

Arkansas Development Finance Authority

Board of Directors Meeting



Memorial Day—Monday, May 30th

Remember those who served

**Thursday, May 19, 2016
Little Rock, Arkansas**

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING**

Thursday, May 19, 2016

**1:00 p.m. – Asset Commitment Committee Session
(Bond Guaranty Loans)**

1:30 p.m. - Public Board Meeting

AGENDA FOR PUBLIC MEETING

- Roll call and note of absences.
- Approval and adoption of minutes from the April 21, 2016 meeting of the Board of Directors.

I. OTHER BUSINESS:

- Loan Committee
- Board Committee Reports

Board Housing Review Committee
Board Investment Committee
Board Asset Commitment Committee

II. NEW BUSINESS:

Resolution No. 1. A resolution, identified under Tab 1, authorizing the issuance of \$25,760,000 Arkansas Development Finance Authority Correctional Facilities Construction Refunding Bonds, Series 2016; fixing the details and providing for the security and payment of such Bonds; authorizing the execution and delivery of a Trust Indenture to further secure the rights of the Holders of the bonds and the Authority, and delivery of a Bond Purchase Agreement and Loan Agreement; authorizing and approving an Official Statement; and prescribing other matters pertaining thereto. **(Presenter: John Bryant)**

Resolution No. 2. A resolution, identified under Tab 2, authorizing the issuance of (1) \$____ Arkansas Development Finance Authority Educational Facilities Revenue Refunding Bonds (Pulaski Academy Project), Series 2016A, and (2) \$____ Arkansas Development Finance Authority Educational Facilities Revenue Refunding Bonds (Pulaski Academy Project), Series 2016B, for the purpose of refunding certain outstanding bonds originally issued to finance and refinance capital improvements to Pulaski Academy; establishing the details and providing for the security and payment of such bonds; authorizing the execution and delivery of a Trust Indenture to further secure the rights of the Holders of the Bonds, the Authority and the Trustee; authorizing the execution and delivery of a Loan Agreement

between the Authority and Pulaski Academy; authorizing the execution and delivery of a Bond Purchase Agreement providing for the Sale of the Bonds and other related documents; and prescribing other matters pertaining thereto. (**Presenter: Gordon Wilbourn**)

III. ADJOURNMENT:

The next regular meeting of the ADFA Board of Directors is scheduled for **Thursday, June 16, 2016**, in the Second Floor (2nd) Conference Room, 900 West Capitol, Little Rock, Arkansas.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF \$25,760,000 ARKANSAS DEVELOPMENT FINANCE AUTHORITY CORRECTIONAL FACILITIES CONSTRUCTION REFUNDING BONDS, SERIES 2016; FIXING THE DETAILS AND PROVIDING FOR THE SECURITY AND PAYMENT OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE TO FURTHER SECURE THE RIGHTS OF THE HOLDERS OF THE BONDS AND THE AUTHORITY, AND DELIVERY OF A BOND PURCHASE AGREEMENT AND LOAN AGREEMENT; AUTHORIZING AND APPROVING AN OFFICIAL STATEMENT; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the Arkansas Development Finance Authority (the “Authority”) is a duly organized and existing public body politic and corporate, created and authorized by the Arkansas Development Finance Authority Act, codified as Arkansas Code Annotated §§ 15-5-101 *et seq.* (2009 Repl.; Suppl. 2013) (the “Act”), and the State Agencies Facilities Acquisition Act of 1991, codified as Arkansas code Annotated §§ 22-3-1401 *et seq.* (2004 Repl.; Suppl. 2013) (“Act No. 1173”), to issue its revenue bonds to finance and refinance the acquisition, repair, remodeling, renovation, and equipping of lands, buildings, improvements and facilities for housing governmental agencies of the State of Arkansas (the “State”); and

WHEREAS, the Arkansas Department of Correction (the “Department”) is a department within the Executive Department of the State of Arkansas (the “State”) the executive head of which is the Director of the Department (the “Director”), and is the agency having general supervision and control of all offenders committed to, or in the custody of, the State’s penitentiaries, the governing body of which is the Arkansas Board of Corrections (the “Board”); and

WHEREAS, the Authority previously issued its \$29,785,000 Correctional Facilities Construction Bonds, 2009 Series A (the “Series 2009A Bonds”) and loaned the proceeds to the Department to construct capital improvements to various correctional facilities of the Department located in the State; and

WHEREAS, pursuant to a resolution adopted by the Board of Directors of the Authority on March 17, 2016, the Authority selected Bond Counsel and Underwriter (each defined below), and authorized the distribution of a Preliminary Official Statement (defined below) with respect to one or more series of its bonds in principal amount not to exceed \$30,000,000 for the purpose of loaning the proceeds of the Bonds to the Department for the purpose of (i) advance refunding the Series 2009A Bonds and (ii) paying the costs of issuance of the Bonds; and

WHEREAS, the Authority has determined that sufficient present value savings may be achieved and that the economic interests and public purposes of the Authority would be served by the issuance of its Correctional Facilities Construction Refunding Bonds, Series 2016 (the “Bonds”), in the aggregate principal amount of \$25,760,000, and the Authority will loan the

proceeds from the sale of the Bonds to the Department for the purpose of (i) advance refunding the Series 2009A Bonds and (ii) paying the costs of issuance of the Bonds; and

WHEREAS, the Authority offered, and Crews & Associates, Inc (the “Underwriter”), has agreed to purchase for offering to the public all (but not less than all) of the Bonds, at the aggregate purchase price set forth in the Bond Purchase Agreement (hereinafter defined); and

WHEREAS, the following documents now before this meeting have been prepared in connection with the issuance of the Bonds and have been reviewed by the Authority’s officers and Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C. (the “Bond Counsel”):

(a) Trust Indenture to be dated as of May 26, 2016 (“Indenture”), between the Authority and Simmons Bank, as trustee (“Trustee”), establishing the general provisions relating to the Bonds, providing for the security and payment of the Bonds and the rights of the owners thereof;

(b) Bond Purchase Agreement (the “Purchase Agreement”), dated as May 10, 2016, between the Authority and the Underwriter, providing for the purchase of the Bonds;

(c) Loan Agreement to be dated as of May 26, 2016 (the “Loan Agreement”), between the Authority and the Department, providing for the refunding of the Series 2009A Bonds with proceeds of the Bonds pursuant to its terms;

(d) a Continuing Disclosure Agreement to be dated as of May 26, 2016 (the “Disclosure Agreement”), by and between the Authority, the Department and the Trustee, providing for the ongoing disclosure of certain operating and financial information with respect to the security for the Bonds; and

(e) an Escrow Deposit Agreement to be dated as of May 26, 2016 (the “Escrow Agreement”), by and among the Authority, the Department and Simmons Bank, Pine Bluff, Arkansas, as escrow trustee (the “Escrow Trustee”), providing for the defeasance of the Series 2009A Bonds; and

(f) a Preliminary Official Statement dated May 4, 2016 (the “Preliminary Official Statement”) and an Official Statement dated May 11, 2016 (the “Official Statement”) setting forth certain information with respect to the Bonds for the Authority and the respective owners of the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF THE AUTHORITY, AS FOLLOWS:

Section 1. There is hereby authorized the issuance of \$25,760,000 Arkansas Development Finance Authority Correctional Facilities Construction Refunding Bonds, Series 2016. The proceeds of the Bonds will be loaned to the Department for the purpose of advance refunding the Series 2009A Bonds and paying necessary expenses incidental to the sale and issuance of the Bonds. The Bonds shall mature and bear interest in the amounts and on the dates set forth on Exhibit A attached hereto and incorporated herein by this reference. The Bonds are hereby approved in substantially the form contained in the Indenture submitted to this meeting,

and the Chair and the President are hereby authorized and directed to execute and deliver the Bonds and to cause the Bonds to be authenticated by the Trustee.

Section 2. To prescribe the terms and conditions upon which the Bonds are to be secured, executed, authenticated, issued, accepted and held, the Chair and the President are hereby authorized and directed to execute, acknowledge and deliver the Indenture, and to cause the Indenture to be accepted, executed and acknowledged by the Trustee. The Indenture is hereby approved in substantially the form submitted to this meeting, and the Chair and President shall confer with the Trustee, the Underwriter, and Bond Counsel in order to complete the Indenture in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

Section 3. To prescribe the terms and conditions upon which the proceeds of the Bonds are to be loaned by the Authority to the Department, the Chair and the President are hereby authorized and directed to execute, acknowledge and deliver the Loan Agreement, and to cause the Loan Agreement to be executed and acknowledged by the Department. The Loan Agreement is hereby approved in substantially the form submitted to this meeting, and the Chair and President shall confer with the Trustee, the Underwriter, the Department and Bond Counsel in order to complete the Loan Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

Section 4. To prescribe the terms and conditions relating to ongoing disclosure of certain operating and financial information with respect to the security for the Bonds, the Chair or the President is hereby authorized and directed to execute, acknowledge and deliver the Continuing Disclosure Agreement, and to cause the Continuing Disclosure Agreement to be executed and acknowledged by the Department and the Trustee. The Continuing Disclosure Agreement is hereby approved in substantially the form submitted to this meeting, and the Chair or President shall confer with the Trustee, the Underwriter, the Department and Bond Counsel in order to complete the Continuing Disclosure Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

Section 5. To prescribe the terms and conditions relating to the defeasance of the Series 2009A Bonds, the Chair or the President is hereby authorized and directed to execute, acknowledge and deliver the Escrow Agreement, and to cause the Escrow Agreement to be executed and acknowledged by the Department and the Escrow Trustee. The Escrow Agreement is hereby approved in substantially the form submitted to this meeting, and the Chair or President shall confer with the Escrow Trustee, the Underwriter, the Department and Bond Counsel in order to complete the Escrow Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

Section 6. All actions heretofore taken by representatives of the Authority in connection with the offer and sale of the Bonds, including the preparation, distribution and execution of the Preliminary Official Statement, the preparation, distribution and execution of the Official Statement, and the preparation, execution and delivery of the Purchase Agreement, are hereby in all respects ratified and approved. With respect to information regarding the Authority, the Preliminary Official Statement is hereby “deemed final” by the Authority for purposes of subparagraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Act of 1934, as amended.

Section 7. The officers of the Authority, for and on behalf of the Authority, be, and they are hereby, authorized and directed to do any and all things necessary to effect the execution and delivery of the Indenture, the performance of any obligations of the Authority under and pursuant to the Indenture, the issuance, execution, sale and delivery of the Bonds, the execution, delivery and distribution of the Preliminary Official Statement and the Official Statement, the execution and delivery of the Purchase Agreement, the execution and delivery of the Loan Agreement, the execution and delivery of the Disclosure Agreement, the execution and delivery of the Escrow Agreement and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Resolution. That the officers of the Authority be, and they are hereby, further authorized and directed, for and on behalf of the Authority, to execute all papers, documents, certificates and other instruments, including, but not limited to, a tax regulatory agreement and/or a no arbitrage certificate relating to the exemption of interest on the Bonds from federal income taxation, that may be required and to do and perform or cause to be done and performed such other acts and things as be necessary, advisable or appropriate to consummate the issuance of the Bonds and the transactions contemplated in connection therewith.

Section 8. If because of travel or other reasons, the Chair and/or President is not available to execute documents in connection with the issuance of the Bonds, the Authority hereby delegates to the Vice President and General Counsel all authority granted to the Chair and President pursuant to this Resolution, including, but not limited to, the authority to execute and deliver the Bonds, the Indenture, the Loan Agreement, the Purchase Agreement, the Disclosure Agreement, the Escrow Agreement and all other documents necessary for the issuance of the Bonds.

Section 9. If any one or more provisions of this Resolution shall be determined by a court of competent jurisdiction to be contrary to law, any such provision shall be deemed separable from the remaining provisions hereof and the invalidity thereof shall in no way affect the validity of the other provisions of this Resolution.

Section 10. Capitalized terms not otherwise defined herein shall have the respective meanings assigned to them in the Indenture.

Section 11. This Resolution shall be effective from and after its date of adoption.

DATED AND APPROVED this 19th day of May, 2016.

Dr. Richard Burnett, Chair

Aaron Burkes, President

EXHIBIT A

\$25,760,000

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
CORRECTIONAL FACILITIES CONSTRUCTION REFUNDING BONDS
SERIES 2016**

Maturity	Type of Bond	Principal Amount	Interest Rate	Yield	Price	Dollar Price
05/15/2017	Serial	\$775,000.00	2.000%	0.700%	101.253%	\$784,710.75
05/15/2018	Serial	775,000.00	2.000%	0.850%	102.241%	792,367.75
05/15/2019	Serial	790,000.00	3.000%	1.050%	105.686%	834,919.40
05/15/2020	Serial	810,000.00	3.000%	1.200%	106.956%	866,343.60
05/15/2021	Serial	835,000.00	4.000%	1.350%	112.695%	941,003.25
05/15/2022	Serial	870,000.00	4.000%	1.550%	113.917%	991,077.90
05/15/2023	Serial	905,000.00	4.000%	1.660%	115.340%	1,043,827.00
05/15/2024	Serial	940,000.00	4.000%	1.800%	116.264%	1,092,881.60
05/15/2025	Serial	980,000.00	4.000%	1.950%*	115.062%	1,127,607.60
05/15/2026	Serial	1,020,000.00	4.000%	2.080%*	114.032%	1,163,126.40
05/15/2027	Serial	1,060,000.00	4.000%	2.210%*	113.013%	1,197,937.80
05/15/2028	Serial	1,100,000.00	4.000%	2.290%*	112.391%	1,236,301.00
05/15/2029	Serial	1,140,000.00	4.000%	2.370%*	111.773%	1,274,212.20
05/15/2030	Serial	1,190,000.00	4.000%	2.430%*	111.312%	1,324,612.80
05/15/2034	Term	5,175,000.00	3.000%	3.090%	98.765%	5,111,088.75
05/15/2035	Serial	1,395,000.00	3.000%	3.110%	98.432%	1,373,126.40
05/15/2036	Serial	1,435,000.00	3.000%	3.180%	97.353%	1,397,015.55
05/15/2037	Serial	1,475,000.00	3.000%	3.230%	96.515%	1,423,596.25
05/15/2039	Term	3,090,000.00	3.125%	3.300%	97.196%	3,003,356.40

* Yield to first optional call date of May 15, 2024.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF (1) \$_____ ARKANSAS DEVELOPMENT FINANCE AUTHORITY EDUCATIONAL FACILITIES REVENUE REFUNDING BONDS (PULASKI ACADEMY PROJECT), SERIES 2016A, AND (2) \$_____ ARKANSAS DEVELOPMENT FINANCE AUTHORITY EDUCATIONAL FACILITIES REVENUE REFUNDING BONDS (PULASKI ACADEMY PROJECT), TAXABLE SERIES 2016B, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING BONDS ORIGINALLY ISSUED TO FINANCE AND REFINANCE CAPITAL IMPROVEMENTS TO PULASKI ACADEMY; ESTABLISHING THE DETAILS AND PROVIDING FOR THE SECURITY AND PAYMENT OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE TO FURTHER SECURE THE RIGHTS OF THE HOLDERS OF THE BONDS, THE AUTHORITY AND THE TRUSTEE; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE AUTHORITY AND PULASKI ACADEMY; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT PROVIDING FOR THE SALE OF THE BONDS AND OTHER RELATED DOCUMENTS; AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the Arkansas Development Finance Authority (the “Authority”), a public body politic and corporate and instrumentality of the State of Arkansas created under the provisions of the Arkansas Development Finance Authority Act, as amended, codified in Arkansas Code Annotated Sections 15-5-101 *et seq.* (Repl. 2009 & Sup. 2015) (the “Act”), is authorized pursuant to the Act to issue its revenue bonds to finance and refinance educational facilities and to make other necessary expenditures in connection therewith; and

WHEREAS, pursuant to a resolution adopted by the Board of Directors of the Authority on April 21, 2016, the Authority has previously authorized the preparation of documents, has selected Bond Counsel and Underwriter (each defined below), and has authorized the distribution of a Preliminary Official Statement (defined below) with respect to one or more series of its revenue bonds in principal amount not to exceed \$24,500,000 (the “Bonds”), as authorized by the Act, the proceeds of which will be loaned to Pulaski Academy, an Arkansas nonprofit corporation (the “Borrower”), for the purpose of (i) refunding the entire outstanding principal amount of Pulaski County Arkansas Public Facilities Board Educational Facilities Improvement and Refunding Revenue Bonds (Pulaski Academy Project), Series 2007A (the “Prior Bonds”), and (ii) paying the costs of issuance of the Bonds; and

WHEREAS, the Authority has determined that the economic interests and public purposes of the Authority would be served by the issuance of the Bonds; and

WHEREAS, as previously directed by the Authority, a public hearing regarding the issuance of the Bonds and the refunding of the Prior Bonds was held on May 16, 2016, in the offices of the Authority before Authority staff and representatives of the Borrower, following publication of notice thereof in the *Arkansas Democrat-Gazette* on April 30, 2016; and

WHEREAS, in accordance with the provisions of the Act, the Authority has now determined to issue its (i) \$_____ Educational Facilities Revenue Refunding Bonds (Pulaski Academy Project), Series 2016A (the "Series 2016A Bonds"), and (ii) \$_____ Educational Facilities Revenue Refunding Bonds (Pulaski Academy Project), Taxable Series 2016B (the "Series 2016B Bonds," and together with the Series 2016A Bonds, the "Bonds"), for the purpose of refunding the Prior Bonds and paying costs of issuance of the Bonds; and

WHEREAS, the Bonds shall not constitute debt or liability or a moral obligation of the State of Arkansas (the "State"), the Authority or any political subdivision of the State, or a pledge of the faith and credit or taxing power of the State, the Authority or any political subdivision of the State, but shall be a special obligation payable solely from the revenues pledged under the provisions of the Indenture (defined below) and other amounts payable by the Borrower; and

WHEREAS, the Bonds will be issued and secured pursuant to the terms and provisions of a Trust Indenture (the "Indenture"), between the Authority and First Security Bank, Searcy, Arkansas, as trustee (the "Trustee"); and

WHEREAS, the proceeds of the Bonds will be loaned by the Authority to the Borrower pursuant to a Loan Agreement and Security Agreement (the "Loan Agreement"), between the Authority and the Borrower; and

WHEREAS, arrangements have been made with Crews & Associates, Inc., Little Rock, Arkansas (the "Underwriter"), for the sale of the Bonds, at a price of ____% of the par amount of the Bonds, [plus][less] net original issue [premium][discount] of \$_____, all pursuant to the terms of a Bond Purchase Agreement dated the date hereof (the "Bond Purchase Agreement"), between the Authority and the Underwriter, and to be approved by the Borrower; and

WHEREAS, in connection with the offer and sale of the Bonds, there has previously been prepared and distributed a Preliminary Official Statement dated May __, 2016 (the "Preliminary Official Statement"); and

WHEREAS, copies of the Indenture, the Loan Agreement, the Bond Purchase Agreement and the Preliminary Official Statement have been presented to and are now before this meeting, which documents have been prepared by Kutak Rock LLP ("Bond Counsel") and reviewed by the officers and staff of the Authority, the Borrower and the Underwriter;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ARKANSAS DEVELOPMENT FINANCE AUTHORITY, AS FOLLOWS:

Section 1. Under the authority of the Constitution and laws of the State, including particularly, the Act, there is hereby authorized the issuance of the bonds of the Authority to be designated (i) "Arkansas Development Finance Authority Educational Facilities Revenue Refunding Bonds (Pulaski Academy Project), Series 2016A" in the aggregate principal amount of \$_____ (the "Series 2016A Bonds"), and (ii) "Arkansas Development Finance Authority Educational Facilities Revenue Refunding Bonds (Pulaski Academy Project), Taxable Series 2016B" in the aggregate principal amount of \$_____ (the "Series 2016B Bonds," and

together with the Series 2016A Bonds, the “Bonds”). The Bonds shall mature in the amounts and on the dates and shall bear interest at the rates specified in the Bond Purchase Agreement hereinafter authorized and submitted to this meeting. The Bonds are hereby approved in substantially the form contained in the Indenture submitted to this meeting, and the Chair and the President are hereby authorized and directed to execute and deliver the Bonds and to cause the Bonds to be authenticated by the Trustee.

Section 2. To prescribe the terms and conditions upon which the Bonds are to be secured, executed, authenticated, issued, accepted and held, the Chair and the President are hereby authorized and directed to execute, acknowledge and deliver the Indenture, and to cause the Indenture to be accepted, executed and acknowledged by the Trustee. The Indenture is hereby approved in substantially the form submitted to this meeting, and the Chair and President shall confer with the Trustee, the Underwriter, the Borrower and Bond Counsel in order to complete the Indenture in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

Section 3. To prescribe the terms and conditions upon which the proceeds of the Bonds are to be loaned by the Authority to the Borrower, the Chair and the President are hereby authorized and directed to execute, acknowledge and deliver the Loan Agreement, and to cause the Loan Agreement to be executed and acknowledged by the Borrower. The Loan Agreement is hereby approved in substantially the form submitted to this meeting, and the Chair and President shall confer with the Trustee, the Underwriter, the Borrower and Bond Counsel in order to complete the Loan Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

Section 4. To prescribe the terms and conditions upon which the Bonds are to be sold to the Underwriter, the Chair and/or the President are hereby authorized and directed to execute and deliver the Bond Purchase Agreement. The Bond Purchase Agreement is hereby approved in substantially the form submitted to this meeting, and the Chair and President shall confer with the Underwriter and Bond Counsel in order to complete the Bond Purchase Agreement in substantially the form submitted to this meeting, with such changes as shall be approved by such persons executing the document, their execution to constitute conclusive evidence of such approval.

Section 5. All actions heretofore taken by representatives of the Authority in connection with the offer and sale of the Bonds, including the preparation and distribution of the Preliminary Official Statement, are hereby in all respects ratified and approved. With respect to information regarding the Authority, the Preliminary Official Statement is hereby “deemed final” by the Issuer for purposes of subparagraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Act of 1934, as amended. An Official Statement to be dated the date of adoption of this Resolution (the “Official Statement”) is hereby approved in substantially the form of the Preliminary Official Statement submitted to this meeting, with such changes, deletions and additions thereto as shall be necessary to reflect the terms of the Bonds, and the Chair and President are authorized to execute, deliver and permit the distribution of the Official Statement

on behalf of the Authority, the execution and delivery of the Official Statement to constitute conclusive evidence of the approval of any such changes.

Section 6. The Chair, President and the officers and employees of the Authority are hereby authorized and directed to carry out or cause to be carried out, and to perform such obligations of the Authority and to execute such other certificates or documents, among other things, to evidence authority as authorized herein and to take such other actions as they, in consultation with Bond Counsel, shall consider necessary or advisable in connection with this Resolution, the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Official Statement, and the issuance, sale and delivery of the Bonds.

Section 7. If because of travel or other reasons, the Chair and/or President is not available to execute documents in connection with the issuance of the Bonds, the Authority hereby delegates to the Vice President and General Counsel all authority granted to the Chair and President pursuant to this Resolution, including, but not limited to, the authority to execute and deliver the Bonds, the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Official Statement and all other documents necessary for the issuance of the Bonds.

Section 8. If any one or more provisions of this Resolution shall be determined by a court of competent jurisdiction to be contrary to law, any such provision shall be deemed separable from the remaining provisions hereof and the invalidity thereof shall in no way affect the validity of the other provisions of this Resolution.

Section 9. All resolutions and parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 10. This Resolution shall be effective from and after its date of adoption.

DATED AND APPROVED this 19th day of May, 2016.

Dr. Richard Burnett, Chair

ATTEST:

Aaron Burkes, President/Secretary

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
MEETING OF THE BOARD OF DIRECTORS
April 21, 2016

The Board of Directors of the Arkansas Development Finance Authority held its regular board meeting on Thursday, April 21, 2016, at approximately 1:30 p.m., in the Bessie B. Moore Conference Room, 900 West Capitol, Little Rock, Arkansas.

ADFA Board members present: Dr. Richard Burnett, Chair; John Cooley, Vice-Chair; Anthony Brooks; Stan Green; Greg Stanfill; Charley Baxter; Seth Mims; Stephen Rose; Tom Spillyards; Denise Sweat; Sarah E. Capp; Ricky Quattlebaum, Administrator of Internal Audit for Arkansas Department of Finance and Administration and Aaron Burkes, President and Board Secretary of the Authority.

Absent: None.

ADFA Staff present: Patrick Patton, Vice President of Internal Audit; Nancy Covington, Assistant to President; Layne Anderson, General Counsel; Brad Henry, Vice President of Development Finance; Derrick Rose, Communications; Cheryl Schluterman, Vice President of Finance & Administration; Kristy Cunningham, Controller; Kent Vestal, Multi-Family Manager; Ben Van Kleef, Vice President of Housing and Chuck Cathey, Economic Development.

Others present: Jim Hathaway, Kutak Rock; Michele Allgood, Mitchell Williams; Jack Williams, Williams and Anderson; Edmond Hurst, Crews & Assoc.; Leigh Ann Biernat, Stephens; John Bryant, Mitchell Williams; Stan Russ, Regions; Glenda Dean, Simmons; Jack Truemper, Stephens; Gordon Wilbourn, Kutak Rock; Ron Pyle, RaymondJames; Daniel Allen, RaymondJames and Jim Mulrooney, Wells Fargo.

NEW BUSINESS ~ COMMITTEE REPORTS

ADFA's Loan Committee. Dr. Burnett called on Brad Henry to present any loans for the board's consideration.

Minutes. The committee approved the minutes from the March 17, 2016, meeting of the loan committee.

Arkansas State Police. The committee recommended approval of an interim loan in the amount not to exceed \$1,500,000 to construct and renovate regional headquarters at five (5) different locations throughout the state. Mr. Cooley made a motion to approve the application. Mr. Green seconded the motion. By roll call and all members present voted, and the motion passed unanimously.

Pulaski Academy. The committee recommended approval of an ADFA Conduit Issue, not to exceed \$24,000,000, to refund the outstanding principal of the borrower's Educational Facilities Improvement and Refunding Revenue Bonds (Pulaski Academy Project) Series 2007A, and to pay costs of issuance. The team of professionals are as follows: Underwriter: Crews and Associates; Bond Counsel: Kutak Rock; Borrower's Counsel: Mitchell, Williams, Selig, Gates & Woodyard, PLLC; and Trustee, First Security Bank. Mr. Brooks made a motion to approve the request. Mr. Green seconded the motion. By roll call, all members present voted, and the motion passed unanimously.

Kayne NewRoad Ventures. The committee recommended approval to amend the conditions for the \$5,000,000 investment commitment from the Arkansas Venture Development Fund to Kayne NewRoad Ventures Fund. Mr. Spillyards made a motion to approve the committee's recommendation. Mr. Cooley seconded the motion. By roll call, all present members voted, with one abstention by Greg Stanfill, and the motion passed.

Board Housing Committee. Dr. Burnett called on Charley Baxter to present the report from the Board Housing Committee.

Minutes. The committee approved the minutes from the February 18, 2016 meeting of the Board Housing Committee.

City of Fordyce-Scattered Sites (Dallas, Desha & Drew Counties). The committee approved a request of \$396,000 in HOME Funds for an owner-occupied project and a waiver from the required five (5) applicants to four (4) applicants.

Application Spreadsheet. The committee reviewed and approved the application spreadsheet.

MULTI-FAMILY:

ADFA- Mortgage Settlement Funds (MSF). The committee approved a request to set aside \$20,000 in MSF Program Income for administrative costs.

ADFA- Habitat for Humanity of Saline County-Financing Adjustment Factor ("MSF")Funds. Mr. Baxter made a motion to approve the staff's recommendation to commit \$180,000 in MSF funds to satisfy the covenants of the 2015 Memorandum of Understanding ("MOU") between ADFA & Habitat for Humanity of Saline County. Mr. Harris seconded the motion. By roll call, all present members voted, and the motion passed unanimously.

Alliant Tax Credit XI, LLC- Wedington Place- Senior Apt., LLP, Fayetteville. The committee approved the staff's recommendation for S & S Wedington 15 LLC, an Arkansas Limited Liability Company as the replacement General Partner of Wedington Place-Senior Apts., LLP.

Osage Terrace, LP. The committee approved the staff's recommendation to transfer the ADFA financed project owned by the Partnership to Community Development Corporation of Bentonville/Bella Vista, Inc. ("CDC").

UPDATES. Updates were given on STJ Redevelopment, LLC – St John’s Apartments and Compliance Monitoring and Non-Compliance Fees Due.

Mr. Baxter made a motion to accept the Board Housing Review report as presented. Mr. Spillyards seconded the motion. By roll call, all members present voted, and the motion passed unanimously.

Board Audit Committee. Dr. Burnett called on John Cooley to present the report from the Board Audit Committee.

Minutes. The committee approved the minutes from the January 21, 2016 meeting of the Board Audit Committee.

Internal Audit of the Housing Compliance Department. The committee reviewed and approved the Internal Audit of the Housing Compliance Department.

ADFA’s Statewide Risk Assessment. The staff and board discussed the submission of ADFA’s Statewide Risk Assessment.

Mr. Cooley made a motion to accept the report as presented. Mr. Baxter seconded the motion. By roll call, all present members voted, and the motion passed unanimously.

Board Professional Selection Committee. Dr. Burnett called on John Cooley to present the report from the Board Professional Selection Committee.

Minutes. The committee approved the minutes from the January 21, 2016, February 18, 2016 and March 17, 2016 of the Board Professional Selection Committee.

Capitalization of the Arkansas Institutional Fund Proposals. The staff and board discussed the Capitalization of the Arkansas Institutional Fund Proposals.

Mr. Cooley made a motion to accept the recommendation to accept Arkansas Teachers Retirement Proposal as presented. Mr. Green seconded the motion. By roll call, all present members voted and the motion passed unanimously.

Asset Commitment Committee. Dr. Burnett called on Brady Henry, Vice President of Economic Development to present the report from the Asset Commitment Committee.

Minutes. Mr. Spillyards made a motion to approve the minutes of the March 17, 2016, meeting of the Board’s loan review committee. Mr. Cooley seconded the motion. By roll call, all present members voted, and the motion passed.

Presentation-Freedom of Information. Dr. Burnett called on Patrick Patton, Vice President of Internal Audit and Layne Anderson, General Counsel, to give an in-depth presentation on the Freedom of Information (“FOI”) Act.

Reports. Brad Henry gave updates on the Bond Guaranty Program and SSBCI Program Data Reports Lending and Investing, Arkansas Venture Capital Investment Trust Quarterly Reports and Loan Portfolio Quarterly Reports.

Arkansas State Police. Brad Henry presented a request for an interim loan to the Arkansas State Police to construct and renovate regional headquarters at five (5) different locations throughout the state, with an anticipated total project cost of approximately \$27,000,000, including costs of issuance. Following a discussion between staff and board members, Mr. Cooley made a motion to approve the interim loan, not to exceed \$1,500,000 with a 1% interest rate. Mr. Green seconded the motion. By roll call, all present members voted, and the motion passed unanimously.

Pulaski Academy. Brad Henry presented a request for an ADFa Conduit Issue in the amount not to exceed \$24,000,000 to refund the outstanding principal of the borrower's Educational Facilities Improvement and Refunding Revenue Bonds (Pulaski Academy Project) Series 2007A and to pay costs of issuance. The following are the Professionals as listed on the Distribution List of April 21, 2016: Underwriter: Crews & Associates, Inc.; Bond Counsel: Kutak Rock; Borrower's (Pulaski Academy) Counsel: Mitchell, Williams, Selig, Gates & Woodyard, PLLC; and Trustee: Security Bank. Mr. Brooks made a motion to approve the request. Mr. Green seconded the motion. By roll call, all present members voted, and the motion passed unanimously.

NEW BUSINESS ~ MINUTES AND RESOLUTIONS

Minutes. Dr. Burnett asked for approval of the minutes from the February 18, 2016 Board of Directors Meeting. Mr. Brooks made a motion to approve the minutes. Mr. Baxter seconded the motion. By roll call, all members voted and the motion passed unanimously.

Resolution No. 1. Dr. Burnett called on Gordon Wilbourn to present the resolution identified under Tab 1, authorizing the preparation and use of certain documentation in connection with the marketing, sales and issuance of the Authority's Educational Facilities Revenue Refunding Bonds (Pulaski Academy Project), Series 2016 (The "Bonds"); designating the Underwriter, Bond Counsel and Trustee for the Bonds; and authorizing and prescribing other matters pertaining thereto. Mr. Cooley made a motion to approve the resolution. Mr. Spillyards seconded the motion. By roll call, all present members voted, and the motion passed.

Adjournment. Dr. Burnett stated the next Board meeting would be held on Thursday, May 19, 2016, at 900 West Capitol, Little Rock, Arkansas. The starting time for the executive session and public meeting will be announced at a later date. There being no further business, Dr. Burnett adjourned the meeting.

Minutes approved and signed this 19th day of May, 2016.

Aaron Burkes, President/Secretary

Dr. Richard Burnett, Chair
John Cooley, Vice-Chair



ADFA
 ARKANSAS DEVELOPMENT
 FINANCE AUTHORITY
 MEMORANDUM

TO: ADFA Board of Directors
FROM: Aaron Burkes, President *AB*
DATE: May 11, 2016
RE: Board Report

- This month's board orientation session will highlight ADFA's HOME Program. It will follow ADFA's monthly Board Housing Committee Meeting and will cover the various activities HOME Program funds are used for in Arkansas to develop and support affordable housing.
- I have been working with Dr. Burnett regarding board committee assignments with the goal of having five members on each committee except the new Board Asset Commitment Committee, which consists of the full board. The following appointments have been made for 2016:

<p><u>Board Housing Review Committee</u></p> <p>Charley Baxter, Chair Tom Spillyards Seth Mims Greg Stanfill Stephen Rose</p>	<p><u>Professional Selection Committee</u></p> <p>John Cooley, Chair Charley Baxter Stan Green Stephen Rose Sarah Capp</p>
<p><u>Board Audit Committee</u></p> <p>John Cooley, Chair Tom Spillyards Anthony Brooks Stan Green Sarah Capp</p>	<p><u>Board Investment Committee</u></p> <p>Greg Stanfill, Chair Stan Green Anthony Brooks Denise Sweat Seth Mims</p>

- ADFA continues to take advantage of low interest rates by refunding bond issues, most recently with the Arkansas Department of Correction. Their most recent bond refunding provided a net present value savings of over 14%, which can be used for other infrastructure projects in the ADC system.
- Standard & Poor's Rating Services affirmed ADFA's 'AA' issuer credit rating with a stable outlook. The rating was based on their view of our strengths as follows: strong pattern of financial performance, high quality and low-risk asset base, and our ability to meet our legislative mandate and strong relationship with the state government.
- We have a new staff member joining the Multi-Family Division. Bob Hunt is ADFA's newest HOME Program Specialist. He has a bachelor's degree in accounting and also in finance. He is familiar with HUD accounting procedures due to his previous experience with various housing agencies.

The schedule for Thursday, May 19, 2016, is as follows:

10:30 a.m.	Board Housing Review Committee
11:30 a.m.	Board Investment Committee
12:00 - NOON	Lunch will be served – 3 rd Floor Conference Room
1:00 p.m.	Asset Commitment Committee
1:30 p.m.	Public Board meeting



MEMORANDUM

TO: ADFA Board Members
FROM: J. Benjamin Van Kleef, Vice President of Housing VK
DATE: May 12, 2016
SUBJECT: Monthly Board Report of Housing Division Activities for April 2016

MULTI-FAMILY

ADFA Multi-family staff members, Gary Arrington and Lornea Wells, completed initial reviews and have started underwriting the 37 LIHTC applications received on March 7, 2016. Initial review comments were delivered by April 22, 2016. HOME staff member, Alison Keator, is in the underwriting stage of the 12 applications received in the LIHTC/HOME 2016 round.

HOME

1) Owner-Occupied Applications Received and Not Approved

- a) Ten (10) projects requesting close to \$4.2 million in HOME funds consisting of:
 - i. **Arkansas Land and Farm Development Corporation (ALFDC)**
Application #150047 is requesting \$478,500.00 to assist seven (7) homeowners in St. Francis County. Staff review and environmental clearance are complete and are scheduled for committee's approval.
 - ii. **Drew County Public Facilities Board (DCPFB) Phase I**
Application #150048 is requesting \$298,446.50 to assist five (5) homeowners in Drew County. Staff review and environmental clearance are complete and are scheduled for committee's approval.
 - iii. **Drew County Public Facilities Board (DCPFB) Phase II**
Application #150049 is requesting \$430,100.00 to assist four (4) homeowners in Drew County. Staff review and environmental clearance are complete and are scheduled for committee's approval.

- iv. **East Arkansas Community Outreach Development Corporation**
Application #150053 is requesting \$533,500.00 to assist five (5) homeowners in West Memphis, Crittenden County, AR. Pending environmental and staff review.
- v. **East Arkansas Community Outreach Development Corporation**
Application #150054 is requesting \$533,500.00 to assist five (5) homeowners in West Memphis, Crittenden County, AR. Pending environmental and staff review.
- vi. **City of Magnolia**
Application #150055 is requesting \$525,800.00 to assist five (5) homeowners in the city of Magnolia, AR. = Pending environmental and staff review.
- vii. **City of Bald Knob**
Application #150057 is requesting \$360,000.00 to assist five (5) homeowners in the city of Magnolia, AR. Not assigned to staff.
- viii. **Boys, Girls and Adults Community Development Center (BGACDC)**
Application #150059 is requesting \$413,511.57 to assist nine (9) homeowners in Phillips County. Not yet assigned to staff.
- ix. **Warren Housing Authority**
Application #150061 is requesting \$495,000 to assist five (5) homeowners in the city of Magnolia, AR. Not yet assigned to staff.
- x. **Arkansas Land and Farm Development Corporation (ALFDC)**
Application #150062 is requesting \$495,000.00 to assist five (5) homeowners in Cross and St. Francis Counties. Not yet assigned to staff.

b) Project and Activity Status - approved with HOME funds
(Homeowner-Occupied Rehabilitation and Reconstruction)

- i. There are seventeen (17) active homeowner projects consisting of eighty-six (86) individual activities. Nineteen (19) individual activities are complete, and sixty-seven (67) individual activities are in various stages of completion.
- ii. Staff completed several homeowner loan closings, agreements and amendments. In the case of low-performing projects, Technical Assistance (TA) was provided to city and county governments as well as to their consultants. TA was also provided to various consultants working on applications in preparation for submission for HOME Funds.

2) HOME Funded Rental Projects

- a) AHTF HOPE Continuum – met with the Director and executed Amended & Restated HOME Agreement.
- b) Foster Collier Gordon Manor – held Pre-Construction Conference on 10/30/15. Owner was not able to close with RD.
- c) Pinewood- Attended Pre-Construction Conference with TC and RD on 10/21/15.
- d) Met with Nona McVay regarding a project that might request \$1.8 in CHDO funding.
- e) Conducted training with Martha/Lanise on IDIS and HDS.
- f) Processed two draw requests for Hughes Villas II, working on a subordination agreement for this project.

3) CHDO Homebuyer Applications (Community Housing Development Organization)

- a) Staff executed the HOME Agreements and closed both Better Community Development's (BCD) Apple Blossom Phase II and Crawford-Sebastian County Community Development Corporation's (C-SCDC) Bluebird Subdivision projects. Pre-Construction conferences are complete with changes the following changes after closing.
 - i. BCD Apple Blossom has closed on 5 of the proposed 10 site development. Currently they are making preparations for construction and working with homebuyer's selection of purchase location.
 - ii. C-SCDC Bluebird project as closed all 7 lots with construction underway on 2 locations. HOME staff is reviewing their request to approve a lot swap of equal amenities to accommodate a potential buyer under contract.

4) Ownership Transfers

There are over fifty (50) individual files involving deceased mortgagors. ADFa housing, compliance and loan servicing departments are working together to assist probate attorneys and families with maintaining ownership and HOME program requirements.

5) Tenant Based Rental Assistance (TBRA)

Two new TBRA applications from White River Regional Housing Authority requesting \$225,000 per application have been approved by the Board and HOME Agreements have been signed.

Single Family Division Homeownership Programs

MBS Program Comments: Beginning with the January 2016 report on Single Family activities we are using the numbers for first and second mortgage loans that have actually closed. Previously, we used numbers that were based on Reservations and it didn't take into consideration loans that were cancelled from our Internet Reservation System. The new calculation will give a much more accurate picture of Single Family Program activity.

- 1) **“Home-To-Own” First Mortgage Loan:** A 30 year fixed rate first mortgage loan. Funded by selling Mortgage-Backed Securities to Raymond James.

“Home-To-Own” Program Loans Closed

January - March	2015	2016
Amount	\$ 7,195,317	\$ 7,566,612
# of Loans	70	74
Average Loan Amount	\$ 102,252	\$ 102,252

- 2) **Down Payment Assistance (DPA) Second Mortgage:** The interest rate is 4.00%. It is a second mortgage, minimum \$1,000 up to a maximum of \$6,000 amortizing over 10 years. The source of these funds is the ADFA General Fund.

Down payment Assistance (DPA) Loans Closed

January - March	2015	2016
Amount	\$ 244,878	\$ 269,901
# of Loans	46	50
Average Loan Amount	\$ 5,323	\$ 5,398

- 2) **Arkansas Dream Down Payment Initiative (ADDI):** A “soft” second mortgage at 0% interest with a five year affordability period. Funded by the HOME Investment Partnership Program (HOME). ADDI is not a grant.

ADDI Loans Closed

January - March	2015	2016
Amount	\$ 217,524	\$ 298,894
# of Loans	42	54
Average Loan Amount	\$ 5,179	\$ 5,535

4) Mortgage Credit Certificate (“MCC”) Program

a) 2014 Mortgage Credit Certificate Program:

- 1) \$55 million in first mortgage loans originated.
- 2) Average amount of first mortgage loan = \$110,998
- 3) 358 Mortgage Credit Certificates issued.
- 4) \$27 million committed in Federal tax benefit to MCC applicants.
- 5) 140 applications in pipeline.
- 6) 55% of the initial \$100 million has been allocated.
- 7) Approx. \$276,385 in Issuance Fees to be collected by ADFA.

b) 2014 Mortgage Credit Certificate Program is the only active MCC Program at this time. The 2015 MCC Program has been approved by the ADFA Board but we don’t expect to start issuing MCC’s until the middle of 2016.

EVENTS ATTENDED BY ADFA PERSONNEL IN April 2016

April 6, 2016

Arkansas Housing Trust Fund Advisory Committee at ADFA
 Attended by Ben Van Kleef, Kent Vestal, and Virginia Wright

April 14, 2016

Teleconference with Randall Mullens, TDA, for CHDO Technical Assistance
 Attended by Kent Vestal and Virginia Wright

April 15, 2016

Arkansas Interagency Council on Homelessness

Attended by Denise Wells, Dean Norman, and Virginia Wright

April 20, 2016

Consolidated Plan Meeting

Attended by Ben Van Kleeef and Kent Vestal

April 27, 2016

Gardenwalk on 2nd Ribbon Cutting Ceremony

Attended by Aaron S. Burkes and Ben Van Kleeef



Memorandum

TO: ADFA Board of Directors
FROM: Derrick Rose
DATE: May 11, 2016
SUBJECT: Board Report

- I worked with ADFA's compliance and monitoring staff to update ADFA's "Apartment Finder" found on the "Rental Housing Development" page of ADFA's web site. ADFA monitors approximately 450 apartment complexes. To locate one of these, all you have to do is tap or click on the county where the property is located.
- News clippings follow this report.



Owning, restoring homes may not be too difficult

CHRIS GILLIAM

Banner-News

Getting money to buying that first home or restoring one you own may be just a phone call away.

"There has been some great information presented here tonight. Now, it's up to us to carry it back to the people who need it. Let them know that help is available," said Alethea Morgan, chairperson of the Magnolia Community Awareness Council (MCAC) Economic Development Committee.

Thirty people gathered in the Magnolia Housing Authority Hospitality Room Monday night to hear how statewide programs are available to assist with buying or reconstructing a home. The meeting was sponsored by MCAC.

Most of those in attendance were not first-time homeowners.

"But you know someone. A cousin, brother, sister, church member or friend who is looking for this information. Tell them where to go," stated Morgan.

Arkansas Department of Finance Administration (ADFA) lending specialist Joey Walsh and assistant HOME program manager Michael Gillard spent about 30 minutes explaining what's available.

Walsh talked about the HomeToOwn (H2O) and

Down Payment Assistance (DPA) programs.

"HomeToOwn is designed to provide competitive financing for low to moderate income people in the state," said Walsh, adding that the H2O program include a low, 30-year fixed interest mortgage rate and can provide anywhere from \$1,000 to \$6,000 in down payment assistance.

"To qualify, you must be a first-time home-buyer, which means you haven't owned a home in at least three years. You will have to meet household income requirements and be the primary resident," said Walsh. "You may also be eligible for first-time home-buyer tax credit, which equals to about \$2,000 annually.

Other guidelines also apply, such as committing to staying in the home for at least nine years. BancorpSouth in Magnolia is the only local lender participating in the ADFA program, but he added he's is trying to recruit more.

"To see if you qualify, check you income eligibility, find a lender from our list and choose an eight-hour home-buying counseling course that's required. Once the lender checks your credit score and gives you a target price range, you start looking for that dream home," he added.



Banner-News Chris Gilliam

ADFA representatives Michael Gillard (center) and Joey Walsh (second from right) listen as a woman explains something. Also standing are Magnolia Community Awareness Council president James Moore (second from left) and MCAC representative Barbara Hildreth (left).

According to Walsh, the program does not include manufactured homes.

Gillard, who focused more on restoration or reconstruction of homes, said there was one main qualifier from the start.

"You must own the home. It can be grandma's or grandpa's home. Your name must be the one on the paper in the county records. Your name must be on the

deed," said Gillard. "It can't be heir property."

Gillard said individuals must know and verify their household income, and that credit reports come straight to his office.

"We're not the bank. We will try and help you get the loan. We can approve your credit report when others can't, because we are looking at that debt-to-income ratio," he said.

According to Gillard, eligible homeowners can receive up to \$25,000 in a forgivable loan, but noted a procedure is in place if the homeowner tries to use ADFA money to upgrade the structure and sell it.

"We have a lien on the house so we can recoup the money we put in it," said Gillard.

Soul of the South Investors Battle Over KMYA License

by **George Waldon**

Posted 5/2/2016 12:00 am

Updated 5 days ago

The broadcast license for KMYA-TV, Channel 49, that Soul of the South Network investors are fighting over was an important piece to a funding puzzle two years ago.

Without it, the fledgling venture couldn't have secured a \$10.4 million new markets tax-credit financing package. The struggling 24-hour regional broadcast network targeting African-Americans couldn't have kept going without additional funding.

On paper, its Rock City Media LLC affiliate was buying the KMYA license as part of the tax-credit funding deal. The seller was I Square Media LLC, which shared some common ownership with Rock City.

However, when the tax credits were issued and the money flowed on May 9, 2014, ownership of the license didn't lie with I Square or Rock City. Instead, it was still registered to KMYA LLC, owned by Larry Morton and Greg Fess.

Did Arkansas Capital Corp. know that I Square didn't yet own the license pledged as security in the tax-credit deal, an asset allegedly being acquired by Rock City in connection with the funding?

"I don't want to speak to what we were told at the time," said Sam Walls III, president and chief operating officer of Arkansas Capital Corp., which coordinated the new markets tax credit.

It's also unclear what officials at the Arkansas Development Finance Authority knew or didn't know about the KMYA license. The agency invested \$1 million in Soul of the South through its Arkansas Venture Capital Trust.

Questions to the ADFA were referred to Brad Henry, the vice president of development finance who also represents the agency's interest as a member of the Soul of the South board of directors. He declined to be interviewed.

Morton and Fess, who owned the broadcast license, each hold 4 percent stakes in Rock City. Morton also served as CEO, COO and a highly paid consultant for Soul of the South, and he holds executive posts at various related concerns such as Southern Soul Broadcasting Inc., SSN Media Gateway and SSN Networks Inc.

“We sold the station to I Square under contract in February,” Morton said of the 2014 transaction. “They made a deposit in May, closed in September and took ownership. Everybody knew that all the way through because the [Soul of the South] board had a meeting about it in March.”

Ownership of the license transferred from KMYA LLC to I Square Media on Sept. 18, 2014. Transaction: \$1.9 million. But there was no follow-up transfer of the license to Rock City Media, something expected as part of the tax-credit funding. As far as the Federal Communications Commission is concerned, I Square holds the KMYA license. Depending on who is asked, there was no sale to Rock City.

That became a problem for Arkansas Capital Corp., ADFa and others after I Square filed paperwork to sell the license earlier this year.

A broadcast license, often referred to as the station, is a valuable asset. And for the money-losing Soul of the South Network, KMYA represents a potential financial safety net for creditors and investors alike.

The possible sale of the license in an FCC auction could be worth tens of millions to bandwidth-hungry telecoms and, in a dream scenario, repay creditors and investors.

For now, I Square appears to be in control of the license and any sale. That position is under challenge with the FCC and in an investor lawsuit in Pulaski County Circuit Court.

Dr. Ladly Abraham, one of three leading investors in I Square and chairman of the Soul of the South board of directors, declined to comment to Arkansas Business. He did offer this explanation of the Rock City asset purchase agreement (APA) in an affidavit filed with the FCC:

“This was done in something of a rush, and we did not engage the opinion of independent legal counsel before executing that agreement.

“The Rock City APA presented somewhat of a peculiar situation because when it was executed, I Square had not yet acquired the approval from the FCC to become the licensee of [KMYA], and thus did not yet own [the license].

“It was my understanding that if the transaction between I Square and Rock City were to proceed, it would only become effective and binding after I Square had obtained FCC approval for its acquisition ...”

The new markets tax-credit funding documents allude to the KMYA purchase from I Square, and there is even a bill of sale and assignment to Rock City. I Square claims money should’ve changed hands in the deal but didn’t, so there was no sale.

However, I Square was given a promissory note by Rock City indicating a sale occurred. The note was given as part of the new markets tax-credit funding transactions, according to one insider.

It’s another detail in the dispute over a license that was supposed to be the broadcast vehicle for Soul of the South but never was.

The only way to view Soul of the South locally is over the air through a UHF antenna, hardly the most effective way to draw eyeballs for marketing. That signal is courtesy of KKYK-TV, Channel 30, owned by Larry Morton through his Kaleidoscope Foundation Inc.

Moving Soul of the South to KMYA was supposed to be wrapped up as part of the license deal between I Square and Rock City. Instead KMYA remains known for its nostalgic MeTV affiliation.

Investor Impasse

If the KMYA license doesn’t sell in the FCC auction, I Square Media intends to sell it for \$2.7 million. That would be good for I Square investors, but not so good for other interested parties.

How to resolve the KMYA license dispute was center stage at the most recent gathering of the Soul of the South board of directors on March 14. But the meeting,

held in a conference room at the Arkansas Development Finance Authority, didn't last long.

Shash Goyal, a director as well as a leading investor in I Square Media, had a heated exchange with fellow SOS director and investor Melba Marshall. It was through Marshall's efforts that I Square's proposed sale of KMYA was uncovered at the FCC.

"If you don't like it, you can leave," Goyal told Marshall when the dialogue quickly reached loggerheads. "We control this, and there's nothing you can do about it."

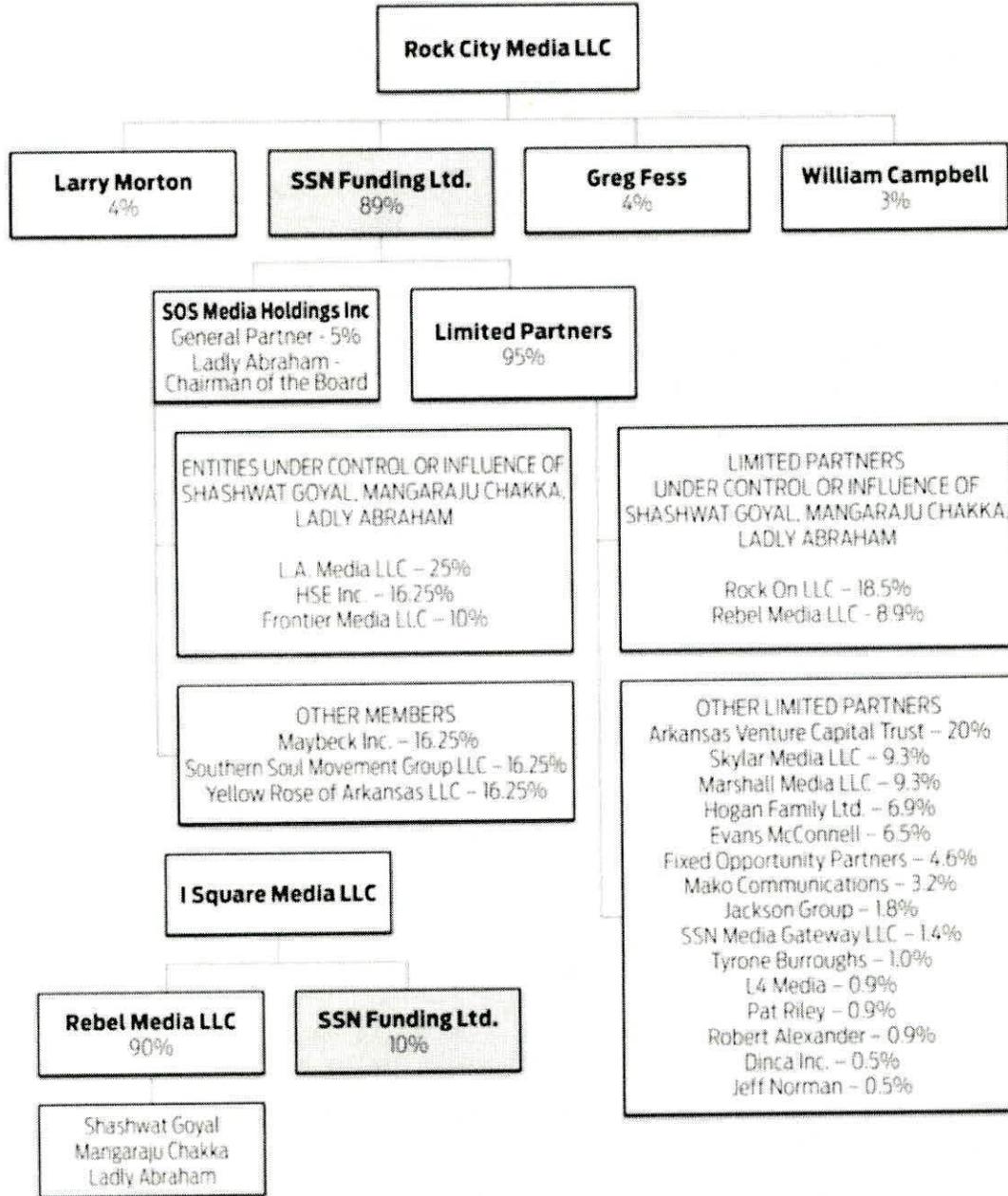
"What did you just say?" asked a stunned Elizabeth Robben Murray, attorney with Friday Eldredge & Clark representing the ADFA.

The fiery atmosphere wasn't what ADFA's Brad Henry had hoped for when he called the meeting to discuss the possibility of bringing in a third party to help calm the waters and find compromise.

The local lawsuit, seeking an injunction against I Square by Marshall, Mac Hogan, Richard Mays and other SOS investors, followed two weeks later.

Overlapping Ownership

The KMYA license controversy pits the investment positions of two groups against each other.





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Vehicle



Home



Personal

Tuesday, April 26, 2016

Status of Poultry Plant Closure

For the information of the workers affected by the recent plant closure and the public, salineriverchronicle.com is providing an update on efforts to assist the employees find new jobs and training opportunities available to those who desire to improve their skills.

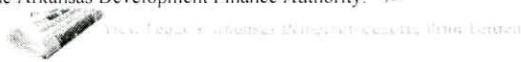
A meeting conducted by the state Workforce office will be held Thursday, April 28th, at the Southeast Arkansas Community Based Education Center. Registration begins at 9:00 a.m. with the event running to 11:30 a.m. Information on ways to seek jobs and additional educational and training opportunities will be made available.

SRC has been made aware that plans are underway to relocate the equipment in the plant that belongs to OMP. It will be moved to another plant site by the company. The building belongs to Arkansas Development Finance Authority and remains in their ownership. The City of Warren and the Bradley County Economic Development Corporation along with the Arkansas Economic Development Commission have already been in discussions on ways to try to locate another company to utilize the building.

At this time there are three major buildings available in Warren for industrial usage. The former poultry plant, a 40,000 square foot building in the city industrial park and the old Orthoflex building on West Central Street. Any company or individual interested in locating a business or manufacturing facility in Warren, should contact the BCEDC at 870-226-3760 or the Warren Mayor's Office at 870-226-6743.

An advertisement for "CHRIS GRAGG'S Gridiron Grind CLICK". It features a football player in a white jersey holding a football. The text includes "FOR MORE INFO AND TO REGISTER" and "Registration includes: T-Shirt, Picture".

y the Arkansas Development Finance Authority. " />



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Wednesday, April 27, 2016, 9:12 a.m.



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Agency can tap \$70M of Arkansas teachers retirement fund

By Michael R. Wickline

This article was published April 26, 2016 at 5:45 a.m.

TODAY'S TOP HEADLINES

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- \$18 pulp plant to employ 250 in state's south
- 6 Razorbacks poised to begin NFL careers this week
- 3 arraigned in Sherwood death; teens face murder, robbery counts in slaying of 17-year-old
- Two killed in accidents on Arkansas highways
- CHAIN BRACKET: What's Arkansas' most-wanted store or restaurant?

The trustees for the Arkansas Teacher Retirement System have authorized the system to provide a revolving line-of-credit loan of up to \$50 million to the Arkansas Institutional Fund LLC, which invests in venture capital funds in the state and is backed by the Arkansas Development Finance Authority.

The teacher retirement trustees also authorized the system to provide another revolving line of credit of up to \$20 million to the Arkansas Development Finance Authority.

The up to \$50 million line-of-credit loan has a term of 10 years and a fixed interest rate of 3.25 percent. The terms for the up to \$20 million line of credit haven't been finalized.

Brad Henry, the authority's vice president for development finance, said Monday that his agency will tap at least \$25 million of the \$50 million loan to pay off \$25 million of an existing line of credit with the Bank of the Ozarks.

"We need to refinance the existing line of credit," he said.

Henry said authority officials will determine later whether they tap any of the \$20 million revolving line of credit.

The teacher retirement system is the state government's largest retirement system. It has more than 100,000 working and retired members with investments that system Director George Hopkins estimated at roughly \$14.5 billion on Monday.

The system invests its money to ensure it has funds to pay retirement benefits for the system's retired members. The development finance authority administers tax-exempt bonds and other debt instruments to promote economic development, home ownership and affordable rental housing, according to its website. The authority's board approves the investment policy of the Arkansas Institutional Fund.

The system's trustees authorized the two lines of credit on Thursday.

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Arkansas Daily Deal



When asked who suggested the investments, Hopkins explained that he suggested it during a meeting last year with development finance authority officials about a potential economic project.

"The [Arkansas Development Finance Authority] group mentioned that the Arkansas Institutional Fund ... could be used to invest in a private equity venture fund with Arkansas investment commitments, but that the variable rate [of the line of credit through the Bank of Ozarks] made the use of the [institutional fund] ... more difficult due to interest rate risk," he wrote in an email to this newspaper.

"I asked what rate that [the authority] was paying to the bank at the time and learned that the rate was 2.9%. I also knew the 2.9% rate was higher than the 2.5% return that [the retirement system] expected for the fixed income [bonds] portion of the [Arkansas Teacher Retirement System] trust fund over the next 10 years. I also asked about collateral for the loan and learned the security on the principal was rock solid and eliminated any principal risk," Hopkins said in his email.

He noted that the teacher retirement system and development finance authority have a history of working together on Arkansas projects.

"I asked if [the authority] would be interested in a 10 year fixed rate in a range of about 3% [and the authority] immediately expressed an interest," Hopkins said. "I also told [the authority] that [the retirement system] did not want to be in direct competition with Arkansas banks on the loan [and] to that end, I said that if any bank met the [retirement system] proposal, [the retirement system] would step aside and let a bank take the deal," he wrote in his email.

"[The authority] decided to do [a request for proposal] on the loan and recently completed that process," Hopkins said. The request for proposal from the authority sought vendors to bid on providing a loan to the authority.

"The rates offered by the responding banks varied, but tended not to extend for the 10 years that [the authority] wanted. [The authority] and [retirement system] staff had a discussion about 3 to 4 weeks ago about the [request for proposal]. I told [the authority] that the Fed's interest rate hike in December made me think the 3% originally discussed should be increased to 3.25% for a ten year fixed rate. I also reminded [the authority] that [the retirement system] would step aside if any bank would accept the same terms. A few days later [the authority] asked [retirement system] staff to take the next steps to have the [retirement system] Board look at the proposed transaction. We did and that is how we got here," Hopkins wrote in his email.

In a written report to the system's trustees, Hopkins said that the interest rate for the potential \$20 million loan to the development finance authority for economic development projects for the state "may be negotiated as either a fixed or variable rate to be determined at the time of the loan request, but will not be less than 3.25 [percent] interest at any time."

Business on 04/26/2016

Print Headline: Agency can tap \$70M of retiree fund

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FEATURED JOBS

04.23.16 | Little Rock, AR

Financial Analyst

AR HWY DEPT HUMAN RESOURC
04.23.16 | Little Rock, AR

Upholsterer/Seamstress

WACO MANUFACTURING INC
04.23.16 | North Little Rock, AR

Campus Positions

ASU/BEEBE BRANCH
04.23.16 | Little Rock, AR

Calendar

(http://arkansasonline.com/eventcale

Cage The Elephant with Portugal. T...
Verizon Arena | North Little Rock, AR
(http://arkansasonline.com/eventcalen-
-THE-ELEPHANT-WITH-PORTUGAL-
-THE-MAN/2223392/2016-05-01T19)

SUN
1

Boot Camp
Jackson Community ... | Jacksonville, AR
(http://arkansasonline.com/eventcalen-
-CAMP/2018393/2016-04-27T00)

WED
27

Imagine
Museum of Discover... | Little Rock, AR
(http://arkansasonline.com/eventcalen-
-04-27T00)

WED
27

Adult Game Day



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DIGITAL MARKETING

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- Central Arkansas Physicians
- Central Arkansas Restaurants
- Central Arkansas Real Estate



MEMORANDUM

To: ADFA Board of Directors
From: Brad Henry, Vice President Development Finance *BH*
Re: Monthly Activity Report
Date: May 19, 2016

Economic Development Bonds, ADFA Bond Guaranty & Conduit Bond Issues

There is not much new activity in the bond program, other than fielding inquiries, however, we are staying relatively active with the investment and small loan side. We continue to meet with various parties involved in any aspect of the problem loans, such as the borrowers, attorneys, and co-lenders. We are reviewing the property taxes and financials and we are completing site visits.

State Small Business Credit Initiative (SSBCI)

We have also been in correspondence again with the OIG, as they are requesting information for their audit. We still have no information on a completion date for the audit.

Venture Capital and Seed/Angel Capital

The management transition for the Arkansas Institutional Fund is progressing as planned. Specifically, we have been working on refining the AIF credit facility.

Capital Access, Arkansas Credit Reserve, and Small Business Guarantee Programs

Capital Access has enrolled 558 loans with most of them, since 2011, being in the SSBCI program. The total guaranteed loan amount is just under \$20,000,000. Our most active lender since their sign-on, Forge, has just filed their first claim. ArCash has 30 loans enrolled with over \$750,000 in guaranteed loan amounts. Bev continues to travel to market our programs to various lenders throughout the state. Summaries of the CAP and ArCash program activity through the end of April are included for your review.

Community Outreach

Brad just returned from the SSBCI Annual Conference in DC. Bev attended the Arkansas Delta Conference in Pine Bluff and also the Small Business and Technology Development Center Lenders Conference on the campus of Arkansas State University in Jonesboro.

Capital Access Loan Program

Cumulative Program Activity

Page 1 09-May-16

BY INDUSTRY						
Industry Sector	No. of Loans	% of Loans	Guaranteed Loan Amt.	Public Funds	% of Total Funds	Average Loan Amount
11: Agriculture, Forestry, Fishing, Hunting	179	32.08%	\$7,655,806.43	\$195,269.04	29.57%	\$42,770
21: Stone Mining, Rock Quarry	1	0.18%	\$3,000.00	\$135.00	0.02%	\$3,000
23: Construction	38	6.81%	\$1,244,413.92	\$44,512.65	6.74%	\$32,748
31, 32, 33: Mfg - Food-Wood-Metal	39	6.99%	\$1,737,936.00	\$67,893.28	10.28%	\$44,562
42, 44-45: Wholesale / Retail Trade	103	18.46%	\$3,143,247.15	\$127,353.80	19.29%	\$30,517
48-49: Transportation / Warehousing	28	5.02%	\$859,642.37	\$35,302.13	5.35%	\$30,702
51: Information	2	0.36%	\$13,000.00	\$585.00	0.09%	\$6,500
52: Finance & Insurance	3	0.54%	\$46,000.00	\$1,680.00	0.25%	\$15,333
53-81: All Other Services (except Public Admin)	165	29.57%	\$5,006,284.16	\$187,559.36	28.41%	\$30,341
Totals	558	100.00%	\$19,709,330.03	\$660,290.26	100.00%	
BY COUNTY						
Benton	15	2.69%	191,000.00	8,955.00	1.36%	\$12,733.33
Boone	33	5.91%	\$734,562.54	\$33,055.57	5.01%	\$22,259.47
Bradley	94	16.85%	\$4,124,271.91	\$113,183.69	17.14%	\$43,875.23
Carroll	11	1.97%	\$184,150.00	\$8,286.75	1.26%	\$16,740.91
Chicot	1	0.18%	\$10,000.00	\$450.00	0.07%	\$10,000.00
Clark	63	11.29%	\$1,513,855.78	\$52,672.70	7.98%	\$24,029.46
Clay	1	0.18%	\$200,000.00	\$9,000.00	1.36%	\$200,000.00
Columbia	2	0.36%	\$121,145.00	\$3,635.00	0.55%	\$60,572.50
Craighead	1	0.18%	\$18,000.00	\$810.00	0.12%	\$18,000.00
Crittenden	2	0.36%	\$55,000.00	\$2,475.00	0.37%	\$27,500.00
Crawford	3	0.54%	\$40,000.00	\$1,800.00	0.27%	\$13,333.33
Cross	2	0.36%	\$30,000.00	\$900.00	0.14%	\$15,000.00
Dallas	3	0.54%	\$73,500.00	\$2,985.00	0.45%	\$24,500.00
Desha	6	1.08%	\$486,000.00	\$12,915.00	1.96%	\$81,000.00
Drew	1	0.18%	\$333,400.00	\$10,002.00	1.51%	\$333,400.00
Garland	18	3.23%	\$1,283,679.00	\$29,815.58	4.52%	\$71,315.50
Hempstead	11	1.97%	\$782,952.12	\$21,590.12	3.27%	\$71,177.47
Hot Spring	3	0.54%	\$89,500.00	\$4,515.00	0.68%	\$29,833.33
Howard	2	0.36%	\$47,000.00	\$1,560.00	0.24%	\$23,500.00
Jefferson	18	3.23%	\$928,702.73	\$37,822.12	5.73%	\$51,594.60
Lafayette	34	6.09%	\$1,060,349.78	\$26,395.02	4.00%	\$31,186.76
Lee	1	0.18%	\$15,000.00	\$675.00	0.10%	\$15,000.00
Lincoln	1	0.18%	\$48,000.00	\$2,160.00	0.33%	\$48,000.00
Lonoke	3	0.54%	\$386,000.00	\$17,370.00	2.63%	\$128,666.67
Madison	22	3.94%	\$176,300.00	\$7,933.50	1.20%	\$8,013.64
Marion	1	0.18%	\$10,000.00	\$450.00	0.07%	\$10,000.00
Miller	76	13.62%	\$3,464,214.61	\$86,395.70	13.08%	\$45,581.77
Mississippi	2	0.36%	\$33,945.50	\$3,360.00	0.51%	\$16,972.75
Monroe	10	1.79%	\$928,721.63	\$29,884.95	4.53%	\$92,872.16
Newton	3	0.54%	\$30,000.00	\$1,350.00	0.20%	\$10,000.00
Phillips	7	1.25%	\$181,620.00	\$9,700.32	1.47%	\$25,945.71
Pike	1	0.18%	\$11,500.00	\$345.00	0.05%	\$11,500.00
Poinsett	15	2.69%	\$482,490.50	\$38,310.32	5.80%	\$32,166.03
Polk	2	0.36%	\$65,000.00	\$3,675.00	0.56%	\$32,500.00
Pope	1	0.18%	\$20,000.00	\$900.00	0.14%	\$20,000.00
Prairie	1	0.18%	\$62,500.00	\$2,812.50	0.43%	\$62,500.00
Pulaski	39	6.99%	\$725,127.70	\$35,874.99	5.43%	\$18,593.02
Searcy	4	0.72%	\$30,000.00	\$1,350.00	0.20%	\$7,500.00
Sebastian	1	0.18%	\$3,000.00	\$135.00	0.02%	\$3,000.00
Sevier	1	0.18%	\$10,000.00	\$450.00	0.07%	\$10,000.00
St. Francis	9	1.61%	\$221,039.73	\$8,027.30	1.22%	\$24,559.97
Union	2	0.36%	\$90,000.00	\$4,950.00	0.75%	\$45,000.00
Van Buren	1	0.18%	\$31,560.00	\$2,840.40	0.43%	\$31,560.00
Yell	1	0.18%	\$10,000.00	\$450.00	0.07%	\$10,000.00
Washington	29	5.20%	\$331,000.00	\$14,895.00	2.26%	\$11,413.79
Woodruff	1	0.18%	\$35,241.50	\$3,171.73	0.48%	\$35,241.50
Totals	558	100.00%	\$19,709,330.03	\$660,290.26	100.00%	

RESERVE BALANCES

Bank Name	RESERVE BALANCE	CLAIMS by Borrower		
Southern Finl Part [closed]	\$0.00	Southern Finl Part	3	\$19,674.27
CSB / Bank of Bradley	\$72,460.83	Community State Bank	7	\$429,766.91
Community First Bank	\$7,274.36	Community First Bank	8	61917.88
Southern Bancorp	\$66,895.13	Elk Horn Bank & Trust	8	\$209,161.86
Enterprise Corp of the Delta Regions [closed]	\$85,644.86	Ent Corp of the Delta	1	\$127,000.00
Ist Jacksonville Bank [closed]	\$0.00	Regions [closed]		
Little River Bank of Lepanto	\$35,997.54	First Jacksonville Bank	1	\$4,564.07
Alt.Consulting	\$26,922.54	Little River Bank (Inactive)	1	\$47,658.33
ACCION	\$7,010.14	Alt.Consulting	2	\$1,522.66
Fidelity National	\$0.00	ACCION	2	\$48,556.65
FORGE	\$70,872.19	Fidelity National		
		FORGE	1	\$11,653.05
Totals	\$373,977.59	Claim Totals	34	\$961,475.68

Capital Access Loan Program

Cumulative Program Activity

09-May-16

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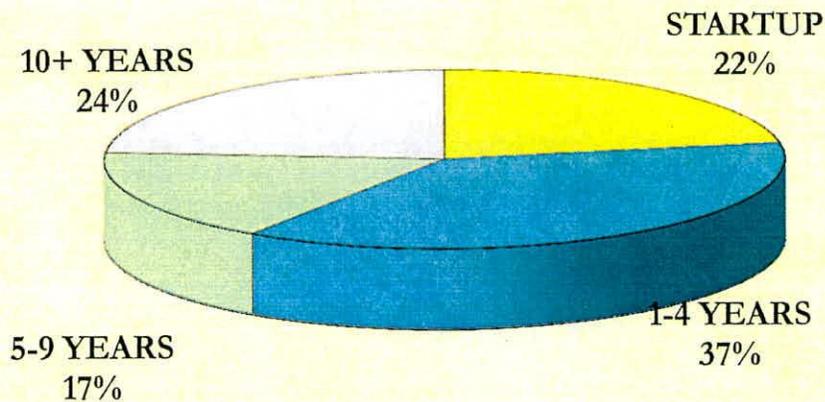
BY SIZE

Guaranteed Loan Size	No. of Loans	% of Loans	Dollar Amount
0-\$24,999	336	60.22%	\$4,931,248.70
\$25,000-\$49,999	122	21.86%	\$4,255,739.50
\$50,000-\$74,999	38	6.81%	\$1,900,533.65
\$75,000-\$99,999	14	2.51%	\$909,682.92
\$100,000-\$124,999	14	2.51%	\$1,364,031.50
\$125,000 and up	34	6.09%	\$6,310,143.76
Totals	558	100.00%	\$19,671,380.03

No. of Jobs	2546
Public \$ Leverage	30.21 to 1

BY AGE

LOANS BY AGE OF BUSINESS



Capital Access Loan Program

Minority Program Activity

May-16

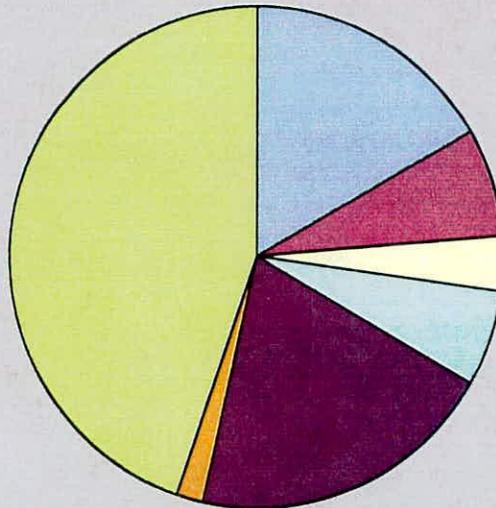
Page 3

INDUSTRY	NO. OF LOANS	AMOUNT OF LOANS	PUBLIC FUNDS
11-Nonmfg-Agriculture	19	616,139.50	\$21,908.92
23-Construction	8	108,652.73	\$4,025.37
31, 32, 33: Mfg - Food-Wood-Metal	4	75,939.00	\$2,728.17
48-49 Nonmfg-Transp/PubUtil	7	135,194.63	\$6,967.95
42, 44, 45 Nonmfg-Whol/Retail Tra	23	424,466.77	\$16,010.86
51: Information	2	13,000.00	\$585.00
53-81-Other Nonmfg-Services	51	1,342,485.59	\$53,007.17
Totals	114	\$ 2,715,878.22	\$105,233.44

Program Comparative Totals	NO. OF LOANS	AMOUNT OF LOANS	PUBLIC FUNDS
Minority Loan Totals	114	\$2,715,878.22	\$105,233.44
Total Cap Program Activity	558	\$19,709,330.03	\$660,290.26
Percentage Minority Activity	20.43%	13.78%	15.94%

Paid Off	
Renewed	

MINORITY ACTIVITY BY INDUSTRY



- 11-Nonmfg-Agriculture
- 23-Construction
- 31, 32, 33: Mfg - Food-Wood-Metal
- 48-49 Nonmfg-Transp/PubUtil
- 42, 44, 45 Nonmfg-Whol/Retail Trade
- 51: Information
- 53-81-Other Nonmfg-Services

AR CASH PROGRAM

ACR Summary 5/9/2016	TOTAL # OF LOANS	LOAN AMOUNT	RESERVE ACCT BALANCE	ADFA FEE AMOUNT	BORROWER FEE AMOUNT	Loan Renewal Fee	MINORITY OWNED	F/T JOBS	P/T JOBS	CLAIM FILED	2015 LOAN BALANCE
BANK NAME											
ARVEST BANK Fort Smith	28	706,291.95	59,882.65	56,370.00	7,063.65	0.00	11	100	121		\$0.00
Southern Bancorp Arkadelphia	2	53,676.75	4,531.49	4,000.00	525.00		1	2	8		\$35,121.94
TOTALS*	30	\$759,968.70	\$64,414.14	\$60,370.00	\$7,588.65	\$0.00	12	102	129		\$35,121.94

*Total # of loans does not reflect renewals

Program Comparative Totals	No. Of Loans	Amount of Loans	Public Funds
Minority/Female Loans Report	12	\$367,161.49	\$24,370.00
Total Program Activity	30	\$759,968.70	\$60,370.00
Percentage			
Minority/Female Loan Activity	40%		

Volume Cap Memorandum

To:	ADFA Board of Directors						
From:	Camilla Davis, Volume Cap Manager						
Date:	9-May-16						
Re:	2016 Monthly Summary						
	1/1/16 Allotment	Carryforward	Total	Reserved/Issued to Date	Transfer to General	Balance Remaining	
ADFA SFH (17%)	\$51,488,750				\$0.00	\$51,488,750	
2013 SFH CF		\$290,645,000	\$938,473,750			\$290,645,000	
2014 SFH CF		\$296,825,000				\$296,825,000	
2015 SFH CF		\$299,515,000				\$299,515,000	
ADFA MFH (10%)	\$30,287,500		\$30,287,500		\$0	\$30,287,500	
ADFA IDBs (33%)	\$99,948,750		\$99,948,750		\$0	\$99,948,750	
ASLA (10%)	\$30,287,500		\$30,287,500		\$0	\$30,287,500	
General (30%)	\$90,862,500		\$90,862,500	\$2,100,000	\$0	\$88,762,500	
Totals:	\$302,875,000	\$886,985,000	\$1,189,860,000	\$2,100,000		\$1,187,760,000	
					Less: Carryforward Balances*	\$886,985,000	
					Total Available	\$300,775,000	
* Carryforward balances are not available for use except by the categories to which they belong.							
** The 2015 remaining balance of \$299,515,000 has been approved for MCC carryforward.							



Board Report
April 2016
Farmer / Creditor Mediation Program

For the month of April 2016, thirty-three (33) Arkansas farmers were offered the opportunity to mediate and provided statutory notice of the right to request mediation. The amount of debts from the initiating lenders totaled \$10,992,515.01. There was one (1) credit mediation and no USDA /FSA adverse decision voluntary mediation requests.

The program coordinator consistently averages a number of cases each month that request mediation and /or are scheduled for a mediation session. Some are ultimately settled by phone. The pre-session settlement activity and other phone consultations by the coordinator between the farmers, creditors and attorneys generally saves time and money for the parties.





MEMORANDUM

To: ADFA Board of Directors
 From: Cheryl Schluterman, CPA 
 Vice President for Finance & Administration
 Re: May Board Report
 Date: May 11, 2016

The following items are presented for Board review:

- **Bond Calls – May 2016**

Bonds Called, From Prepayment, Monthly Remittances and/or Excess Revenues

<u>Single Family Bonds</u>	<u>Amount</u>
2005 Series D	\$ 125,000
2006 Series C	405,000
2011 Series A/2009A-1	355,000
2013 Series A	<u>351,441</u>
Total Bond Calls	<u>\$ 1,236,441</u>

- **Interagency Programs as of April 30, 2016.** The following programs are managed by other state agencies whereby ADFA serves as issuer and/or financial administrator. These programs are not considered part of ADFA’s financial reporting entity for purposes of the year-end auditor’s report.

<u>Program</u>	<u>Loan Balance</u>	<u>No. of loans</u>	<u>Net Bond Balance</u>
<u>ANRC</u>			
Wastewater RLF	\$ 231,551,201	58	\$ 38,073,609
Safe Drinking	\$ 171,056,987	60	\$ 24,860,548
Wetlands Mitigation	\$ 932,514	2	
<u>Higher Education</u>			
Community/Technical College	\$ 5,987,027	12	
<u>AEO-AEDC</u>			
Industry Energy Technical	\$ -	0	
Employer Assisted Home Energy	\$ 63,653	2	
<u>DHS</u>			
Assisted Living Fund	\$ 760,000	1	



- **Prison Construction Trust Fund as of April 30, 2016**

Bank Balance	Unfunded Contracts	Unfunded Loans	Bonds Outstanding
\$9,203,588	\$6,028,686	\$929,134	\$26,230,000

*Represents 2009 A Correctional Facilities. One year's debt service is pledged to the bonds, funded by the Prison Construction Trust Fund.

- **Venture Capital Public Trust Fund as of April 30, 2016**

	Cash	Investments	Loans	Total
Enterprise Development				
Ark Risk Capital Matching	\$150,076	\$3,469,479	\$200,000	\$3,819,555
SSBCI		1,629,291		1,629,291
Technology Validation	2,662	1,154,137	108,000	1,264,799
Arkansas Co-Investment Fund:				
Discretionary (GQAC)		8,758,730		8,758,730
SSBCI		2,193,023		2,193,023
Arkansas Seed & Angel Network:				
Discretionary (GQAC)		215,000		215,000
SSBCI		2,166,520		2,166,520
Arkansas Venture Capital "General Account"				
Recycled SSBCI	615,403			615,403
Undesignated	402,525			402,525
Arkansas Venture Development Fund		474,277		474,277
Totals	<u>\$1,170,666</u>	<u>\$20,060,457</u>	<u>\$308,000</u>	<u>\$21,539,123</u>

The information for April 30, 2016 for the Arkansas Institutional Fund ("AIF") was not available at this report date as we are in the process of transitioning with Cimarron Capital.

- **State Operating Budget Summary as of April 30, 2016**

	Actual	Budget	Percent Expended
Salaries and Benefits	\$3,785,253	\$4,614,328	82%
General Operations	587,161	825,458	71%
Travel and Education	26,852	81,715	33%
Professional Fees and Services	102,623	117,915	87%
Information Technology	160,549	264,512	61%
Capital Outlay	-	23,000	0%
Housing Trust Fund	30,000	45,718	66%
TOTAL OPERATING EXPENDITURES	4,692,438	5,972,646	79%
HUD HOME Program	8,570,706	16,341,215	52%
Neighborhood Stabilization Program (NSP)	-	1,400,000	0%
Special Federal Grants	-	6,600,000	0%
TOTAL FEDERAL PROGRAM EXPENDITURES	8,570,706	24,341,215	35%
TOTAL EXPENDITURES	\$13,263,144	\$30,313,861	44%

- **General Fund Programs as of April 30, 2016**

Program Name	Board Authorization Date	Amount	Original Loan Amount	4/30/2016 Outstanding Balance
Arkansas Tourism Revolving Loan Fund	6/18/1998	\$2,000,000	\$645,000	\$171,997
Habitat for Humanity, Pulaski County	12/20/2012	300,000	224,813	199,661
Speculative Building Program (additional funding approved)	Unknown			
Port Authority	3/18/99,3/20/03	5,000,000	4,666,102	388,012
Day Care Center Program	8/17/1997	2,000,000	54,334	—
Day Care Center Program	9/96	500,000	137,500	—
Direct Loan Program		*	107,986,646	7,397,086
Single Family DPA	**	revolving		6,240,801
TOTAL				\$14,397,557

*ADFA has not set a specific amount for this program.

**Principal and interest received on outstanding DPA loans are designated revolving loan funds by ADFA's Board of Directors. (Board approval dates of 1/17/02, 5/16/02, 8/15/02, 10/17/02, 2/20/03, 9/18/03 totaling \$6,569,732.)

- **Financial Statements.** The March 31, 2016 operating results and general fund review will be presented to the May Board Investment Committee meeting.

- **Servicing Reports.** Included in this month's fiscal report are two servicing reports. The first is a Delinquency and Other Real Estate Summary, detailing delinquent loan and related portfolio balances. The second is a Delinquency Report, which includes a set of graphs that express delinquency figures for three loan portfolios. These graphs are designed to signal possible trends and to measure portfolio performance.

Training/Conferences Attended by Finance & Administration Department in April 2016:

The potential impact of a negative interest rate environment (Federal Home Loan Bank) –
Kim Poposky, Kristy Cunningham, Cheryl Schluterman, Charlie Lynch

Fixed Income Capital Markets Economic & Strategy Seminar (Raymond James) –
Kim Poposky, Cheryl Schluterman

NOTE: In addition to external training, several F&A staff members are cross-training to better distribute workload and/or to provide backup support as needed. We will continue to expand our cross-training efforts.

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
DELINQUENCY AND OTHER REAL ESTATE SUMMARY
April-16**

Program	Program Name	Number of Loans Delinquent	Delinquent Payments			Total Delinquent Loan Balance	Total Program Loan Balance
			1 Payment	2 Payments	3 or More Payments		
21	Rural Housing Multifamily	0	\$ -	\$ -	\$ -	\$ -	\$ 1,217,243.38
27	Tax Credit Assistance Program (TCAP)	1	\$ -	\$ -	\$ 6,409.40	\$ 484,339.80	\$ 19,406,026.92
28	Exchange Program Forgivable Loans	0	\$ -	\$ -	\$ -	\$ -	\$ 92,869,859.00
31	Guaranteed ED	2	\$ -	\$ -	\$ 140,853.53	\$ 1,833,628.11	\$ 56,008,202.14
35	Arkansas Department of Correction	0	\$ -	\$ -	\$ -	\$ -	\$ 5,170,865.79
49	Assisted Living Revolving Fund (ALIF)	0	\$ -	\$ -	\$ -	\$ -	\$ 760,000.00
50	CDBG	0	\$ -	\$ -	\$ -	\$ -	\$ 7,700,000.00
52	PRLF	0	\$ -	\$ -	\$ -	\$ -	\$ 2,010,872.94
65	SSBCI	4	\$ -	\$ -	\$ 260,791.82	\$ 1,523,568.72	\$ 3,914,606.27
70	Settlement Funds Repayable Loans (SH)	2	\$ 413.90	\$ -	\$ 1,186.45	\$ 85,037.15	\$ 4,637,237.21
81	FAF/BMIR	22	\$ 397.88	\$ 532.40	\$ 164,764.84	\$ 865,084.01	\$ 7,430,811.06
81	CTC (College Tech)	0	\$ -	\$ -	\$ -	\$ -	\$ 5,987,026.66
81	DPA (Repurchased)	5	\$ -	\$ -	\$ 9,685.65	\$ 7,948.04	\$ 7,948.04
81	DPA (Table Funded)	33	\$ -	\$ -	\$ 4,903.13	\$ 3,321.73	\$ 15,055.23
81	Habitat for Humanity	0	\$ -	\$ -	\$ -	\$ -	\$ 199,661.06
81	Project Fund (Direct Loans)**	0	\$ -	\$ -	\$ -	\$ -	\$ 5,547,833.93
81	RECDs	0	\$ -	\$ -	\$ -	\$ -	\$ 27,202.15
81	Tourism Reserve Fund	0	\$ -	\$ -	\$ -	\$ -	\$ 171,997.46
83	Bond Guaranty Fund	0	\$ -	\$ -	\$ -	\$ -	\$ 1,414,181.57
84	HOME	91	\$ 9,105.89	\$ 7,202.08	\$ 540,481.35	\$ 7,925,005.65	\$ 107,856,180.77
95	Neighborhood Stabilization (NSP)	0	\$ -	\$ -	\$ -	\$ -	\$ 15,098,250.93
96	Neighborhood Stabilization (NSP)III	0	\$ -	\$ -	\$ -	\$ -	\$ 4,750,000.00
TOTAL		160	\$ 9,918	\$ 7,734	\$ 1,129,076	\$ 12,727,933	\$ 342,201,063

DELINQUENT LOAN BALANCES

	30 Days	60 Days	90 or More	Total Delinquent	Program Balance
Master Servicing *	\$ 1,603.99	\$ 4,359.59	\$ 41,141.75	\$ 47,105.33	\$ 251,388.48

OTHER REAL ESTATE OWNED

Program	Property Name	Value
HOME	EARNESTINE JACKSON	17,500
HOME	FANNIE CAMPBELL	24,000
HOME	RAYMOND ADAMS	20,783
HOME	WILLIE EARL KING	26,157
ECONOMIC DEVELOPMENT	H&L POULTRY/OZARK MOUNTAIN POULTRY	1,468,471
NSP	3 REED PROPERTIES	3
		\$ 1,556,914

FINANCED SALES OF REO

ECONOMIC DEVELOPMENT	Bradley Lumber/Ouachita Hardwood Lease	387,500
ECONOMIC DEVELOPMENT	PBS Lumber/Victory Lumber Lease	515,205
		\$ 902,705

INSUBSTANCE FORECLOSURES

PROJECT FUND (DIRECT LOAN)	Norphlet Chemical	1
		\$ 1

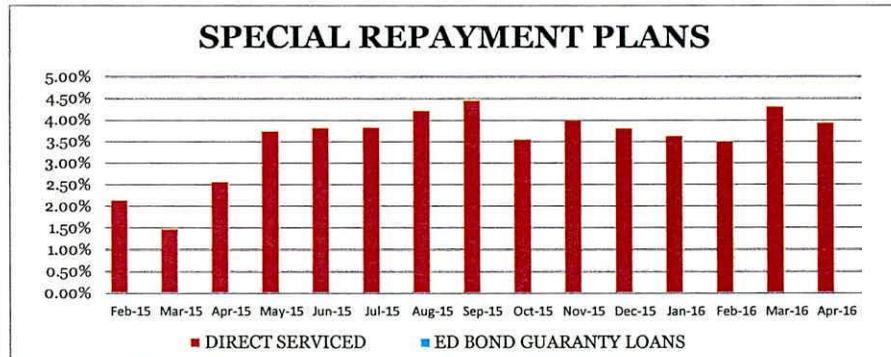
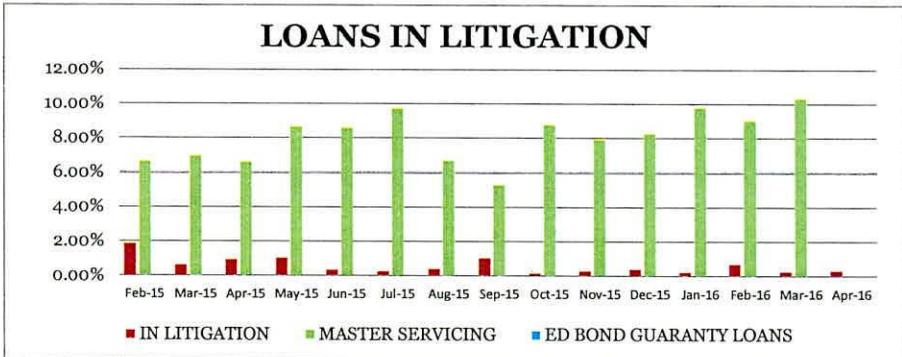
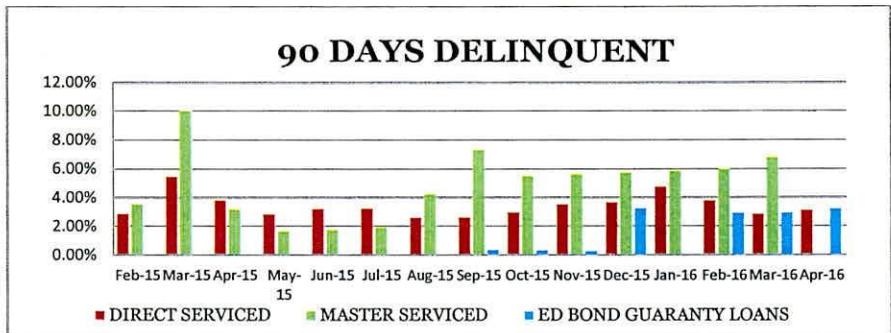
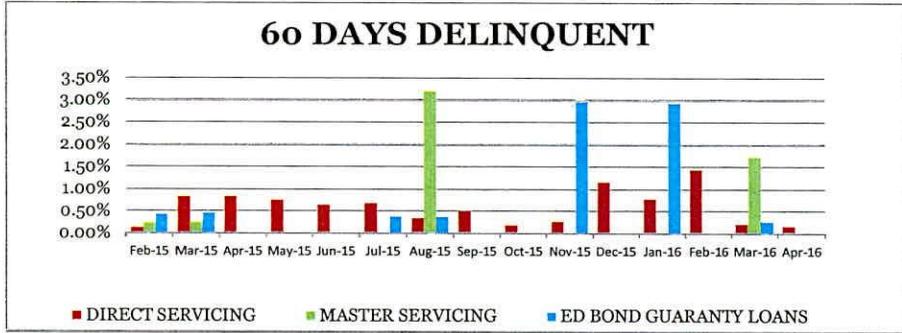
*Primarily Single Family Whole Loans

**Delinquent payment amount on project fund does not include any payments on Catfish loan. The Catfish loans are included in the "Delinquent Loan Balance" amount.

***Value listed is based upon total HOME funds disbursed. This amount will be adjusted to market value when that is determined.

DELINQUENCY REPORT PRESENTED TO THE BOARD OF DIRECTORS FOR APRIL 2016
DIRECT SERVICED - MASTER SERVICED - ECONOMIC DEVELOPMENT GUARANTY LOANS
DELINQUENCY REPORT (AS A PERCENT OF TOTAL LOAN BALANCES)

A loan is considered 90 days delinquent when it has three or more payments past due and it is not involved in any litigation nor any special repayment agreements. The "In Litigation" chart reflects any loan that is 90 or more days delinquent and involved in some type of litigation. Examples may be bankruptcy, foreclosure, etc. THESE LOANS WILL NOT APPEAR IN THE OTHER DELINQUENCY NUMBERS. A loan balance will be included in the "Special Repayment Agreement" chart when it is at least 60 days delinquent and the borrower and ADFA have reached a specific agreement to spread a delinquency over time in order to bring the loan current. If the agreement is not kept the loan will normally proceed to the litigation category. If the agreement is kept, the loan will appear in the Special Repayment Agreement numbers until it is less than 60 days delinquent.



US BANK MASTER SERVICING DELINQUENCY REPORT FOR APRIL 2016

THIS REPORT REPRESENTS THE FIRST MORTGAGE LOANS (% PRINCIPAL) SERVICED BY US BANK IN THE HOME-TO-OWN PROGRAM

