. If fewer than all of the Bonds of any one maturity shall be called for redemption, the Trustee, unless otherwise directed by the Authority, shall select the particular Bonds or portion of Bonds to be redeemed from such maturity by lot or in such other manner as the Trustee in its discretion may deem proper.

Notice of redemption identifying the Bonds or portions thereof (which shall be \$5,000 or an integral multiple thereof) to be redeemed shall be given by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, by overnight delivery service, or by other standard electronic means to the Issuer and the registered Owner (Cede & Co., so long as it is the registered owner in the book-entry system) of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by Trustee. Each notice of redemption will state (i) the maturities of the Bonds to be redeemed, (ii) the redemption date, (iii) the place or places where amounts due upon such redemption will be payable, (iv) if less than all of the Bonds are to be redeemed, the letters and number or other distinguishing marks of such Bonds so to be redeemed, (v) the CUSIP number (if any), (vi) the date of such notice, (vii) the issuance date for the Bonds, (viii) the interest rate of the Bonds to be redeemed, (ix) the redemption price, (x) Trustee's name and the address of Trustee's Payment Office, (xi) the complete official name of the Bonds, and (xii) in the case of the Bonds to be redeemed in part such notice will also specify the respective portions of the principal amount thereof to be redeemed. In the case of an optional redemption, the notice may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the Issuer retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. Such notice will further state that on such date there will become due and payable upon each Bond to be redeemed the redemption price thereof (or the redemption price of the specified portions of the principal thereof in the case of the Bonds to be redeemed in part only), together with interest accrued to the redemption date, and that from and after such date interest thereon will cease to accrue and be payable. A defect in, or failure to give, notice of redemption with respect to any Bond will not invalidate the notice of redemption of any other Bond or Bonds for which notice of redemption has been properly given.

Upon notice of redemption having been duly given as aforesaid, and moneys being held by Trustee for payment of the redemption price of, plus accrued interest to the redemption date on the Bonds to be redeemed, the Bonds (or portions thereof) so called for redemption on the redemption date designated in such notice will become due and payable at the redemption price, plus accrued interest thereon to the redemption date, specified in such notice and interest on the Bonds so called for redemption will cease to accrue. Said Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said Bonds will have no rights in respect thereof except to receive payment of said redemption price, plus accrued interest to the redemption date.

APPLICATION OF PROCEEDS OF THE BONDS

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

SOURCES:

Par Amount of Bonds	\$31,675,000.00
Net Original Issue Discount	<u>(304,129.50)</u>
Total Sources	<u>\$31,370,870.50</u>

USES:

Deposit to Project Fund	\$31,000,000.00
Cost of Issuance (including Bond Insurance and Underwriter's Discount)	<u>370,870.50</u>
Total Uses	<u>\$31,370,870.50</u>

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, or its successor, will act as securities depository for the Bonds. The Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Bond certificate for each maturity will be issued in the principal amount of the maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System a “clearing corporation” within the meaning of New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry changes in 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, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

So long as the Bonds are issued pursuant to the book-entry-only system, redemption notices will be sent only to Cede & Co. If fewer than all of the Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

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

Principal, interest and premium, if any, payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s

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

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

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

So long as the Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Indenture. The Authority and the Trustee have no responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.

BOND INSURANCE

Bond Insurance Policy.

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix B to this Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody’s published a credit opinion affirming its existing insurance financial strength rating of “A2” (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody’s may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Capitalization of AGM

At December 31, 2016, AGM's policyholders' surplus and contingency reserve were approximately \$3,557 million and its net unearned premium reserve was approximately \$1,328 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (filed by AGL with the SEC on February 24, 2017).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

SECURITY FOR THE BONDS

The Authority, subject to the terms of the Indenture, will grant a security interest in, pledge, and assign to the Trustee for the benefit of the Owners of the Bonds:

- (a) The Pledged Revenues (as defined below);
- (b) The Drivers' License Revenue Fund (as described below);
- (c) 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);
- (d) The Loan Agreement executed and delivered by the Department to the Authority, and the receipts and revenues thereof (See SUMMARY OF PORTIONS OF THE LOAN AGREEMENT herein) which includes a pledge of the Revenue Collection Reserve; and
- (e) Any and all other property of every other 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 other 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 Revenues securing the Bonds is subordinate to the lien securing the outstanding Series 2011 Bonds and the lien securing the outstanding Series 2014 Bonds.

Drivers' License Revenue Fund.

The Drivers' License Revenue Fund was created by ASP Act (therein the "Financing Fund") for the account of the Authority and requires that all fees received by the State from the sale of Arkansas drivers' licenses pursuant to Ark. Code Ann. Sections 27-16-801(a) and 27-23-18(a)(3) be deposited therein (the "Pledged Revenues"). Among other authorized uses, moneys in the Drivers' License Revenue Fund shall be used to pay debt service on the Bonds (and the Series 2011 Bonds and the Series 2014 Bonds) issued to finance the acquisition and equipping of the Project and, to the extent not necessary to make debt service payments, moneys shall be released to the Department on a quarterly basis to provide operating funds.

Pledged Revenues include a portion of the revenues derived from the sale and renewal of commercial and non-commercial driver's licenses and certain license exam fees required pursuant to Ark. Code Ann. Sections 27-16-801(a) as follows:

- \$20 for each commercial license issued or renewed
- \$24 for each 8 year non-commercial license
- \$12 for each 4 year non-commercial license
- \$5 for each Class M, D, or MD license examination

Prior to January 1, 2016, Arkansas Code Annotated Section 27-16-801(a) required all Arkansas driver's license holders to pay Drivers' License Revenues once every four years. However, Act 343 of the General Assembly of the State of Arkansas for the year 2015 ("Act 343") increased the validity period of Arkansas driver's licenses, so that fees due from drivers were doubled but were only required to be paid every eight years. Act 343 went into effect on January 1, 2016. Therefore, the amount of the Drivers' License Revenues shown for Fiscal Year 2016 in the chart below reflects collection of Drivers' License Revenues resulting from a four year renewal period from July 1, 2015 until December 31, 2016 and collection of Drivers' License Revenues resulting from an eight year renewal period from January 1, 2016 until June 30, 2016. It is not known how Act 343 will affect future Drivers' License Revenues in subsequent years; however, the amount reflected in Calendar Year 2016 matches the Department's projections.

Further, Act 460 of the General Assembly for the State of Arkansas for the year 2017 ("Act 460") amended Arkansas Code Annotated Section 27-16-801(a) to permit Arkansas drivers who are age 70 or older to elect whether to renew their licenses for a period of four years, or to pay twice the amount and renew their licenses for a period of eight years, with \$12 or \$24 being allocated to Pledged Revenues, respectively. It is not known how such a change will affect collection of Drivers' License Revenues in future years. Act 460 will go into effect on November 13, 2017.

Under the Indenture, the moneys deposited into the Drivers' License Revenue Fund are pledged as security for the Bonds. See "SUMMARY OF PORTIONS OF THE LOAN AGREEMENT--- Loan Payments" and "SUMMARY OF PORTIONS OF THE INDENTURE---*Bond Fund*" herein. Under the Loan Agreement between the Authority and the Department, the payment of Base Loan Payments, which includes amounts necessary to pay principal of, and interest on the Bonds, and the fees of the Trustee and the Authority, is to be made by the Department primarily by transferring the Base Loan Payments from the Drivers' License Revenue Fund into the Bond Fund.

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Summary of Drivers' License Revenues.

The table below reflects actual receipts from Drivers' License Revenues for the fiscal years shown.

Historical Drivers' License Revenues

FY ENDING

June 30

FY 2009	\$ 6,743,989.60
FY 2010	\$ 6,743,130.69
FY 2011	\$ 6,784,603.38
FY 2012	\$ 6,818,202.62
FY 2013	\$ 6,993,677.31
FY 2014	\$ 7,027,953.55
FY 2015	\$ 6,966,997.00
FY 2016	\$ 9,784,508.00*
FY 2017	\$ 6,614,063.00 (for 6 month period)

Source: Department of Arkansas State Police and Arkansas Department of Finance and Administration. Revenues derived from license fees enacted after 1997 and designated for other purposes are not included.

*Calendar year 2016 collections were \$12,928,015.31, representing the initial 12-month period impacted by 8-year renewals.

Historical Volume.

The table below reflects the annual number of renewals for the calendar years set forth below.

<u>Calendar year ending December 31</u>	<u>Non-Commercial License Renewals</u>	<u>Non-Commercial License Non-Renewals</u>	<u>Commercial Licenses</u>	<u>Examination Fees</u>
Year	Volume	Volume	Volume	Volume
2013	432,136	55,765	31,183	74,798
2014	439,827	54,739	33,282	74,370
2015	440,000	56,368	30,558	82,280
2016	449,169	56,770	26,337	96,066
4 Yr Average:	440,283	55,911	30,340	81,879

Source: Department of Arkansas State Police and Arkansas Department of Finance and Administration.

Legislative Impact of Pledged Revenues.

As noted above, prior to January 1, 2016, non-commercial licenses were staggered such that a similar number were due for renewal each year throughout a four-year period so that revenues collected each year were relatively level. The legislative change providing for 8-year non-commercial license renewals is expected to create alternating four-year periods whereby Pledged Revenues fluctuate higher and lower, subject to the effect of Act 460 on such fluctuations.

The following table illustrates a scenario of how Pledged Revenues could potentially be collected relative to debt service assuming:

- 4-year average volume of license sales and renewals
- 4-year average volume of examination fees
- The percentage of non-commercial renewals for 8 years (age 70 and under) and 4 years (age 70 and over) are estimated based on the demographic make-up of licensed drivers as of 2016. See Appendix D.

Revenues & Debt Service Coverage Scenario

Fiscal Year	Non-Commercial License Renewals	Non-Commercial License Non-Renewal	Commercial Licenses	Examination Fees	Total Revenues	Prior Bonds Net Debt Service	Series 2017 Net Debt Service	Debt Service Coverage
2017	\$10,625,804	\$1,341,852	\$606,800	\$409,393	\$12,983,849	\$4,860,088		2.67
2018	9,746,278	1,341,852	606,800	409,393	12,104,322	2,696,887	\$974,918.08	3.30
2019	9,746,278	1,341,852	606,800	409,393	12,104,322		4,143,475.01	2.92
2020	5,283,396	1,341,852	606,800	409,393	7,641,441		2,600,050.01	2.94
2021		1,341,852	606,800	409,393	2,358,045		817,968.76	3.47
2022	820,514	1,341,852	606,800	409,393	3,178,559		817,968.76	3.89
2023	820,514	1,341,852	606,800	409,393	3,178,559		817,968.76	3.89
2024	5,283,396	1,341,852	606,800	409,393	7,641,441		2,642,968.76	2.89
2025	9,746,278	1,341,852	606,800	409,393	12,104,322		4,139,625.01	2.92
2026	9,746,278	1,341,852	606,800	409,393	12,104,322		4,141,293.76	2.92
2027	9,746,278	1,341,852	606,800	409,393	12,104,322		4,141,281.25	2.92
2028	5,283,396	1,341,852	606,800	409,393	7,641,441		2,604,218.75	2.93
2029	820,514	1,341,852	606,800	409,393	3,178,559		425,768.76	7.47
2030	820,514	1,341,852	606,800	409,393	3,178,559		425,768.76	7.47
2031	820,514	1,341,852	606,800	409,393	3,178,559		425,768.76	7.47
2032	5,283,396	1,341,852	606,800	409,393	7,641,441		2,625,768.76	2.91
2033	9,746,278	1,341,852	606,800	409,393	12,104,322		4,139,268.76	2.92
2034	9,746,278	1,341,852	606,800	409,393	12,104,322		4,141,525.01	2.92
2035	9,746,278	1,341,852	606,800	409,393	12,104,322		2,568,406.25	4.71

Note: The above table is for illustrative purposes only. Actual four-year period actual Pledged Revenues collections received could vary significantly.

The Revenue Collection Reserve

There is created in the Loan Agreement the “Revenue Collection Reserve,” held by the Department. At the time that Act 343 was enacted, the Department implemented a cash management policy for the purpose of addressing anticipated fluctuations in collections of Drivers License Revenues.

In reviewing historical collection data, the Department anticipated that one effect of Act 343 would be to modify the previously recognized four year cycle of relatively uniform and stable collections of Drivers License Revenues. The Department predicted that Act 343 would create an 8 year revenue cycle with substantial variations in revenue collections when comparing the first four years of a cycle and the last four years of a cycle. The Department projected that the first four years after Act 343 became effective would reflect a significant increase in Drivers License Revenue collections. The Department further projected that the subsequent four years (years 5 through 8 after the effective date) would reflect a significant decrease in Drivers License Revenue collections. Effectively a significant portion of the Drivers License Revenues that would have been collected in years 5 through 8 if Act 343 was not enacted would be collected in years 1 through 4. In order to stabilize the stream of revenues available to the Department and with the intent of preventing cash flow shortfalls during years 5 through 8, the Department established a cash management policy requiring that a portion of the Drivers License Revenues collected in years 1 through 4 would be set aside in a Revenue Collection Reserve. The Department has agreed to maintain the Revenue Collection Reserve in an amount equal to 125% of the average annual debt service for the Bonds, initially [\$3 million]. The Revenue Collection Reserve is available to make debt service payments in the event revenues are insufficient in any given year. The Department has covenanted to set aside Drivers License Revenues in an amount sufficient to restore the Revenue Collection Reserve to required levels in the event that the Department is required to use these funds.

ADDITIONAL BONDS

Parity Bonds.

No additional bonds may be issued with a superior lien or on a parity of security with the Bonds.

Subordinate Bonds.

Nothing in the Indenture shall be construed as prohibiting or restricting the issuance of bonds secured by a pledge of Receipts of the Driver’ License Revenue Fund which is expressly subject and subordinate to the pledge in favor of the outstanding Bonds and any outstanding Series 2011 Bonds and Series 2014 Bonds.

THE PROJECT

The Project financed by the bonds is the design, acquisition, construction and equipping of headquarters facilities to be utilized by the Department and located in Lowell, Newport, Forrest City, Warren, and Harrison, Arkansas.

THE AUTHORITY

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

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:

<u>Name and Office</u>	<u>Term Expires (January 14)</u>	<u>Principal Occupation and Residence</u>
John Cooley, Chair	2019	EVP and CFO, Propak Logistics, Inc., Fort Smith
Stan Green, Vice Chair	2019	President, Clear Energy, Inc., Fayetteville
Aaron Burkes, Secretary	(ex-officio nonvoting)	President, Arkansas Development Finance Authority, Little Rock
Katelyn Busby	2020	Attorney, Monticello
Stephanie Ellis	2021	Chief Executive Officer, ARVAC, Inc., Dardanelle
Seth N. Mims	2020	President, Specialized Real Estate Group, Fayetteville
Stephen G. Rose	2020	Proprietor, Roseland Farms, Blytheville
Richard Burnett, M.D.	2018	Physician, Gassville
Thomas W. Spillyards	2021	Banker (retired), Rogers
Larry Tate	2021	Investment Manager, Little Rock
Gregory Stanfill	2021	EVP, Arvest Bank, Rogers
Denise Sweat	2018	Vice President, Farm Credit Services, Nashville
Dennis Milligan	(ex-officio)	State Treasurer, Little Rock
Larry Walther	(ex-officio)	Director, Arkansas Department of Finance and Administration, Little Rock

Other Indebtedness of the Authority.

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

Future Financing of the Authority.

The Authority expects during 2017 and in future years to issue other bonds to finance other activities as permitted by the ADFA Act. The Authority reserves the right to issue bonds which are general obligations of the Authority.

THE DEPARTMENT

The Department of Arkansas State Police (the “Department”) is a State agency charged with the enforcement of the traffic and criminal laws of the State. This includes enforcement of the motor vehicle laws, traffic laws, criminal laws and other state laws relating to protecting and properly enforcing the highway safety laws and other laws of the State and to render more effective the apprehension of criminals in the State.

The mission statement of the Department is:

THE MISSION OF THE ARKANSAS STATE POLICE IS TO PROTECT HUMAN LIFE AND PROPERTY IN THE STATE OF ARKANSAS BY PROVIDING THE HIGHEST QUALITY OF LAW ENFORCEMENT SERVICES TO THE CITIZENS OF ARKANSAS.

The Department of Arkansas State Police evolved from the original Arkansas State Rangers created in 1935. Act 231 of 1945 abolished the Arkansas State Police Department and created the current Department of Arkansas State Police. Act 38 of 1971 transferred the Arkansas State Police to the Department of Public Safety as the Police Services Division. The Department remained as an operating Division of Public Safety until Act 45 of 1981 abolished the Department of Public Safety and the Department of Arkansas State Police was returned to its status as a separate agency.

The Department of Arkansas State Police (ASP) is organized into five (5) divisions: the Highway Patrol Division, the Administrative Services Division, the Regulatory & Building Operations Division, the Crimes against Children Division and the Criminal Investigation Division.

The Highway Patrol Division (HPD) is comprised of twelve (12) troop headquarters located throughout the state. The HPD is responsible for patrolling the Arkansas highway system, responding to calls for service, and investigating motor vehicle crashes.

The Administrative Services Division (ASD) operates the human resource functions for the agency that includes recruiting, hiring, promotions and all personnel transactions.

The Regulatory & Building Operations Division (RBOD) is responsible for regulatory administration concerning licensing/permits for used motor vehicles dealers, concealed handguns, private investigators, security guards, alarm technicians, and fireworks establishments.

The Crimes against Children Division (CACD) is comprised of the Child Abuse Hotline Section and the Investigation Section.

- The hotline operates 24 hours a day and seven days a week with a toll free number for the public and mandated reporters to report child maltreatment and other crimes against children.

- The Investigation Section is comprised of nine (9) areas throughout Arkansas, responsible for the receipt and investigation of reports involving sexual abuse and severe physical maltreatment of children.

The Criminal Investigation Division (CID) is comprised of six (6) companies located throughout Arkansas. The Division provides investigative support to city, county, state and federal law enforcement agencies.

The Director’s Office provides overall administration of the agency and directly manages the Highway Safety Office, Agency Fiscal Management, Executive Protection, Legal Services, Grants Management, Fleet Management, Information Technology, Public Affairs and Support Services and Internal Affairs.

Officers and Directors.

The Department is under the general supervision and control of the Arkansas State Police Commission (the “Commission”) which consists of seven (7) persons appointed by the Governor of the State with the advice and consent of the State Senate. Each member serves for a term of seven (7) years, with terms staggering in a manner providing for the expiration of one member’s term each year. The Director of the Department, who is the chief executive and administrative officer, is appointed by the Governor of the State and is responsible for the Department’s overall management, administration, and day-to-day operations.

The names, offices, principal occupations and residences of the members of the Commission and the Department and the dates of expiration of their terms are as follows:

<u>Name and Office</u>	<u>Term Expires (January 14)</u>	<u>Principal Occupation and Residence</u>
Dr. Lewis Shepherd, Jr., Chairman	2018	University Administrator, Ouachita Baptist University, Arkadelphia
John W. Allison, Vice-Chairman	2019	Chairman, Home Bancshares, Inc. and Centennial Bank, Conway
Mr. Bob Burns, Secretary	2020	CEO, Farmer’s Bank and Trust, Magnolia
Ms. Jane Chistenson	2021	Retired Newspaper Executive, Harrison
Mr. Neff Basore	2022	Sr. VP, Cooper Communities, Inc., Bella Vista
Mr. William Benton	2023	Retired, Heber Springs
Mr. Steve Edwards	2024	Owner and President of GES, Inc. – Edwards Food Giant, Marianna

Colonel William J. Bryant is the Director of the Department.

SUMMARY OF PORTIONS 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 to provide funds for the payment of the Costs of the Project and to deposit the proceeds therefrom into the Project Fund with the Trustee.

Construction of the Project.

The Authority has authorized the Department to make all contracts and do all things necessary for the acquisition, completion, and installation of the Project, and the Department has agreed that it will cause the Project to be acquired, completed, and installed and to enter into any contracts necessary or appropriate for such purposes as approved or to be approved by the Department, and that the Project will be constructed and acquired in accordance with all laws, rules, regulations, and ordinances of any governmental authority or other regulatory body.

Modification of the Project.

The Department may make any changes in or modifications to the Project so long as such changes do not materially reduce or diminish the capacity, adaptability, or usefulness of the Project. The Department shall not issue any change order if the sum or the aggregate amount of change orders previously issued, plus the amount of any proposed change order, is greater than the remaining available amount of the Financing Amount not previously expended, unless the Department shall arrange to pay the increased cost resulting from such change orders.

Disbursements from the Project Fund.

Pursuant to the terms of the Indenture, the Authority has authorized and directed the Trustee to make payments from the Project Fund to pay the Costs of the Project, or to reimburse the Department for any Costs of the Project paid by it, upon receipt of requisitions as specified in the Indenture.

Effective Date of the Loan Agreement.

The effective date of the Loan Agreement shall be May 10, 2017. Unless terminated sooner the Loan Agreement shall end on the Termination Date, provided, however, that it may be terminated prior to such date if the Department exercises its option to prepay the amounts payable under the Loan Agreement pursuant to the terms thereof (see “Options to Prepay Loan Payments; Sale or Exchange of Property,” below).

Loan Payments.

Base Loan Payments. The Department agrees to pay to the Authority, its successors or assigns, loan payments as set forth in the Loan Agreement as follows:

- (1) Monthly installments of the scheduled component of Base Loan Payment (the “Scheduled Component”) as set forth in the Loan Agreement;
- (2) as the adjustable component of the Base Loan Payment (the “Adjustable Component”), the following fees:

- (i) the annual fees of the Trustee and Paying Agent;
- (ii) to the Authority, 1/8 of 1% of the outstanding principal payable on May 1 of each year; and
- (iii) a portion of the expenses associated with the arbitrage calculations.

The Base Loan Payments will be due on the fifteenth day of each month, commencing June 15, 2017, continuing thereafter during the term of the Loan Agreement until the Loan Agreement is terminated. The Base Loan Payments shall be periodically reduced by the Trustee to account for earnings on the Bond Fund and other amounts available therein.

Additional Loan Payments. In addition to Base Loan Payments, the Department agrees to pay the Authority, the Bond Insurer, or the Trustee, as applicable, on demand of the Trustee, the following Additional Loan Payments:

- (a) All fees and expenses of the Trustee, the Authority, and any Paying Agent, for the Bonds not included in the regular annual fees listed;
- (b) All fees and expenses of the Authority, the Paying Agent, the Bond Insurer or the Trustee relating to the Loan Agreement, including, but not limited to:
 - (1) the cost of reproducing the Loan Agreement;
 - (2) the reasonable fees and disbursements of Bond Counsel and other Counsel used by the Authority or the Trustee in connection with the Loan Agreement and the enforcement thereof;
 - (3) All other reasonable out-of-pocket expenses of the Trustee and the Authority in connection with the Loan Agreement and the enforcement thereof;
 - (4) all taxes in connection with the Project and the execution and delivery of the Loan Agreement, and all recording and filing fees and stamp taxes relating to the Loan Agreement and the pledge and assignment of the Authority's right, title and interest in and to the Loan Payments and the Loan Agreement pursuant to the Indenture (and with the exceptions noted therein) and all expenses, including reasonable attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions thereof; and
 - (5) all amounts due and owing to the Bond Insurer under the Indenture.

Any Additional Loan Payments shall be payable within ten (10) Business Days of a notice to the Department of the amount due. Should the Department fail to pay the

Additional Loan Payments enumerated in above when due, the Department agrees to pay interest on such unpaid amounts from such date at the rate of 10% per annum.

Restoration of Revenue Collection Reserve.

Commencing with the last day of the calendar quarter following any withdrawal of moneys from the Revenue Collection Reserve which leaves a balance in the Revenue Collection Reserve which is less than the Required Level or on any Loan Payment Date thereafter if sufficient funds were not previously available in the Drivers' License Revenue Fund to make the Restoration Payment, after payment of Base Loan Payments and Additional Loan Payments, the Department shall transfer from the Drivers' License Revenue Fund, to the extent that funds are available therefore, the amount necessary to restore, in four (4) equal quarterly installments, the Revenue Collection Reserve to an amount equal to the Required Level (with such amount being, the "Restoration Payment").

If sufficient funds are not available in the Drivers' License Revenue Fund to pay the entirety of the Restoration Payment on the last day of a calendar quarter, the Department shall transfer funds that are available to the Revenue Collection Reserve. On each subsequent Loan Payment Date thereafter, after payment of Base Loan Payments and Additional Loan Payments, the Department shall transfer amounts that are available therefor to the Revenue Collection Reserve until the Restoration Payments are satisfied.

Taxes and Governmental and Utility Charges.

The Department agrees to pay, as the same become due, (i) all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment, furnishings, or other property installed by the Department thereon that, if not paid, will become a lien on the Project and including all *ad valorem* taxes or payments in lieu of such taxes lawfully assessed upon the Project, (ii) all utility and other charges incurred in the ownership, operation, maintenance, use, occupancy, and upkeep of the Project, and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Department shall be obligated to pay only such installments as are required to be paid during the Loan Term.

Maintenance and Use of Project.

The Department agrees that at all times it will, at its own expense, maintain, preserve, and keep the Project, or cause the Project to be maintained, in good condition, and that the Department 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 the Department.

Insurance.

The Department covenants to maintain or cause to be maintained at its own expense throughout the term of the Loan Agreement insurance against loss or damage to the Project against such risks and in such amounts as is customary for facilities or equipment similar to the Project.

Damage, Destruction, and Condemnation.

If the Project or any portion thereof are damaged, destroyed, or taken under the exercise of the power of eminent domain, the Department is obligated to continue to pay all Loan Payments specified in 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 the Department to pay any Loan Payment or other payment required to be paid under the Loan Agreement as the same become due;

(b) Failure by the Department 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, or paragraphs (d) through (f) below, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Department 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; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Department within the applicable period and diligently pursued until the default is corrected, but in any event no extension shall be required beyond sixty (60) days after notice is first given;

(c) Any warranty, representation, or other statement by on or behalf of the Department contained in the Loan Agreement or in any instrument furnished in compliance with or in reference to the Loan Agreement is false or misleading in any material respect;

(d) The Department fails to observe and perform certain covenants specified in Sections 2.02(g), (h), (i), and 2.05, or 5.06(b) of the Loan Agreement;

(e) Any material provision of the Loan Agreement shall at any time for any reason cease to be valid and binding on the Department or is declared to be null and void, or the validity or enforceability of any portion thereof is contested by the Department or any governmental agency or authority (other than the Authority), or if the Department denies any further liability or obligation under the Loan Agreement;

(f) An “Event of Default,” as defined in the Indenture, shall occur and be continuing; and

(g) If the Department’s interest in the Loan Agreement shall devolve upon or pass to any Person, whether by operation of law or otherwise, except by an assignment consented to by the Authority and the Trustee.

With respect to the covenants referred to in Sections 2.02 of the Loan Agreement (other than any payment obligations set forth therein), the foregoing subparagraph (b) is subject to the following limitation: if by reason of *force majeure* the Department is unable in whole or in part to carry out the agreements on its part contained in such provisions, the Department 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 of America 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 the Department shall make all Loan Payments as and when due and payable.

Remedies.

Whenever any Default under the Loan Agreement shall have happened and be 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 upon the written consent of the Bond Insurer:

(a) Maintain the Loan Agreement in full force and effect and recover Loan Payments as they become due, regardless of whether or not the Department has abandoned the Project. In the event the Authority elects not to terminate the Loan Agreement, it shall have the right but not the obligation to take whatever action at law or in equity permitted under the laws of the State as is necessary or desirable to collect the amounts then due and thereafter to become due under the Loan Agreement or to enforce any other of its rights thereunder.

(b) To the extent permitted by the laws of the State, at the direction of the Bond Insurer, declare the accrued and unpaid Base Loan Payments and the accrued and unpaid Additional Loan Payments to be due and payable immediately, whereupon the same shall thereupon become immediately due and payable without demand, presentment, protest of further notice of any kind, all of which are expressly waived by the Department in the Loan Agreement; or

(c) With the prior written consent of the Bond Insurer, take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Loan Agreement or to enforce any other of the Trustee's or the Authority's or any assignee's rights thereunder.

Option to Prepay Loan Payments.

In whole or in part at anytime, the Department may, at any time upon forty-five (45) days' written notice by certified or registered mail to the Trustee, prepay an amount equal to the sum of the Optional Prepayment Amount plus all necessary and proper fees, compensation and expenses of the Authority, the Trustee, and any Paying Agent pertaining to such Bonds to be redeemed from the Optional Prepayment Amount.

Sale or Exchange of Property.

The Department, in its discretion, may sell or exchange any real or personal property which may at any time constitute a part of the Project if (i) the Department can demonstrate to the sole satisfaction of the Authority that after the sale of such property it will have adequate revenues to meet its debt service obligations with respect to the Bonds; and (ii) in the reasonable opinion of the Department the property to be sold or exchanged is no longer required or useful in connection with the operation of the Project. The obligation of the Department to make Loan Payments shall not be affected in any respect by any such sale or release. In the event that the Department cannot meet criteria (i) set forth above, it may sell or exchange any real or personal property that may at any time constitute part of the Project only if it pays down the Series 2017 Loan by an amount sufficient to meet its debt service obligations with respect to the Bonds as set forth in the Indenture.

SUMMARY OF PORTIONS OF THE INDENTURE

The following is a summary, which does not purport to be comprehensive and definitive, of certain 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.

- (1) Project Fund, including therein a Cost of Issuance Account,
- (2) Bond Fund,
- (3) Redemption Fund, and
- (4) Rebate Fund.

Project Fund.

The net proceeds of the sale of the Bonds shall be deposited into the Project Fund and the Cost of Issuance Account therein, in such amounts as are specified by the Authority at the time of the delivery of the Bonds. All income from the investment of moneys held in the Project Fund shall be credited to the Project Fund. All moneys in the Project Fund shall be applied to the payment of the Costs of the Project and, pending such application, shall be subject to a lien and charge in favor of the Owners of the Bonds until paid out or transferred as provided in the Indenture; except that, if there shall occur an Event of Default under the Indenture, moneys in the Project Fund shall be used to complete the Project unless the Bonds shall have been accelerated pursuant to the Indenture.

Before any payment shall be made from the Project Fund for payment of Costs of the Project (other than Issuance Expenses), there shall be filed with the Trustee:

A Written Request of the Department or its designee stating:

- (1) the name of the person, firm or corporation to whom the payment is due;
- (2) the amount to be paid;
- (3) the purpose in reasonable detail for which the obligation to be paid was incurred;
- (4) that the obligation stated in the Written Request has been incurred in or for the acquisition and completion of the Project and each item is a proper charge against the Project Fund and the obligation has not been the basis for a prior Written Request which has been paid;
- (5) that no written notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of any of the moneys payable under such Written Request to any of the persons, firms, or corporations named therein has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the Written Request;
- (6) such Written Request contains no items representing payment on account of any percentage entitled to be retained at the date of the Written Request; and
- (7) that no default by the Issuer under the Indenture has occurred and is continuing;
- (8) that no default by the Department under the Loan Agreement has occurred and is continuing; and
- (9) that the amount remaining in the Project Fund, plus reasonably expected investment income to be credited to the Project Fund, will, after payment of the amount requested in the Written Request, be sufficient to pay the Cost of the Project to become due and payable thereafter.

Moneys in the Cost of Issuance Account shall be used to pay Issuance Expenses for the Bonds or to reimburse the Authority to the extent of any payments made for such Issuance Expenses to the extent of the payments previously made for such Issuance Expenses. Payment for such Issuance Expenses shall be made only upon a written request of the Authority giving certain required information concerning the payment.

When the Project has been completed and the Completion Date has passed, the Trustee shall transfer any moneys then remaining in the Project Fund to the Bond Fund or the Redemption Fund, as directed by an opinion of Bond Counsel.

Bond Fund.

On each Interest Payment Date, Trustee shall withdraw from the Bond Fund an amount sufficient to pay the interest due on the Bonds on such Interest Payment Date. On each Interest Payment

Date on which a principal payment on the Bonds is due, the Trustee shall withdraw from the Bond Fund an amount sufficient to pay the principal coming due on Bonds on such Interest Payment Date, and shall use such amounts to pay principal on the Bonds on such date. All interest income derived from the investment of moneys in the Bond Fund shall be credited to the Bond Fund.

If, on any date for the payment of interest or principal of the Bonds, there are not sufficient amounts on deposit in the Bond Fund to pay the total amount of interest or principal coming due on such Interest Payment Date, the Department shall transfer moneys on deposit in the Revenue Collection Reserve in an amount equal to such deficiency to the Bond Fund. Such money will then be used to pay interest or principal due as above provided.

Investment of Funds and Accounts.

The Trustee shall invest to the extent reasonably possible all Trust Moneys on hand from time to time as specified in a Written Request of the Issuer, in Permitted Investments, subject to the provisions of the Indenture. In making all such investments, the Issuer and the Trustee shall be bound by the restrictions and limitations of the Indenture and the Tax Regulatory Agreement. In the absence of a Written Request, the Trustee shall invest in the funds identified in (e) of the definition of Permitted Investments.

Permitted Investments shall be made so as to mature or be subject to redemption at the option of the owner thereof on or prior to the date or dates that the Issuer or the Trustee anticipates that moneys therefrom will be required. The Trustee may trade with itself or its affiliates in the purchase and sale of such Permitted Investments, subject to the approval of the Issuer, and the Trustee shall not be liable or responsible for any loss resulting from any such investment. Such Permitted Investments shall be registered in the name of the Trustee. The Trustee may invest in Permitted Investments through its own trust department, and Trust Moneys may be deposited in time deposits, or in certificates of deposit issued by the Trustee or its affiliates.

In determining the value of any fund or account under the Indenture, the Trustee shall credit Permitted Investments at market value, as determined by the Trustee by any method selected by the Trustee in its reasonable discretion. No less frequently than annually, and in any event within thirty days prior to the end of each Bond Year, the Trustee shall determine the value of each fund and account held hereunder and shall report such determination to the Issuer and any Owner of the Series 2017 Bonds who shall have made written request therefor.

The Trustee shall sell or present for redemption any Permitted Investment as necessary to provide money for the purpose of making any payment required hereunder, and the Trustee shall not be liable for any loss resulting from any such sale. Any loss on or reduction in the value of any fund or account created hereunder shall be charged to the fund or account in which such Permitted Investment was or is held. To the extent that any such loss or reduction in value reduces the value of any fund or account to a level lower than 90% of the level required under the Indenture, such loss or reduction in value shall be recovered pursuant to the Indenture.

Redemption Fund.

There shall be deposited in the Redemption Fund the Trust Moneys required to be deposited in the Redemption Fund. Moneys on deposit in the Redemption Fund shall be used by the Trustee to redeem Bonds in the manner provided in the Indenture. Interest derived from the investment of Trust Moneys on hand in the Redemption Fund shall be deposited in the Redemption Fund.

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 50 days after the payment of the Bonds in accordance with the Code, and to make reports as required by the Code to the United States of America. Upon each such determination, the Trustee shall transfer to the Rebate Fund from the balances in the Bond Fund, the Project Fund, and the Redemption Fund, in that order of priority, the Rebate Amount so determined. Moneys in the Rebate Fund shall be paid by the Trustee 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.

Events of Default.

An Event of Default under the Indenture means any one of the following:

- (a) Default in the payment of any interest upon any Bond when it becomes due and payable; or
- (b) Default in the payment of the principal of, or premium, if any, on any Bond when the same comes due and payable; or
- (c) Default in the performance or breach of any covenants or warranties contained in the Indenture and the continuation of such a default for a period of thirty (30) days following the written notice thereof from the Trustee to the Authority.

If an Event of Default under the Indenture occurs and is continuing, then and in every such case the Trustee may, and upon the written request to the Trustee by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, declare the principal of all the Bonds and the interest accrued thereon to be due and payable immediately, by notice in writing to the Authority, and upon such declaration, such principal shall become immediately due and payable.

Remedies.

Upon the happening of an Event of Default under the Indenture, the Trustee may, and upon the written request of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, shall, proceed to protect and enforce its rights and the rights of the Owners of the Bonds by a suit or suits in equity or at law, either for foreclosure of the lien created by the Indenture, the specific performance of any covenant or agreement contained therein or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee may deem most effectual to protect and enforce any of the rights of the Owners of the Bonds; to the extent permitted by law, sell the Trustee Estate or any part or parts thereof, to pay the indebtedness secured by the Indenture; and exercise any remedies available to a secured party under the Arkansas Uniform Commercial Code.

Moneys received from the disposition of the Trust Estate as the result of an Event of Default shall be paid to and applied by the Trustee as follows:

(1) To the payment of costs and expenses of suit, if any, and the reasonable compensation of the Trustee, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made under the Indenture by the Trustee or by any Owner of the Bonds, and of all taxes, assessments or liens superior to the lien of the Indenture, except any taxes, assessments or other superior liens subject to which said sale may have been made then.

(2) To the payment first to the Owners of the Series 2014 Bonds and the Series 2011 Bonds (collectively, the "Parity Bonds") *pro rata* on a parity of payment:

FIRST: to the payment to the person entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable, 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 preference except as to any difference in the respective rates of interest specified in the Parity Bonds.

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Parity Bonds which shall have become due and payable (other than Parity Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on the principal amount of the Parity Bonds at the respective rates specified therein from the respective dates upon which the Parity Bond became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Parity Bonds due and payable on any particular date, together with the accrued interest, then to the payment first of the accrued interest ratably, according to the amount of interest due on that date, and then to the payment of the principal, ratably, according to the amount of

the principal due on that date, to the person entitled thereto without any discrimination.

THIRD: to the payment of the interest on the principal of the Parity Bonds, to the purchase and retirement of Parity Bonds and to the redemption of Parity Bonds, all in accordance with the provisions of Article IV of this Indenture.

(3) To the payment first to the Owners of the Series 2017 Bonds:

FIRST: to the payment to the person entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable, 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 preference except as to any difference in the respective rates of interest specified in the Series 2017 Bonds.

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Series 2017 Bonds which shall have become due and payable (other than Series 2017 Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on the principal amount of the Series 2017 Bonds at the respective rates specified therein from the respective dates upon which the Series 2017 Bond became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Series 2017 Bonds due and payable on any particular date, together with the accrued interest, then to the payment first of the accrued interest ratably, according to the amount of interest due on that date, and then to the payment of the principal, ratably, according to the amount of the principal due on that date, to the person entitled thereto without any discrimination.

THIRD: to the payment of the interest on the principal of the Series 2017 Bonds, to the purchase and retirement of Series 2017 Bonds and to the redemption of Series 2017 Bonds, all in accordance with the provisions of Article IV of this Indenture.

(4) If the principal of all the Bonds shall have become or shall have been declared due and payable, all the moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Parity Bonds, pro rata on a parity of payment, 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 Parity Bond over any other Parity Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Parity Bonds.

(5) If the principal of all the Bonds shall have become or shall have been declared due and payable and after payment of amounts due with respect to the Parity Bonds, all the moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Series 2017 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 Series 2017 Bond over any other Series 2017 Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Series 2017 Bonds.

(6) To the payment of costs and expenses, principal and interest associated with any outstanding Subordinate Bonds in the manner set forth in the Supplemental Indenture authorizing such Subordinate Bonds.

(7) The payment of the surplus, if any, to the Authority, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

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 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.

Defeasance.

If (a) the Authority has deposited or caused to be deposited with the Trustee as trust funds in cash or Permitted Investments described in (a), (b), (c) or (d) thereof, which do not permit the redemption thereof at the option of the obligor, the principal of, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the owner), will, without reinvestment, provide cash which, together with the cash, if any, deposited with the Trustee at the same time, shall be sufficient to pay and discharge the entire indebtedness on the Bonds not theretofore canceled by the Trustee or delivered to the Trustee for cancellation, for principal and interest (and premium, if any) which have become due and payable, or to the maturity or redemption date, as the case may be, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name and at the expense, of the Authority in the manner provided by the Indenture; (b) the Authority has paid, caused to be paid or made arrangements satisfactory to the Trustee for the payment of all other sums payable hereunder by the Authority until the bonds are so paid; (c) the Authority has delivered to the Trustee a certificate and an Opinion of Counsel reasonably acceptable to the Trustee, each stating that all conditions therein provided for relating to the satisfaction and discharge of the Indenture have been complied with; (d) the Authority has delivered to the Trustee an opinion of Bond Counsel to the effect that such deposit and investment will not cause interest on any of the

bonds to be included in gross income of the Owners for regular federal income tax purposes; and (e) the Authority has delivered to the Trustee a certificate from an Independent Accountant, reasonably acceptable to the Trustee, confirming that the cash and other securities deposited with the Trustee mature or provide for payments at times and in accounts necessary to pay the principal of, premium, if any, and interest on the Bonds as they become due; then, upon the request of the Authority, the Indenture and the liens, rights and interest thereby granted shall become null and void, and the Trustee shall deliver written notice to all Owners of the Bonds that the Bonds have been defeased in accordance with the Indenture and shall then execute and deliver such instruments of satisfaction as may be necessary, all at the expense of the Authority, and forthwith the estate, right, title and interest of the Trustee in and to all of the Trust Estate and in and to all rights under the Indenture (except the moneys and/or Government Obligations deposited as required in clause (a) above) shall thereupon be discharged and satisfied, and the Trustee shall in such case transfer, deliver and pay the same to the Authority or upon the order of the Authority.

Upon the deposit required by clause (a) above, and the Authority's and Trustee's compliance with provisions of the clause (b) through (e) above, the Bonds shall no longer be deemed to be Outstanding under the terms of the Indenture, and the Owners of such defeased Bonds shall be secured only by such trust funds and not by any other part of the Trust Estate created by the Indenture and the Indenture shall remain in full force and effect to protect the interests of the Owners of the Bonds remaining Outstanding thereafter.

Absent a request of the Authority, the payment of all Bonds Outstanding shall not render the Indenture inoperative or prevent the Authority from issuing Additional Bonds from time to time thereafter as provided in the Indenture.

All money, obligations and income thereon deposited with the Trustee to defease the Bonds shall be held in a special escrow account in trust and applied by the Trustee to the payment to the Persons entitled thereto, of the principal (and premium, if any) and interest on the Bonds.

The Authority and the Trustee have covenanted in the Indenture that no deposit to defease the Bonds will be made or accepted and no use will be made of any such deposit which would cause the Bonds so defeased to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code.

CERTAIN POWERS OF BOND INSURER

The exercise of various rights, powers and remedies set forth in the Indenture is subject to the prior approval of the Bond Insurer.

TAX EXEMPTION

Federal Income Taxes. In the opinion of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel, under existing law, 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; Bond Counsel notes, 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 of Bond Counsel are subject to the condition that the Authority and the Department comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal tax purposes. The Authority and the Department have 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 tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, corporations subject to the environmental tax of Section 59A of the Code, and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts, or other financial institutions, or certain recipients of Security or Railroad Retirement benefits, are advised to consult their tax advisors as to the tax consequences of purchasing, holding, or selling the Bonds.

State Income Taxes. Further, in the opinion of Bond Counsel, under existing laws, interest on the Bonds is exempt from all State, county, and municipal taxation, and the Bonds are exempt from property taxation in the State of Arkansas.

Opinion of Bond Counsel. The proposed opinion of Bond Counsel is attached hereto as Appendix E and reference is made thereto for the full text of Bond Counsel's opinion.

Tax Treatment of Original Issue Discount. The Series 2017 Bonds maturing June 1, 2024, 2025, 2026, 2027, 2028, 2032, 2033, and 2034 and March 1, 2035 (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of

such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

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

Tax Treatment of Original Issue Premium. When the initial public offering price for any of the Bonds, as reflected on the confirmation of sale received from the Underwriter, is greater than the principal amount thereof, such difference constitutes original issue premium and the bond is a “Premium Bond.” The Bonds maturing June 1, 2019 and 2020 are being sold as Premium Bonds. Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is “bond premium.” Under the Code, bond premium is amortized over the term of a Premium Bond (i.e., the maturity date of a Premium Bond or its earlier call date) for federal income tax purposes. An owner of a Premium Bond is required to decrease his or her basis in such Premium Bond by the amount of the amortizable bond premium attributable to each taxable year (or portion thereof) he or she owns such Premium Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Premium Bond compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

Owners of Premium Bonds (including purchasers of Premium Bonds in the secondary market) should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to the state and local consequences of owning and disposing of Premium Bonds.

LEGAL MATTERS

All legal matters related to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Mitchell, Williams, Selig, Gates and Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel. The unqualified approving opinion of Bond Counsel in substantially the form appearing in Appendix E will accompany the Bonds.

LITIGATION

There is no litigation pending or threatened seeking to restrain or enjoin the issuance or delivery of the Bonds, the proceedings and authority under which the Bonds are to be issued, or questioning the right of the Authority to adopt the Indenture or of the Authority and the Department to enter into the Loan Agreement.

SECONDARY MARKET DISCLOSURE

In the Continuing Disclosure Agreement dated May 10, 2017 (the “Continuing Disclosure Agreement”), between the Authority, the Department, and the Trustee, the Authority and Department have covenanted for the benefit of Beneficial Owners of the Bonds to provide certain financial information, if and when available, and operating data relating to the Department by not later than 240 days after the end of its fiscal years, commencing with the fiscal year ended June 30, 2017 (the “Annual Disclosure Statement”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Disclosure Statement will be filed by the Authority with the Municipal Securities Rulemaking Board’s EMMA system. The notices of material events will be filed by the Trustee or Authority on behalf of the Department with the Municipal Securities Rulemaking Board. The Department may satisfy its obligations to file any notice, document or information with the Municipal Securities Rulemaking Board by filing the same with any dissemination agent or conduit, including any “central post office” or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to the Municipal Securities Rulemaking Board, to the extent permitted by the SEC or SEC staff or required by the SEC. These covenants have been made to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The Continuing Disclosure Agreement is attached hereto as Appendix C.

The Rule requires that an issuer disclose in its official statement any instances in the previous five years in which such issuer failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule. In connection with the Authority’s previous bond issues, the Authority entered into individual continuing disclosure undertakings (“Undertakings”) in written agreements specified in paragraph (b)(5)(i) of the Rule. The Authority has identified over one hundred (100) bond issues currently outstanding and approximately sixty (60) additional bond issues that were previously outstanding during the prior five (5) years. In May of 2014, the Authority initiated a comprehensive review of each of its Undertakings. In connection with that review, the Authority has identified nine (9) categories of bonds or programs for which it acts as an issuer and/or has entered into Undertakings. The Authority (i) is the exclusive issuer of revenue bonds for public facilities acquired or constructed for the benefit of all state agencies which do not have bonding authority (the “State Facilities Program”); (ii) issues bonds to benefit for profit and not for profit businesses for a variety of purposes specifically authorized by Arkansas law (the “Conduit Issuer Program”); (iii) issues single family mortgage revenue bonds (the “Single Family Program”); (iv) issues multi-family mortgage revenue bonds (the “Multifamily Program”); (v) issues bonds to facilitate economic development which the Authority and/or the Arkansas Economic Development Commission (“AEDC”) guarantee through their individual bond guaranty programs (the “State Bond Guaranty Program”); (vi) guarantees bonds issued by other governmental entities that facilitate economic development (the “Local Bond Guaranty Program”); (vii) issues bonds to support the Arkansas Natural Resources Commission’s Wastewater Revolving Loan Fund (the “Wastewater Program”); (viii) issues bonds authorized by specific legislation to support other state programs (the “Miscellaneous State Bonds Program”); and (ix) issues on behalf of the State of Arkansas certain general obligation bonds (the “GO Program”). While the Authority has not made any determination as to materiality, the following paragraphs summarize the Authority’s analysis of its compliance with prior Undertakings.

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

With respect to the State Facilities Program, the Conduit Issuer Program, the Wastewater Program and Miscellaneous State Bonds Program, the Authority has had instances of late filings of certain financial information and operating data of the Authority and other obligated parties as required in the Undertakings. The nature of these filings typically include (i) supplemental filings to provide information or data identified in the Undertakings, but not included in the initial filing that was made timely and (ii) the filing of financial statements specific to the obligated person, if available, or alternatively, the State's CAFR and/or certain financial information and operating data. With respect to financial information, the delay in filing in most instances was a few days to a few months late, but in some unusual situations, the delay was up to five (5) years late. With respect to information or data that was not included with the initial filing, most of these omissions were discovered in connection with the Authority's May 2014 comprehensive review of its obligations with respect to its Undertakings. Supplemental filings for the necessary years were made by the Authority and are continuing to be made by other obligated parties. As noted below, the Authority implemented a form of annual report to prevent omissions of portions of information in the future and to confirm the status of required financial statements. In connection with annual reports for the June 30, 2014 and June 30, 2015 fiscal years, most of the information required by the Undertakings was filed timely, but not in the annual report format. Actuarial information relating to pension obligations and the per capita general obligation debt calculation were filed late in June 2016. Substantially all filings in the annual report format for the June 30, 2014 and June 30, 2015 fiscal years were filed by July 2016. In connection with some Undertakings for the State Facilities Program, the audited financial statements for certain state agencies for the fiscal year ending June 30, 2015 are not yet available. In some instances, the Failure to File Notices have not been filed or were filed late.

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

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

guaranteed by AEDC for which the State CAFR had not been previously filed. With respect to some Undertakings, there were a few instances in which the required disclosure information was not associated with all of the CUSIPs for a bond issue at the time the financial information and operating data were initially filed. These occurrences, though infrequent, were most common in connection with the Local Bond Guaranty Program, and necessary filings have been made for previously skipped CUSIPs.

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

The Rule also requires that an obligated party disclose in an official statement related to its debt obligations any instances in the previous five years in which such obligated party failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule. The Department is an obligated party under the Rule. Material event filings related to certain bond rating changes relating to third-party credit enhancement providers were not filed timely. Information relating to prior rate changes were filed on May 9, 2014. The form of the annual audit of the Department for the fiscal years ending June 30, 2009 and June 30, 2010 performed by the Arkansas Division of Legislative Audit were not in the same form as the annual audit of the Department for the preceding fiscal years. The Arkansas Division of Legislative Audit was consulted and provided a written explanation of its procedures which was filed on May 9, 2014. Subsequent Undertakings have been modified to specifically reference the definition of audit that is included within Arkansas statutes and with which the Arkansas Division of Legislative Audit must comply. In connection with the Series 2011 Bonds, the Eight-Year Summary of Drivers' License Revenues for the fiscal year ending June 30, 2012 was filed 102 days late.

RATINGS

S&P Global Ratings is expected to assign its municipal bond rating of "AA" (Stable Outlook) to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the payment when due of the principal of and interest on the Bonds will be issued by the Bond Insurer. The underlying credit rating for the Bonds is "A" (Stable Outlook) for the Bonds by S&P Global Ratings. Any explanation of such ratings may only be obtained from S&P Global Ratings. Generally, rating agencies base their ratings upon information and materials supplied to them and on their own investigations, studies and assumptions. There is no assurance that such ratings, once assigned, will remain for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies if in their judgment circumstances so warrant. Any such downward change or withdrawal of the ratings assigned to the Bonds by S&P Global Ratings may have an adverse effect on the market price of the Bonds.

The Underwriter and the Authority have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

In the Continuing Disclosure Agreement, the Authority has agreed to give notice of certain material events, which include the revision or withdrawal of any rating on the Bonds.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority, at the purchase price of \$31,212,495.50 representing the par amount of bonds less \$304,129.50 net original issue discount less Underwriter's discount of \$158,375.00. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

ADDITIONAL INFORMATION

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

The execution and delivery of this Official Statement has been duly authorized by the Authority. This Official Statement is dated the date shown on the cover page hereof.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

By: /s/ Aaron S. Burkes
 President

APPENDIX “A”

DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain of the words and terms used in this Official Statement as defined in the Indenture and the Loan Agreement.

“Accountant” or “Accountants” shall mean an Independent certified public accountant or a firm of independent certified public accountants as to whom the Trustee makes no reasonable objection.

“Additional Projects” shall mean any project qualifying as a project financeable under the ASP Act, as amended from time to time.

“ADFA Act” shall mean Arkansas Code Annotated 15-5-101, *et seq.*, as amended.

“Annual Debt Service” for the Bonds, shall mean with respect to each Bond Year the aggregate of the principal of (including mandatory sinking fund payments) and interest on the Bonds for such Bond Year.

“ASP Act” shall mean Ark. Code Ann. §§ 12-8-601 *et seq.*, as amended. The Series 2011 and Series 2014 Bonds were issued under the authority of Act 1057 of the Regular Session of the General Assembly of the State of Arkansas for the Year 1997 which was in the nature of temporary legislation. The ASP Act is substantially similar to Act 1057 and is permanent legislation.

“Authority” shall mean the Arkansas Development Finance Authority or its successor.

“Authorized Issuer Representative” shall mean the person or persons as may be designated by the Issuer in a writing or file with the Trustee (which designation may be changed from time to time).

“Beneficial Owner” as defined in Section 2.02 of the Indenture when the Bonds are in the Book-Entry-Only System and otherwise means a Bondholder.

“Bond Counsel” shall mean the attorney or firm of attorneys with a nationally recognized standing, in the field of municipal bond financing issuing the approving opinion with respect to the Series 2017 Bonds.

“Bond Fund” shall mean the Bond Fund created pursuant to Section 5.01 of the Indenture.

“Bond Insurance Policy” or “Policy” shall mean the municipal bond insurance policy issued by the Bond Insurer simultaneously with the delivery of the Bonds, guaranteeing the scheduled payment of the principal of and interest on the Bonds when due.

“Bond Insurer” or “Insurer” shall mean Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company, or any successor or assignees thereof.

“Bond Year” shall mean June 1 through May 31 of each year, except that the first bond year shall commence on May 10, 2017, and end on May 31, 2017.

“Bonds” or “Series 2017 Bonds” shall mean the Issuer’s Drivers’ License Revenue Bonds (Arkansas State Police - Headquarters Project), Series 2017.

“Book-Entry System” shall mean the system maintained by the Securities Depository and described in Section 2.02 of the Indenture.

“Business Day” shall mean any day on which banks located in the city in which the principal office of the Trustee is located and the New York Stock Exchange are open for business.

“Closing Date” shall mean the date on which the Bonds are delivered to the Principal Underwriter or the purchaser or purchasers thereof and payment is received by the Authority.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated or proposed thereunder.

“Commission” shall mean the Arkansas State Police Commission created pursuant to Ark. Code Ann. § 12-8-102 which is charged with overseeing the operations of the Department of Arkansas State Police, and any duly authorized successor.

“Completion Date” shall mean the date of completion of the Project established in accordance with Section 13.02 of the Indenture.

“Continuing” shall mean, as applied to an Event of Default, an Event of Default not cured or waived.

“Cost” or “Costs” as applied to the Project, financed with the proceeds of the Series 2017 Bonds, shall mean, any and all costs of such facility and, without limiting the generality of the foregoing, shall include the following:

- (1) all costs of the acquisition of land and improvements and all costs incident or related thereto including, but not limited to, design, engineering, architectural, consulting and related services; and
- (2) the cost of the preparation of plans, specifications, studies, surveys and estimates of cost and revenue; and
- (3) any and all costs paid or incurred in connection with the issuance of bonds by the Authority to finance the acquisition of the Project.

“Counsel” shall mean an attorney duly admitted to practice law before the highest court of the State.

“Department” shall mean the Department of Arkansas State Police, an agency of the State of Arkansas.

“Drivers’ License Revenues” shall mean all moneys from the sale of Arkansas driver’s licenses as authorized in Ark. Code Ann. Sections 27-16-801(a) and 27-23-118(a)(3).

“Drivers’ License Revenue Fund” shall mean the fund established under the ASP Act, (therein, “Financing Fund”) to hold and receive Drivers’ License Revenues.

“Event of Default” shall mean any event of default set forth in Section 7.01 of the Indenture.

“Fiscal Year” shall mean the period of July 1 to June 30.

“Generally Accepted Accounting Principles” shall mean generally accepted accounting principles as are from time to time promulgated by the American institute of Certified Public Accountants or any successor thereto.

“Government Obligations” shall mean direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury and CATS and TIGRS), or obligations the prompt payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Indenture” shall mean the indenture authorized pursuant to a resolution of the Authority of May 10, 2017 and executed by the Authority and Trustee, as may be hereafter amended and supplemented.

“Independent,” when used with respect to any specified Person, means such a Person who is not connected with the Authority or any contractor as an official, officer, employee, underwriter, trustee, affiliate, subsidiary, director or person performing a similar function. Whenever it is provided in the Indenture that any Independent Person’s opinion or certificate shall be furnished to the Trustee, such Person shall be appointed by the Authority or the Trustee, as the case may be, and such opinion or certificate shall state that the signer has read this definition and that the signer is independent within the meaning hereof.

“Interest Payment Date” shall mean each June 1 and December 1 commencing December 1, 2017.

“Issuance Expenses,” with respect to the Bonds shall mean legal, accounting and underwriting fees and expenses, construction and management consultant fees, recording expenses, printing costs, license fees, cost of credit enhancements, if any, rating agency fees, trustee’s and depository’s fees, surety bond and insurance premiums, Issuer’s fee and expenses, and other reasonable fees and expenses incurred or to be incurred by or on behalf of the Issuer as may be necessary or incident to the preparation of documents and the issuance and sale of the Bonds.

“Issuer” shall mean the Arkansas Development Finance Authority, its successors and assigns.

“Loan Agreement” shall mean the Loan Agreement between the Issuer and the Department dated as of May 10, 2017 and relating to the Bonds.

“Loan Payment” means the Base Loan Payments, Additional Loan Payments and any other amounts payable by the Department pursuant to the provisions of the Loan Agreement.

“Loan Payment Date” shall mean the fifteenth (15th) day of each month commencing June 15, 2017 and continuing thereafter during the term of the Loan Agreement.

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

“Officer’s Certificate of the Issuer” shall mean a certificate by the President of the Issuer.

“Opinion of Counsel” shall mean a written opinion of Counsel.

“Outstanding” shall mean, as of the date of determination or computation, all Bonds theretofore issued and delivered under the Indenture, except:

(1) Bonds theretofore canceled by the Trustee or delivered to the Trustee canceled or for cancellation;

(2) Bonds and portions of Bonds for whose payment or redemption moneys or Government Obligations shall have been theretofore deposited in trust with the Trustee for the holders of such Bonds; provided that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to the Indenture authorizing the issuance of such Series of Bonds or irrevocable instructions to call the same for redemption at a stated redemption date shall have been given to the Trustee; or

(3) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to the Indenture.

“Owner” or “owner” or “Bondowner” shall mean, with respect to the Bonds, the registered owner of a Bond, as established to the satisfaction of the Trustee. For any Bonds issued in book-entry form only. The Depository Trust Company or such depository specified in the related Indenture shall be the “Owner.”

“Participant” shall mean one of the entities which deposit securities, directly or indirectly, in the Book-Entry-Only System.

“Paying Agent” shall mean the Trustee, or any successors, or a different entity specified in any Indenture.

“Permitted Encumbrances” shall mean the Series 2011 Bonds, the Series 2014 Bonds, any Subordinate Bonds, and any other encumbrance permitted by law and this Indenture.

“Permitted Investments” shall mean any of the following:

(a) Government Obligations.

(b) Evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed

directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated.

(c) Pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively.

(d) Securities eligible for “AAA” defeasance under then existing criteria of S&P.

(e) Money market funds, whose shares have a rating by Standard and Poor’s Corporation (S&P) of AAAM-G or AAAM.

(f) Bonds, debentures, notes, and other evidences of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) U.S. Export-Import Bank (Eximbank) Direct obligations or fully guaranteed certificates of beneficial ownership
- (ii) Federal Housing Administration Debentures (FHA)
- (iii) General Services Administration Participation Certificates
- (iv) Government National Mortgage Association (GNMA or “Ginnie Mae”)GNMA – guaranteed mortgage backed bondsGNMA – guaranteed pass through obligations
- (v) U.S. Maintenance Administration Guaranteed Title XI Financing
- (vi) U.S. Department of Housing and Urban Development (HUD) Local Authority Bonds

(g) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) Federal Home Loan Bank System Senior debt obligations
- (ii) Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”) Participation Certificates Senior debt obligations
- (iii) Federal National Mortgage Association (FNMA or “Fannie Mae”) Mortgage-backed securities and senior debt obligations
- (iv) Student Loan Marketing Association (SLMA or “Sallie Mae”) Senior debt obligations Letter of credit-backed issues

(v) Resolution Funding Corp. (REFCORP) obligations

(h) Repurchase agreements collateralized by Direct Obligations, GNMMAs, FNMMAs or FHLMMCs with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:

- (i) A master repurchase agreement or specific written repurchase agreement governs the transaction;
- (ii) The securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million or (iii) a bank approved in writing for such purpose by Assured Guaranty Municipal Corp., and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee;
- (iii) A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee;
- (iv) The repurchase agreement has a term of 180 days or less, and the Trustee or the Agent will value the collateral securities of no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and
- (v) The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

(i) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3,000,000.

(j) Investment Agreements, including guaranteed investment contracts, acceptable to the Bond Insurer and which will not adversely affect any rating on the Bonds.

(k) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, “Prime – 1” by Moody’s Investor Services, Inc. (Moody’s) and “A-1” or better by S&P.

(l) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “A” or better by Moody’s Investors Service and “A” or better by Standard & Poor’s Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, “A” or better by Moody’s Investors Service and “A” or better by Standard & Poor’s Corporation.

(m) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term “Bank Deposit” rating of “P-1” by Moody’s and a Short-Term CD” rating of “A-1” or better by S&P.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Principal Underwriter” shall mean Crews & Associates, Inc.

“Project” shall mean design, acquisition, construction and equipping of headquarters facilities to be utilized by the Department and located in Lowell, Newport, Forrest City, Warren, and Harrison, Arkansas.

“Project Fund” shall mean the fund created in Section 5.01 of the Indenture.

“Record Date” shall mean that day which is fifteen (15) days prior to an Interest Payment Date for the Bonds or, with respect to Bonds called for redemption that date which is thirty (30) days prior to the date for redemption.

“Receipts of the Drivers’ License Revenue Fund” or “Pledged Revenues” shall mean all revenues, income, receipts and money received during any Fiscal Year by the Department or any successor in interest derived from (i) Drivers’ License fees deposited in the Drivers’ License Revenue Fund pursuant to the ASP Act, (ii) all earnings thereon, and (iii) any other funds from any source paid into the Drivers’ License Revenue Fund.

“Redemption Fund” shall mean the Redemption Fund created pursuant to Section 5.01 of the Indenture.

“S&P” shall mean Standard & Poor’s Corporation and its successors and assigns.

“Security Depository” shall mean The Depository Trust Company, New York, New York, or its nominee and the successors and assigns of such nominee, or any successor appointed under Section 2.01.

“Series 2011 Bonds” shall mean the Issuer’s Drivers’ License Refunding Revenue Bonds (Arkansas State Police – Wireless Information Network), Series 2011.

“Series 2014 Bonds” shall mean the Issuer’s Drivers’ License Refunding Revenue Bonds (Arkansas State Police – Headquarters and Wireless Data Equipment Project), Series 2014.

“State” shall mean the State of Arkansas.

“Subordinate Bonds” shall mean subordinate bonds issued pursuant to Article III hereof.

“Supplemental Indenture” shall mean each of the supplemental indentures executed and delivered in accordance with Article X hereof.

“Tax Regulatory Agreement” shall mean an agreement by and between the Issuer 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 the Indenture.

“Trustee” shall mean Regions Bank, Little Rock, Arkansas, or its successor trustee or successors from time to time under the Indenture.

“Trust Estate” shall have the meaning stated in the Granting Clauses hereof.

“Trust Moneys” shall mean, with respect to the Bonds, all moneys, except in payment of fees due to the Trustee for services under the Indenture, received by the Trustee:

A. as elsewhere provided to be held and applied under the Indenture, or required to be paid to the Trustee and the disposition of which is not otherwise specifically provided for, including, but not limited to, the investment income of all funds and accounts (except any arbitrage rebate fund) held by the Trustee under the Indenture;

B. as proceeds from the sale of the Bonds including, but not limited to, moneys and/or Permitted Investments received by the Trustee from the proceeds of Bonds issued under the Indenture;

C. as proceeds of the Loan Agreement in any context; and

D. all funds, moneys or payments received by the Trustee under the Indenture from or for the account of the Issuer from any source whatsoever.

“Written Request,” with reference to the Authority, shall mean a request in writing signed by the President or any Vice President of the Authority.

APPENDIX "B"

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[Attached.]



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

APPENDIX “C”

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated May 10, 2017 (this “Agreement”) is executed and delivered by the Department of Arkansas State Police (the “Department”), the Arkansas Development Finance Authority (the “Authority,” and collectively with the Department, the “Disclosing Parties”) and Regions Bank, as Trustee (the “Trustee”), in connection with the issuance by the Authority of its \$31,675,000 Arkansas Development Finance Authority Drivers’ License Revenue Bonds (Arkansas State Police - Headquarters Project) Series 2017 (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 May 10, 2017 (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).

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 Department and filed by the Authority in the form attached hereto as Exhibit A and as further described in Section 4(a).

“Audit” shall have the meaning provided in Arkansas Code Annotated Section 10-4-402(a)(1), as the same may be amended 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.

“Disclosure Representative” shall mean 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 Trustee from time to time.

“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.

“Financial Audit” shall have the meaning provided in Arkansas Code Annotated Section 10-4-402(a)(3), as the same may be amended from time to time.

“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 Crews & Associates, 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 Department’s fiscal year, commencing with the fiscal year ended June 30, 2017, 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 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, Audit, or Financial Audit 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 being informed or discovering that any audited financial statements, Audit, or Financial Audit is 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 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.
- (e) On the effective date of this Agreement, the most recent fiscal year for which the Department's Audit or Financial Audit were available were for the year ending June 30, 2015. On the effective date of this Agreement, the auditor of the Department's financial statements is the Legislative Joint Auditing Committee of the Division of Legislative Audit for the State of Arkansas. The authority and duties of the Division of Legislative Audit are set forth in Arkansas Code Annotated §§ 10-4-401 et. seq.

Section 4. Content of Annual Disclosure Statement.

- (a) The Disclosing Parties' Annual Disclosure Statement shall contain or incorporate by reference the following:
 - (i) Information relating to receipts from Drivers' License Revenues on a fiscal year basis.
 - (ii) If prepared and available, the Department's Audit or Financial Audit for the most recent fiscal year available.
 - (iii) If prepared and available, the Comprehensive Annual Financial Report (CAFR) of the State of Arkansas for the most recent fiscal year available.
- (b) Any or all of the items listed above may be incorporated by reference from other documents, including 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.

Section 5. Reporting of Significant Events.

- (a) This Section shall govern the giving of notices of the occurrence of any of the following events:
 - (i) Principal and interest payment delinquencies;
 - (ii) Non-payment related defaults, if material;
 - (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (v) Substitution of credit or liquidity providers, or their failure to perform;
 - (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (vii) Modifications to rights of security holders, if material;
 - (viii) Bond calls (other than mandatory sinking fund redemptions, if any), if material;
 - (ix) Defeasances and tender offers;
 - (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (xi) Rating changes;
 - (xii) Bankruptcy, insolvency, receivership or similar event of the Department;
 - (xiii) The consummation of a merger, consolidation or acquisition involving the Department or the sale of all or substantially all of the assets of the Department, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) If a Listed Event occurs while any Bonds are outstanding, the Authority or the Department, 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 Department agrees to report such occurrence to the Authority in a timely manner not in excess of two Business

Days after the occurrence of such Listed Event. The Authority 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 Authority and without a determination by the Authority as whether such event must be filed pursuant to applicable federal securities laws.

Section 6. Termination of Reporting Obligation. The obligations of the 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 or the Trustee to comply with any provision of this Agreement, the Trustee may (and, at the request of any Underwriter or 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 or the Trustee, as the case may be, to comply with its obligations under this Agreement.
- (b) Notwithstanding the provisions of Subsection 9(a), no Beneficial Owner shall have any right to take any action to challenge the adequacy of the information provided in accordance with this Agreement unless the 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.

Section 10. Duties, Immunities and Liabilities of Trustee. The Trustee shall have only such duties as are specifically set forth in this Agreement, and the Disclosing Parties agree to indemnify and save the Trustee, 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 attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. The obligations of the Disclosing Parties under this Section shall survive resignation or removal of the Trustee and payment of the Bonds.

Section 11. 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 12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**ARKANSAS DEVELOPMENT FINANCE
AUTHORITY**

By: _____
Aaron S. Burkes, President

**THE DEPARTMENT OF ARKANSAS STATE
POLICE**

By: _____

Name: _____

Title: _____

REGIONS BANK

By: _____
Stan Russ, Vice President

EXHIBIT A

ANNUAL DISCLOSURE STATEMENT

Name of Issuer: Arkansas Development Finance Authority
Name of Obligated Party: The Department of Arkansas State Police
Name of Bond Issue: \$31,675,000 Arkansas Development Finance Authority
Driver's License Revenue Bonds (Arkansas State Police -
Headquarters Project) Series 2017, dated May 10, 2017

Filing Date: _____

CUSIP Nos:	04108H CJ2	04108H CM5	04108H CQ6	04108H CT0
	04108H CK9	04108H CN3	04108H CR4	04108H CU7
	04108H CL7	04108H CP8	04108H CS2	

Part I

Information of the type set forth in the Official Statement dated April 27, 2017 describing the Bonds under the caption SECURITY FOR THE BONDS, *Summary of Drivers' License Revenues*. See Section 4(a)(i) of the Continuing Disclosure Agreement dated May 10, 2017.

Historical Drivers' License Revenues

FY ENDING

June 30

FY 2009	\$ 6,743,989.60
FY 2010	\$ 6,743,130.69
FY 2011	\$ 6,784,603.38
FY 2012	\$ 6,818,202.62
FY 2013	\$ 6,993,677.31
FY 2014	\$ 7,027,953.55
FY 2015	\$ 6,966,997.00
FY 2016	\$ 9,784,508.00*
FY 2017	\$ 6,614,063.00 (for 6 month period)

Source: Department of Arkansas State Police and Arkansas Department of Finance and Administration. Revenues derived from license fees enacted after 1997 and designated for other purposes are not included.

*Calendar year 2016 collections were \$12,928,015.31, representing the initial 12-month period impacted by 8-year renewals.

Part II

If prepared and available, the Department's Audit or Financial Audit for the most recent fiscal year available. See Section 4(a)(ii) of the Continuing Disclosure Agreement May 10, 2017.

The Department's Audit or Financial Audit for the fiscal year ended June 30, 20__ [is attached hereto and made a part hereof] [has not been provided to the Department as of the date of this filing].

Part III

If prepared and available, the Comprehensive Annual Financial Report (CAFR) of the State of Arkansas for the most recent fiscal year available. See Section 4(a)(iii) of the Continuing Disclosure Agreement dated May 10, 2017.

The Comprehensive Annual Financial Report (CAFR) of the State of Arkansas 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 IV

As of the date of this filing, the rating assigned to the Bonds by S&P Global Ratings is “__.”

EXHIBIT B

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

Name of Issuer: Arkansas Development Finance Authority

Name of Obligated Party: The Department of Arkansas State Police

Name of Bond Issue: \$31,675,000 Arkansas Development Finance Authority
Driver's License Revenue Bonds (Arkansas State Police -
Headquarters Project) Series 2017

Dated Date: _____, 2017

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 May 10, 2017 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, as Trustee

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

APPENDIX “D”

Demographics of Licensed Drivers in Arkansas

[Attached.]

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
HIGHWAY STATISTICS REPORT
1/1/2016 through 12/31/2016

Section I - Net Number of Licensed Drivers

Age Groups	Male	Female	Total
15 and Under	9,877	9,668	19,545
16	11,138	11,469	22,607
17	15,731	15,947	31,678
18	18,823	18,566	37,389
19	20,535	19,789	40,324
20	20,683	20,533	41,216
21	20,961	20,326	41,287
22	19,879	19,388	39,267
23	20,344	20,227	40,571
24	20,979	21,323	42,302
<i>[22 - 24] *</i>	<i>61,202</i>	<i>60,938</i>	<i>122,140</i>
25 - 29	102,369	102,234	204,603
30 - 34	95,034	96,427	191,461
35 - 39	93,394	93,594	186,988
40 - 44	87,155	87,257	174,412
45 - 49	91,062	92,082	183,144
50 - 54	95,546	98,026	193,572
55 - 59	96,438	100,885	197,323
60 - 64	87,496	94,659	182,155

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
HIGHWAY STATISTICS REPORT
1/1/2016 through 12/31/2016

Age Groups	Male	Female	Total
65 - 69	78,775	86,017	164,792
70 - 74	60,805	67,661	128,466
75 - 79	42,915	50,645	93,560
80 - 84	28,263	36,312	64,575
85 and Over	28,258	59,238	87,496
Total **	1,166,460	1,242,273	2,408,733

* Age group [22-24] includes persons who are 22, 23 and 24 years old

** Total doesn't include age group [22-24]

Section II - Driver Licenses Issued

Kinds of Permits/Licenses	4 Year Issued	8 Year Issued	Other Issued	Total Issued	4 Year Coll.	8 Year Coll.	Other Coll.	Total
Commercial New								
Class A	1,771	0	72	1,843	\$83,985.92	\$0.00	\$1,922.07	\$85,907.99
Class B	394	0	6	400	\$18,801.89	\$0.00	\$195.60	\$18,997.49
Class C	19	0	1	20	\$890.30	\$0.00	\$39.35	\$929.65
Commercial Renewals								
Class A	17,5530	0	479	18,029	\$737,483.66	\$0.00	\$18,283.42	\$755,767.08
Class B	5,304	0	147	5,451	\$222,815.33	\$0.00	\$6,030.44	\$228,845.77
Class C	571	0	23	594	\$23,988.00	\$0.00	\$893.47	\$24,881.47

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
HIGHWAY STATISTICS REPORT
1/1/2016 through 12/31/2016

Kinds of Permits/Licenses	4 Year Issued	8 Year Issued	Other Issued	Total Issued	4 Year Coll.	8 Year Coll.	Other Coll.	Total
Non-Commerical New								
Class D	260	52,970	3,523	56,753	\$8,313.54	\$2,557,475.87	\$67,678.69	\$2,633,468.10
Class INT	0	0	14,126	14,126	\$0.00	\$0.00	\$318,105.89	\$318,105.89
Class M	0	8	0	8	\$0.00	\$366.81	\$0.00	\$366.81
Class MD	0	0	5	5	\$0.00	\$0.00	\$90.00	\$90.00
Non-Commercial Renewal								
Class D	164	443,732	5256	449,152	\$3,872.57	\$17,754,421.56	\$53,739.86	\$17,812,033.99
Class INT	0	0	11,523	11,523	\$0.00	\$0.00	\$135,024.79	\$135,024.79
Class M	0	16	1	17	\$0.00	\$640.00	\$8.44	\$648.44
Total	26,033	496,726	35162	557,921	\$1,100,151.00	\$20,312,904.00	\$602,012.00	\$22,015,067.00
Duplicate numbers								
Class A	1,839	1	5,569	7,409	\$18,712.00	\$10.00	\$57,163.00	\$75,885.00
Class B	379	1	1,522	1,902	\$3,906.00	\$10.00	\$15,439.00	\$19,355.00
Class C	43	1	185	229	\$430.00	\$10.00	\$1,862.00	\$2,302.00
Class D	7,375	19,208	118,414	144,997	\$74,140.00	\$190,084.00	\$1,190,029.00	\$1,454,253.00
Class INT	0	0	4,121	4,121	\$0.00	\$0.00	\$41,213.00	\$41,213.00
Class M	2	0	9	11	\$20.00	\$0.00	\$90.00	\$110.00
Duplicates (All Kinds)	9,638	19,211	129,820	158,669	\$97,208.00	\$190,114.00	\$1,305,796.00	\$1,593,118.00

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
HIGHWAY STATISTICS REPORT
1/1/2016 through 12/31/2016

Kinds of Permits/Licenses	Total Issued	Total Collections
Endorsements (All Kinds)	4,471	\$49,950.00
State ID (New)	35,637	\$178,015.00
CDL Exam Fee	10,038	\$501,900.00
CDL Inquiries	189,408	\$1,894,080.00
NCL Exam Fee	41,657	\$480,330.00
NCL Service Charges	543,106	\$1,230,140.00
NCL Inquiries	1,270,676	\$8,894,732.00

Commercial Learners Permit (New)	Total Issued	Total Collections
Class A	4,170	\$0.00
Class B	1,488	\$0.00
Class C	155	\$0.00
Commercial Learners Permit (Renewals)		
Class A	65	\$0.00
Class B	15	\$0.00
Class C	1	\$0.00

On January 1, 2016 pursuant to Act 895 of 2015 known as the Criminal Justice Reform Act, the Arkansas Department of Finance & Administration began issuing driver's licenses with the fees paid by the qualified inmate or ADC/ACC or free identification cards. The number of driver licenses issued were 3838 and the amount collected was \$770. There were 4144 identification cards issued free of charge to qualified inmates between 1/1/2016 and 12/31/2016.

STATE OF ARKANSAS
DEPARTMENT OF FINANCE AND ADMINISTRATION
HIGHWAY STATISTICS REPORT
1/1/2016 through 12/31/2016

Section III - Commercial Driver License - Number of Licensed Drivers Disqualified

	Class A	Class B	Class C
< 1 Year			
Serious Traffic Violations	34	0	0
All Others	15	0	0
>= 1 Year			
Alcohol	235	62	2
Drugs	52	7	1
Leaving The Scene	25	3	0
Felony Non Drug	1	1	0
Felony Drug	0	0	0
Life DQ	70	15	0
Refused	75	13	1
BAC .04+	10	1	0

APPENDIX “E”

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:

Arkansas Development Finance Authority
Little Rock, Arkansas

Regions Bank
Little Rock, Arkansas

Re: \$31,675,000 Arkansas Development Finance Authority Drivers’ License
Revenue Bonds (Arkansas State Police - Headquarters Project), Series
2017

Ladies and Gentlemen:

We have examined a certified copy of the proceedings of the Arkansas Development Finance Authority (the “Authority”) and other documents pertaining to the issuance by the Authority of its Drivers’ License Revenue Bonds (Arkansas State Police - Headquarters Project), Series 2017 (the “Bonds”) for the benefit of the Department of Arkansas State Police (the “Department”).

Proceeds of the Bonds are to be used: (i) to finance the designing, acquisition, construction and equipping of five headquarters facilities to be utilized by the Department of Arkansas State Police (the “Department”) and located in Lowell, Newport, Forrest City, Warren, and Harrison, Arkansas and (ii) paying necessary expenses incidental to the sale and issuance of the Bonds. The Authority and the Department will execute a Loan Agreement dated as of May 10, 2017 (the “Loan Agreement”), pursuant to which the Authority will loan the proceeds of the Bonds to the Department (the “Loan”) for the purposes described in the Indenture and the Loan Agreement.

The Bonds are issued under the Constitution and laws of the State of Arkansas, including particularly the Arkansas Development Finance Authority Act, constituting Arkansas Code Annotated §§ 15-5-101 *et seq.*, as amended (the “Act”) and Ark. Code Ann. §§ 12-8-601 *et seq.*, as amended (“ASP Act”), and pursuant to the Trust Indenture dated as of May 10, 2017 (the “Indenture”) between the Authority and Regions Bank, as Trustee (the “Trustee”). Words not otherwise defined herein shall have the meanings given to them in the Indenture.

The Bonds are being issued in the form of fully registered bonds, numbered from 1 upward. The Bonds are being issued in denominations of \$5,000 each or any integral multiple thereof. The Bonds are dated May 10, 2017. Interest on the Bonds is payable semiannually on

the interest payment dates as set forth in the Indenture. The Bonds bear interest at the rates set forth in the Indenture.

The Bonds are special obligations of the Authority, and the Authority is obligated to pay the principal, premium, if any, and interest on the Bonds solely (i) from the revenues of the Drivers' License Revenue Fund created pursuant to the ASP Act (the "Financing Fund"), (ii) from the Base Loan Payments made by the Department pursuant to the Loan Agreement between the Department and the Authority, and (iii) from other funds (except the Rebate Fund) of the Authority pledged under the terms of the Indenture (collectively, the "Pledged Revenues").

The lien against Pledged Revenues securing the Bonds is subordinate to the lien of the Authority's outstanding Drivers' License Refunding Revenue Bonds (Arkansas State Police – Headquarters and Wireless Data Equipment Project), Series 2014 and to the Authority's outstanding Drivers' License Refunding Revenue Bonds (Arkansas State Police – Wireless Information Network), Series 2011.

Based on the above, we are of the opinion that:

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

2. The Loan Agreement and the Indenture have been duly authorized, executed, and delivered by the Authority, the Loan Agreement has been duly authorized, executed and delivered by the Department, and such documents are valid and binding obligations of the respective parties thereto, enforceable in accordance with their terms.

3. The Bonds have been duly authorized and executed by the Authority and are valid and binding special obligations of the Authority, payable solely from the Pledged Revenues and other funds 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 a lien on or a security interest in any property of the State.

4. Under the Loan Agreement, the Department has agreed to make payments sufficient to pay when due the principal of and premium, if any, and interest on the Bonds. Pursuant to the Indenture, the Pledged Revenues, including revenues of the Financing Fund and the rights of the Authority under the Loan 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. The Indenture creates a valid lien on the Pledged Revenues.

5. Under existing law, the interest on the Bonds (including any original discount properly allocable to a holder thereof) (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are

subject to the condition that the Authority and the Department comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the Department have 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 any other federal income tax consequences relating to the accrual or receipt of interest on the Bonds.

6. The Bonds and interest thereon are exempt from all Arkansas state, county and municipal taxes.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, and the Loan Agreement are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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.