

ARKANSAS DEVELOPMENT FINANCE AUTHORITY BOARD COMMITTEE MEETING



Thursday, April 16, 2026

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
BOARD COMMITTEE MEETINGS
 Department of Commerce,
 1 Commerce Way, Little Rock, AR
 Central High/Old Mill Meeting Room

Thursday, April 16, 2026

10:30 AM

These Committees may go into Closed Session for the purpose of the preliminary review of certain applications and all supporting documentation pursuant to §15-5-409(b) and §15-5-207(c).

ACTIVITY REPORTS

NO ACTION NEEDED

- I. REPORT:** Funds Available for Commitment as of March 31, 2026 -
FOR INFORMATION ONLY TAB 1
- II. REPORTS:** Development Finance - **FOR INFORMATION ONLY** TAB 2
 - Bond Guaranty Fund
 - Venture Capital Investment Trust
 - Problem Loan Report

BOARD HOUSING REVIEW COMMITTEE
THURSDAY, APRIL 16, 2026

(Coleman, Chadwell, Mims, & Smith)
To FOLLOW

- I. MINUTES:** Housing Review Committee Meeting - February 19, 2025 -
 Presented by Rod Coleman, Committee Chair TAB 3
- II. ACTION ITEM:** 4% LIHTC - Ford Avenue Flats -
 Presented by John Blackwell, Nick Emenhiser, and Casey Kleinhenz TAB 4
- III. ACTION ITEM:** CDBG-DR - Residential Anti-Displacement and Relocation
 Assistance Plan (RARAP) -
 Presented by Lori Brockway TAB 5
- IV. REPORTS:** Federal Housing Programs - **FOR INFORMATION ONLY** -
 Presented by Lori BrockwayTAB 6
 - HOME Activities Report
 - NHTF Activities Report
 - HOME-ARP Activities Report
 - HOME-ARP NCS Activities Report
 - ESG Activities Report
 - CDBG-DR Activities and ESG Funds Available
 - HOME NHTF Funds Available to Commit

- V. **REPORT:** Compliance Monitoring Activities – January through March 2026 –
FOR INFORMATION ONLY -
Presented by Tammy White TAB 7

BOARD PROFESSIONAL SELECTION COMMITTEE	(Thomas, Chadwell, Coleman, & Martin)
THURSDAY, APRIL 16, 2026	TO FOLLOW

- I. **MINUTES:** Professional Selection Committee Meeting – August 21, 2025 –
Presented by Kirkley Thomas Committee Chair TAB 8

- II. **ACTION MEMOS:** Arkansas Student Loan Authority – RFPs –
Presented by Ro Arrington and Tony Williams TAB 9
 - Bond Counsel
 - Underwriter

BOARD FINANCIAL REPORTING AND OPERATIONS COMMITTEE	(Hudson, Mims, & Thurston)
THURSDAY, APRIL 16, 2026	TO FOLLOW

- I. **MINUTES:** Financial Reporting and Operations Committee Meeting –
February 19, 2026 –
Presented by Carey Smith, Acting Committee Chair TAB 10

- II. **ACTION ITEM:** Budget Submission – Fiscal Year 2027 –
Presented by Ro Arrington, Kristy Cunningham, and Jake Bleed TAB 11

- III. **DISCUSSION:** Operating Results and General Fund Review as of
December 31, 2025 –
Presented by Kristy Cunningham TAB 12

- IV. **UPDATE:** State Small Business Credit Initiative (SSBCI) Funding Update –
Presented by Chuck Cathey TAB 13

BOARD AUDIT COMMITTEE	(Sweat, Hudson, Thomas, & Thurston)
THURSDAY, APRIL 16, 2026	TO FOLLOW

- I. **MINUTES:** Audit Committee Meeting – December 4, 2025 –
Presented by Denise Sweat, Committee Chair TAB 14

- II. **REVIEW:** Annual State Bank Exam – Bond Guaranty Program –
Presented by Megan Summitt TAB 15

III. REVIEW: Audit Program Update – Fiscal Year 2026 -
Presented by Megan Summitt TAB 16

ADFA BOARD OF DIRECTORS LUNCHEON

12:00 PM

ROCKEFELLER CONFERENCE ROOM

RESERVED FOR SENIOR STAFF MEMBERS AND ATTENDING BOARD MEMBERS

No Business Will Be Conducted During This Time.

ADJOURNMENT:

The next regular ADFA Board of Directors meeting is scheduled for
Thursday, May 21, 2026, ADFA, Arkansas Department of Commerce,
1 Commerce Way, Little Rock, Arkansas.

TAB 1

**Arkansas Development Finance Authority
Funds Available for Commitment
3/31/2026**

Category	Program	Available to Commit
Housing:		
***	HOME Investment Partnership (HOME): (including 2025 grant award)	\$ 33,985,087.96
	Total HOME funds available	
	Applications received but not approved:	
	8-2026 Applications-competitive, 9% LIHTC	17,535,949.00
	1-2026 Application-non-competitive, 4% LIHTC	2,150,000.00
	Grand total applications=	19,685,949.00
***	HOME Investment Partnership-American Rescue Plan (HOME-ARP):	\$ 6,382,683.29
***	National Housing Trust Fund (NHTF): (including 2025 grant award)	\$ 2,582,135.24
	Total NHTF funds available	
	Applications received but not approved:	
	3-2026 Applications-competitive, 9% LIHTC	2,558,499.00
	1-2026 Application-non-competitive, 4% LIHTC	1,000,000.00
	Grand total applications =	3,558,499.00
***	Emergency Shelter Grant Program (HESG): (including 2025 grant award)	\$ 18,602.05
***	CDBG-Disaster Credits (CDBG-Disaster Credits): (2019 grant award)	\$ 8,493,000.00
***	CDBG-Disaster Credits (CDBG-Disaster Credits): (2025 grant award)	\$ 56,095,600.00
***	Financing Adj. Factor/New Below Market Interest Rate (FAF/NBMIR)	\$ 5,398,478.90
***	Tax Credit Assistance Program (TCAP)	\$ 3,349,346.10

**Arkansas Development Finance Authority
Funds Available for Commitment
3/31/2026**

Category	Program	Available to Commit
***	Affordable Housing Assistance Program (fka DHS-Assisted Living Incentive Fund)	\$ 1,701,350.20
***	Mortgage Settlement Funds (MSF):	\$ 3,312,123.70
Total Funds Available for Housing		<u>\$ 121,318,407.44</u>
Economic Development:		
***	Venture Capital Investment Trust and Recycled Funds (unrestricted)	\$ 1,304,800.30
Student Loan Programs:		
***	ALSA Funds allocated for Loan Programs (including new and refinancing loans)	\$ 80,000,000.00
	Less: Total Direct Student Loans and Job Training Certificate Loans	<u>\$ (33,875,845.00)</u>
	Total Funds Available for Student Loan Programs	<u>\$ 46,124,155.00</u>
Down Payment Assistance Programs:		
***	General Funds allocated for Down Payment Assistance loans	\$ 60,000,000.00
	Less: Total Down Payment Assistance loans serviced by US Bank and ServiSol.	<u>\$ (46,939,016.25)</u>
	Total Funds Available for Down Payment Assistance Loan Program	<u>\$ 13,060,983.75</u>
Grand Total		<u>\$ 181,808,346.49</u>

TAB 2

BOND GUARANTY FUND REPORT

**ADFA Bond Guaranty Fund Data
As of March 31, 2026**

	Total Guaranty			% Guaranteed by
Bond Balances:				
IDB's	19,625,000			
City/Co Issues	10,420,908			
Total Bond Balances->	30,045,908			
Less Guaranty by WFF	(698,000)			
Direct/Interim Loan Balances:	ADFA's Share	Total O/S	ADFA	AEDC
American Vegetable Soybean	178,087	356,173	50%	50%
Sage V Foods	387,946	387,946	100%	0%
HIA Holdings, LLC	100,542	100,542	100%	0%
Bradley County Econ Dev Corp	953,280	953,280	100%	0%
Total Direct Loans Only->	1,619,855	1,797,941		
Commitments that are unfunded:	ADFA's Share	Total Approved Date Approved	ADFA	% Guaranteed by AEDC/Other
Total Commitments yet to fund->	-			
Total Bonds, Direct Loans and Unfunded->	30,967,763			
Contingent Guarantees				
Venture Capital	-			
Aristotle Unified Communications, LLC	3,750,000			
Total Contingent Guarantees->	3,750,000			
Total of all guarantees->	34,717,763			

Bond Guaranty Reserve Fund	At Cost	Market Value
Federated Treasury MMF	837,927	837,927
State Treasury MMTF	8,799,807	8,799,807
US Government Agencies	7,962,183	7,694,732
Portfolio Totals->	17,599,917	17,332,466

Coverage Ratios:		
Leverage (total guarantees/portfolio totals)	1.973	2.003
Reserve % of Total Guarantees (portfolio totals/total guarantees)	50.69%	49.92%

Additional sources of cash flows that could be credited to the guaranty fund: (No outstanding Bonds on Projects listed below)

	Total Due	Est of Expected Annual Payment	Periodic Payment	
Alvar Resins, Inc	54,133	54,133	24,801	M
American Vegetable Soybean	19,218	19,218	20,681	M
Texas CLT (1)	115,248		TBD	
Arklam (2)	1,178,831		TBD	
	1,367,430	73,351		

A = annual pmt, M = monthly pmt

(1) - Terms to be established at AEDC Commission meeting; still in negotiations

(2) - Litigation Pending

VENTURE CAPITAL
Arkansas Investments
by Funds

ARKANSAS VENTURE CAPITAL INVESTMENT TRUST
Cash Activity Report
Quarter Ended December 31, 2025

	"AVC" ARKANSAS VENTURE CAPITAL DEVELOPMENT FUND	"AVD" ARKANSAS VENTURE DEVELOPMENT FUND	"AIF" ARKANSAS INSTITUTIONAL FUND
Beginning Bank Balance, 10/1/2025	\$ 1,246,124	\$ 448,410	\$ 326,116
Net Transfers*	-	200,000	-
Inflows:			
Other Deposits**	-	181,669	172,727
Interest Earnings (bank account)	6,567	2,919	-
Draws on Line of Credit/Note	-	-	-
Outflows:			
Other Expenses***	-	-	135
Payments to Cimarron	-	-	8,636
Investments:			
2TWELVE90	-	499,900	-
Ending Bank Account Balance	\$ 1,252,691	\$ 333,099	\$ 490,072
Transfers Due for SSBCI Investments	0	6,730,000	-
Less Capital Calls Due on Investments****	627,346	6,908,323	-
Less Restricted for SSBCI 2.0 Only*****	372,668	100.00	-
Available Balance	\$ 252,677	\$ 154,676	\$ 490,072

*Net transfers from SSBCI 2.0 are recorded when funds are received.

**Other Deposits include two distributions totaling \$181,669 from NewRoad Ventures, and \$172,727 from Noro-Moseley Partners VII. In addition to cash received from NewRoad Ventures, \$125,972 in NowDiagnostic equity shares was received as part of the NewRoad Ventures winddown.

*** Other Expenses include \$135 paid for annually for Arkansas Business License Tax.

****AVC commitments are to be funded with cash on hand & SSBCI, AVD commitments are to be funded with cash on hand, SSBCI, and the LOC/Loan from AIF, if needed. There are no outstanding commitments for AIF.

*****SSBCI funds were Transferred In before it was determined the investment did not qualify per SSBCI guidelines, in addition, a "matching" issue was found after SSBCI funds were transferred. These funds are restricted for use on a SSBCI qualifying investment.

ARKANSAS VENTURE CAPITAL INVESTMENT TRUST
Investment Report
As of December 31, 2025

COMPANY/FUND NAME	Total Funded	Unfunded	Return of Capital (1)	Recognized Losses	Current Balance	Income or Gain (1)
3E Software, Inc	200,000	-	200,000	-	-	1,800,000
Acumen Brands	816,667	-	566,667	250,000	-	1,016,123
Agricultural Foods Systems	15,000	-	-	15,000	-	-
AgRobotics	200,000	-	-	200,000	-	-
Angel Eye Health	100,000	-	-	-	100,000	-
Apptegy	300,000	-	300,000	-	-	150,000
Ascendant Diagnostics	300,000	-	-	-	300,000	-
Bear State Technologies	45,000	-	-	44,999	1	-
Bio Detection Instruments	70,000	-	-	70,000	-	-
Biologics MD	145,494	-	-	-	145,494	-
Black Oak Analytics, Inc	300,000	-	-	-	300,000	-
BlueInGreen	1,010,000	-	930,082	79,918	(0)	-
BlueOak Arkansas	3,000,000	-	-	3,000,000	-	121,693
Bond.Ai	120,000	-	-	-	120,000	-
Btiques	50,000	-	-	50,000	-	-
Cardio Wise	500,000	-	-	-	500,000	-
Collinear Networks, Inc	1,000,000	-	-	1,000,000	-	-
Diamond State Ventures	41,379	-	41,379	-	-	215,821
Energy Design Group Enterprises	542,000	-	-	542,000	-	-
Engine	100,000	-	-	100,000	-	-
Eyanalyze, Inc.	60,000	-	20,000	40,000	-	-
FI Works	150,000	-	-	-	150,000	-
Greenwave Brands, Inc	500,000	-	-	-	500,000	-
Hayseed Ventures	500,000	-	20,055	479,945	-	307,137
Info Assembly	50,000	-	5,150	44,850	-	-
Innovis Labs / Overwatch	50,000	-	-	50,000	-	-
Jones Innovative Medical Solutions (5)	42,857	-	-	-	42,857	-
K12 Protection Solutions	400,000	-	-	-	400,000	-
Langhar	50,000	-	17,720	32,280	-	-

ARKANSAS VENTURE CAPITAL INVESTMENT TRUST
Investment Report
As of December 31, 2025

COMPANY/FUND NAME	Total Funded	Unfunded	Return of Capital (1)	Recognized Losses	Current Balance	Income or Gain (1)
Lapovations	200,000	-	-	-	200,000	-
Lineus Medical	999,986	14	-	749,990	249,996	-
Little Bird Systems	110,000	-	81,932	28,068	-	-
Merchant View/Movista	711,920	-	363,078	-	348,842	581,296
Minewhat, Inc.	50,000	-	-	50,000	-	-
NanoMech	3,350,000	-	-	3,350,000	-	-
Nanowatt Design Inc	150,000	-	-	150,000	-	-
NiteOwl EasyBins	400,000	-	-	400,000	-	-
Now Diagnostics	1,400,000	-	-	-	1,400,000	-
NowDiagnostics (6)	125,972	-	-	-	125,972	-
Nutraceutical Innovations	100,000	-	-	100,000	-	-
OsteoVantage	100,000	-	-	-	100,000	-
OURPharma	1,000,000	-	-	-	1,000,000	-
Pacific Gene Tech	800,000	-	-	600,000	200,000	-
Passenger Baggage Xpress (Loan)	18,000	-	-	18,000	-	-
Pathagility	90,000	-	-	-	90,000	1,269
PicaSolar	700,000	-	-	700,000	-	-
Poly Adaptive LLC	36,000	-	-	-	36,000	-
PrivacyStar	750,000	-	566,700	-	183,300	1,006,500
RX Results	200,000	-	-	199,999	1	-
RX Results-Loan (2)	200,000	-	100,000	173,713	1	65,845
SFC Fluidics	258,139	-	-	-	258,139	-
Shield Aerodynamics-Loan (2)	90,000	-	3,797	108,252	1	1,961
Simporter	349,824	-	-	-	349,824	-
Sniffle Health	150,000	-	-	-	150,000	-
Soul of the South Media Holdings	1,000,000	-	-	1,000,000	-	-
Stacksearch (dba Qbox)	50,000	-	-	49,999	1	-
Stage I Diagnostics	225,000	-	-	123,750	101,250	-
Stonehenge Technology Labs, Inc.	400,000	-	-	400,000	-	-

ARKANSAS VENTURE CAPITAL INVESTMENT TRUST
Investment Report
As of December 31, 2025

COMPANY/FUND NAME	Total Funded	Unfunded	Return of Capital (1)	Recognized Losses	Current Balance	Income or Gain (1)
Texas CLT, LLC	250,000	-	170,139	79,861	(0)	74,450
TiFiber	158,333	-	-	158,333	-	-
Vascugenix	200,000	-	-	-	200,000	-
Vivione Biosciences	195,083	-	-	195,082	1	-
Wiland	1,800,000	-	6,810	1,027,365	765,825	20,306
Total Direct Company Investment	27,276,654	14	3,393,509	15,661,404	8,317,505	5,362,401
Fulcrum Equity Partners (3)(4)	4,615,944	-	3,744,588	-	871,356	6,141,695
Fund for Arkansas Future I	100,000	-	35,431	64,569	-	31,801
Fund for Arkansas Future II	100,000	-	80,928	-	19,072	51,084
Memphis Biomedical Ventures	4,000,000	-	208,346	3,569,558	222,096	361,050
Meritus Ventures	2,000,000	-	-	2,000,000	-	-
Noro-Moseley VI	5,000,000	-	5,000,000	-	-	6,858,036
Noro-Moseley VII	5,000,000	-	3,176,687	-	1,823,313	4,222,860
Petra II	2,250,000	-	1,194,407	591,800	463,793	13,647,029
Prolog Ventures	4,481,521	-	1,502,491	2,979,030	-	203,125
SSM Ventures (4)	3,720,000	-	3,507,365	212,635	-	1,210,533
Technology Operators Fund (3)	4,068,351	-	2,210,788	1,534,266	323,297	2,214,224
Total AIF	35,335,816	-	20,661,031	10,951,858	3,722,927	34,941,437
ATX Seed Ventures II	250,000	-	9,699	-	240,301	151,481
Cadron Capital Partners	1,010,000	1,490,000	-	-	1,010,000	-
Kayne New Road Ventures II (3)(4)	4,825,521	178,223	943,429	-	3,882,092	340,658
NewRoad Ventures (6)	874,028	-	715,556	158,472	-	1,279,467
Recurring Capital Fund I LP	400,000	0	318,180	81,820	(0)	185,059
Venture Center Arkansas	1,260,000	3,740,000	-	-	1,260,000	-
2Twelve90	999,900	1,500,100	-	-	999,900	-
Total AVD	9,619,449	6,908,323	1,986,864	240,292	7,392,293	1,956,665

ARKANSAS VENTURE CAPITAL INVESTMENT TRUST
Investment Report
As of December 31, 2025

COMPANY/FUND NAME	Total Funded	Unfunded	Return of Capital (1)	Recognized Losses	Current Balance	Income or Gain (1)
Adaptiiv Medical Technologies US, Inc.	672,668	327,332	-	-	672,668	-
Ark Investment Fund 2014 (5)	129,764	-	16,718	113,046	-	-
Ark Investment Fund II, LLC	102,158	-	11,729	90,429	-	-
ARK Investment Fund, LLC	150,000	-	-	150,000	-	-
Fieldbook Studio, LLC	4,700,000	300,000	-	-	4,700,000	-
Fund for Arkansas Future II	500,000	-	72,730	427,270	-	587,332
Gravity Ventures III	247,471	-	-	-	247,471	-
TriStar Technology Fund II-UAMS	489,990	-	127,679	-	362,311	39,480
VIC Investor Network	125,000	-	-	-	125,000	-
Total AVC	7,117,051	627,332	228,856	780,745	6,107,450	626,812
Total Fund Investment	52,072,316	7,535,655	22,876,751	11,972,895	17,222,670	37,524,914
Total Company & Fund Investment	79,348,970	7,535,669	26,270,260	27,634,299	25,540,175	42,887,315

- (1) The return of principal and income or gain amounts are estimated until final documents are received or by evaluation based on year end results.
- (2) Past due interest was capitalized for these loans.
- (3) The total funded amount includes purchased interest for these investments
- (4) The total funded amount includes capital calls in lieu of distributions.
- (5) When fund dissolved \$42,857 investment (JIMS) was transferred directly to AVCIT in the AVC fund.
- (6) Due to NewRoad Ventures Winddown, \$125,972 in equity was received in NOW Diagnostics.

PROBLEM LOAN REPORT

**PROBLEM LOAN REPORT
11/01/25**

Company:	J&E Food Group	Location:	Warren
Industry/Product:	Chicken Processsing	Credit Rating:	6.00
EDBR311934			
Original Amount:	\$3,000,000	Loan Date:	06/27/19
Current Balance:	\$2,965,000	99% Maturity:	06/27/31
Expected Salvage:	\$1,000,000	34% Date of Last Payment:	02/21/20
Net Reserve Balance:	\$1,965,000	Paid thru Date:	02/15/20
Reserve %	100%	Monthly Payment:	\$26,440
Reserve \$	\$1,965,000	Delinquent Amount:	\$1,928,957
Collateral:	1st REM Land and Buildings + 1st Lien Equipment/Machinery		
Guarantors:	John and Elizabeth White		

MAR 26 Bonds redeemed, bondholders paid in full by Bond Guaranty Fund. Deed-in-Lieu of Foreclosure being finalized, next step will be sale of property at auction.

TAB 3

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
ADFA BOARD - HOUSING REVIEW COMMITTEE
FEBRUARY 19, 2026
DEPARTMENT OF COMMERCE, 1 COMMERCE WAY
CENTRAL HIGH/OLD MILL MEETING ROOM
LITTLE ROCK, AR

Housing Review Committee Members Present: Rod Coleman, Committee Chairman; Jon Chadwell; Seth Mims; and Carey Smith.

Housing Review Committee Members Absent: George O'Connor.

ADFA Board Members Present: Alan McVey (Designee, Jim Hudson, Secretary, Department of Finance and Administration); Katelyn Martin; Hugh McDonald, Cabinet Secretary of Department of Commerce; Kirkley Thomas; Kenneth Burleson (Designee, John Thurston, Arkansas Treasurer of State).

ADFA Board Members Absent: Denise Sweat; and Harold Perrin.

ADFA Staff Present: Robert "Ro" Arrington, President, Arkansas Development Finance Authority; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel; Lori Brockway, Federal Programs Manager; Charles "Chuck" Cathey, Vice President, Development Finance; Kristy Cunningham, Chief Financial Officer; Blake Bumgardner, CDBG-DR Specialist; Sean Doolin, Assistant Controller; Ginger Burton Duncan, Director of Single Family Outreach; Paula Farthing, Loan Servicing Manager; Tracy Green Grant, Assistant Controller; Kimmy Helble, Executive Assistant to President; Amanda Hill, Federal Housing Program Coordinator; Hope Lewis, Controller; Derrick Rose, Director of Communication; Megan Summitt, Internal Auditor; Julia Virahovskaya, Accountant; Tammy White, Compliance Manager; and Tony Williams, Director, Arkansas Student Loan Authority.

Others Present: Casey Kleinhenz, Community Development of NWA; Paul Phillips, Crews & Associates, Inc.; Jeffrey Simmons, Delta Southern Land & Development, LLC.; Aaron Harris, Harris Building Solutions, LLC.; David Stickler, Hybar LLC; Richard Pierle, Landmark Property Group; Shannon Crow, PDC Companies; Traci Williams, Rockwell Housing Solutions, LLC.; Michael Cox, Soft 16 Investments, LLC.; Michael Ceryanec, Springdale Housing Authority; and Nona McVay, The McVay Firm, PLLC.

Opening Statement: Chairman Smith announced that the Housing Review Committee would need to convene earlier than scheduled on the agenda, as a presenter for the first committee listed on the agenda had not yet arrived.

Call to Order: Mr. Coleman, Committee Chair, called the meeting to order at approximately 9:32 AM.

Minutes: Mr. Coleman presented the Housing Review Committee minutes from the December 4, 2025, meeting and entertained a motion to accept the minutes as presented.

Mr. Chadwell made a motion to accept the minutes.

Mr. Smith seconded the motion. The motion passed.

Action Item: 4% LIHTC - Siloam Community Gardens: Mr. Blackwell provided the Board with a summary of the Siloam Community Gardens development, a 152-unit project which would consist of 60 two-bedroom units and 92 three-bedroom units. The action that requested Board approval was for the issuance of \$17,041,563 in tax-exempt bonds to fund construction and a permanent loan. This would generate nearly \$1.7 million in annual 4% LIHTC resulting in approximately \$15 million in equity, along with the issuance of a Section 42(m) Letter for 4% Low-Income Housing Tax Credits. Mr. Blackwell noted that ADFA Staff recommended the project for approval.

Mr. Blackwell yielded the floor to Mr. Michael Cox, Mr. Jeffrey Simmons, and Mr. Aaron Harris for the presentation.

Mr. Cox reported that Siloam Community Gardens would offer energy-efficient units located near grocery stores, healthcare, and schools. Planned amenities would include walking trails, a dog park, community gardens, and a club house.

Mr. Simmons presented a timeline completion chart and market study highlights and noted a \$2.5 million line of credit had been secured for the project.

Mr. Harris added that the property was approximately 20 acres and the development team had worked closely with the City of Siloam Springs to obtain all necessary entitlements to meet zoning regulations for the site plan approval.

Mr. Blackwell clarified that the Siloam Community Gardens project followed the standard, two-part approval process. The request before the Board was the initial request to grant permission to obtain bond documents after which the team would return to ADFA with a bond resolution for final approval.

Mr. Coleman entertained a motion to grant permission to proceed with Siloam Community Gardens.

Mr. Mims made a motion to approve advancing the project to the second phase of the approval process.

Mr. Chadwell seconded the motion. The motion passed.

Action Item: TBRA Application - Conway Housing Authority: Ms. Brockway presented the action memo on behalf of the Housing Authority of the City of Conway (“Conway Housing Authority”) (“CHA”) and stated the amount requested by Conway Housing Authority was \$1,432,450 for Housing Assistance Payments (HAP), \$143,245 for Administrative Fees, and \$45,000 for Project Delivery, for a total funding request of \$1,620,695. Ms. Brockway noted that Conway Housing Authority anticipated assisting 100 applicants.

After a brief discussion, Mr. Coleman entertained a motion to approve the request for TBRA allocation as presented on behalf of Conway Housing Authority.

Mr. Mims made a motion to approve.

Mr. Chadwell seconded the motion. The motion passed.

Action Item: CDBG-DR Planning Program Policies and Procedures Manual: *The CDBG-DR Planning Program Policies and Procedures Manual and the CDBG-DR FEMA Non-Federal Match Policies and Procedures Manual were presented simultaneously with differences noted in the minutes of the corresponding program manual.*

Ms. Brockway stated that, in preparation for the launch of the CDBG-DR Planning Program and the CDBG-DR FEMA Non-Federal Match Program, policies and procedures manuals were developed and revised by ADFA Staff as needed, following the public hearing and receipt of comments.

Ms. Brockway noted there were no comments made regarding the CDBG-DR Planning Program Policies and Procedures Manual during the public hearing.

Mr. Coleman entertained a motion to accept the CDBG-DR Planning Program Policies and Procedures Manual.

Mr. Chadwell made a motion to accept the CDBG-DR Planning Program Policies and Procedures Manual as presented.

Mr. Mims seconded the motion. The motion passed.

Action Item: CDBG-DR FEMA Non-Federal Match Policies and Procedures Manual: *The CDBG-DR Planning Program Policies and Procedures Manual and the CDBG-DR FEMA Non-Federal Match Policies and Procedures Manual were presented simultaneously with differences noted in the minutes of the corresponding program manual.*

Ms. Brockway noted there were several questions raised during the public hearing that ADFA Staff took into consideration and changed the language which addressed those concerns.

Ms. Brockway presented the funding allocations within the action plan and noted that the amounts were in accordance with HUD's guidance. The amounts set aside were \$30 million for multi family projects; \$20 million for single family new construction; \$1 million for the CDBG-DR Planning Program; and \$6 million for the CDBG-DR FEMA Non-Federal Match Program. During the public hearing, representatives from the Wynne School District expressed concern regarding the \$6,095,600 million set aside for the CDBG-DR FEMA Non-Federal Match Program to which Ms. Brockway responded that should any funds remain after program implementation, staff would return to the Board and request approval to reallocate unused funds into that program.

Ms. Brockway stated these funds were set aside for Benton, Cross, and Pulaski Counties, excluding Little Rock.

Mr. Coleman entertained a motion to accept the CDBG-DR FEMA Non-Federal Match Policies and Procedures Manual.

Mr. Chadwell made a motion to accept the CDBG-DR FEMA Non-Federal Match Policies and Procedures Manual as presented.

Mr. Mims seconded the motion. The motion passed.

Action Item: Request for Proposals (RFPs) - SFNC-CDBG-DR Program: Ms. Brockway reported that ADFA had issued a Request for Proposals (RFPs) for consultant services to assist in the development and management of the Single Family New Construction (SFNC) Program utilizing CDBG-DR funding to which ADFA received 6 responses. ADFA Staff reviewed and evaluated all submissions and presented them to the Staff HRC. Staff HRC recommended that ADFA proceed with GrantWorks as the selected consultant.

Mr. Coleman entertained a motion to approve the Staff-recommended proposal from GrantWorks.

Mr. Mims made a motion to approve GrantWorks as the consultant for SFNC-CDBG-DR Program.

Mr. Chadwell seconded the motion. The motion passed.

Reports: Federal Housing Programs: Ms. Brockway reported that, for Program Year 2021, the National Housing Trust Fund (NHTF), a total of \$63,820.62 has been drawn from the \$412,310.90 allocation and noted that some of these administrative funds are at risk of recapture. Ms. Brockway stated that these funds are not tied to a specific project.

Ms. Brockway further stated that beginning March 9th, ADFA anticipated receiving some applications for the HOME-ARP Non-Congregate Shelter (NCS).

Ms. Brockway continued that HOME-ARP Operating Expense Assistance would conclude at the end of February, with remaining funds available for drawdown through March. HOME-ARP Supportive Services would conclude at the end of March, with the remaining funds available for drawdown through April. Ms. Brockway indicated these timelines may result in some funds becoming available for NCS housing.

For information only. No action needed.

Reports: Compliance Monitoring Activities for October - December 2025: Ms. White noted that US Housing Consultants would start to physically inspect units for 2026 beginning April 13th through October 21st. There are eighty-six projects for 2026 which represents about 850 units for inspection.

Ms. White confirmed that ADFA Staff will physically inspect units when complaints have been received, but standard protocol is that inspections are performed by a third party.

For information only. No action needed.

Adjournment: Mr. Coleman concluded the meeting at approximately 10:08 AM.

Minutes approved and signed on this 19th day of February 2026.

Rod Coleman,
Housing Review Committee Chair

TAB 4

**BOARD HOUSING REVIEW COMMITTEE
ACTION MEMORANDUM**

Board HRC Meeting: 4/16/2026

Prepared by: John Blackwell

HOUSING PARTNER

Name of Entity:	MHMP 23 Ford Avenue Flats LLLP
Address of Entity:	Mercy Mountain/CDC of Bentonville 1600 Broadway, Suite 2000 Denver, Colorado
Contact Person:	Nick Emenhiser, Assoc. Director of Real Estate
Phone	405-475-9336
Email Address:	nick.emenhiser@mercyhousing.org

DEVELOPMENT INFORMATION

Name of Development:	Ford Avenue Flats TBD Ford Avenue Springdale, AR 72712
-----------------------------	---

ACTION REQUESTED

It is proposed that the ADFA Board Housing Review Committee recommend to the ADFA Board of Directors the approval of the following for the Ford Avenue Flats development located in Springdale, Washington County:

- The issuance of tax-exempt bonds;
- Issuance of a Section 42(m) Letter for 4% Low-Income Housing Tax Credits;
- Approval of Federal HOME and National Housing Trust Fund loans; and
- **Waiving the Total Development Costs limit of \$245,000/unit(\$285,091/unit).**
- **Waiving HOME 1st lien requirement (Regions \$12,241,486)**
- **Waiving HOME 20-year term/amortization requirement (40 yr amortization/term)**

BACKGROUND INFORMATION

Amount Requested:

- ADFA Tax-Exempt Bonds: \$23,000,000 to fund a construction and permanent loan. Bonds will be fund a loan originated by Regions Bank.
- 4% Low-Income Housing Tax Credits: \$1,997,699 (approx. annual amount) that will generate approximately \$16,612,671 in equity. Equity investor is Regions Affordable Housing.
- Federal HOME Program loan: \$2,150,000
- National Housing Trust Fund loan: \$1,000,000

These amounts are approximate and subject to change as underwriting is finalized to reflect final interest rates, equity pricing and other factors.

Background Information:

Ford Avenue Flats (the “Project”) involves the new construction of 138-units of affordable rental housing in multiple buildings on two (2) sites in Springdale, Washington County. All units in the Project will be available to the general public.

The Project developer and owner is a joint venture of two (2) nonprofit organizations: Mercy Housing Mountain Plains (“Mercy Housing”) and Community Development Corporation of Bentonville/Bella Vista (“CDC of Bentonville”). Mercy Housing is based in Denver, Colorado and is a first-time borrower with ADFA. Mercy Housing has a long track record of affordable housing development. CDC of Bentonville is based in Bentonville, Arkansas and has a successful track record with ADFA. Mercy Housing will have a 60% ownership stake in the joint venture, and CDC of Bentonville will have a 40% ownership stake.

To support the new construction of the Project, Mercy and CDC of Bentonville have requested that ADFA provide \$1,997,699 of 4% Low Income Housing Tax Credits (“LIHTC”) and an issuance of approximately \$23,000,000 of tax-exempt bonds, as well as subordinate financing through the Federal HOME Program (\$2,150,000) and the National Housing Trust Fund (\$1,000,000).

Financial closing for the Project is targeted for summer 2026. In addition to the request for ADFA financing, the Project is the recipient of significant philanthropic support of \$6 million from the Walton Family Foundation.

The Project has been reviewed and found to be in compliance with the requirements of the 2026 Qualified Allocation Plan for Low Income Housing Tax Credits (the “QAP”) and the Tax-Exempt Bond Program Guidelines, subject to the approval of a waiver of the QAP’s per-unit total development cost cap of \$245,000(\$285,091/unit) (\$274.89 sq ft).

The total development budget is \$39,342,602.

A market study was prepared by Novogradac and Company and concluded an acceptable level of demand for the Project.

FINAL RECOMMENDATION OF STAFF HOUSING REVIEW COMMITTEE

Approved 3/26/26 by Staff HRC, pending the Final ALTA survey submission along with a wetland delineation on Tract B and an Environmental Professional determining no wetland on Tract C.

MEMORANDUM

To: ADFA Staff Housing Review Committee

From: John Blackwell, Multifamily Underwriter
Lori Brockway, HOME/NHTF Underwriter
John Maneval, Consultant to ADFA

Re: Ford Avenue Flats
Springdale, Washington County

Date: April 1, 2026

Executive Summary

Ford Avenue Flats (the “Project”) involves the new construction of 138-units of affordable rental housing in multiple buildings on two (2) sites in Springdale, Washington County. All units in the Project will be available to the general public.

The Project developer and owner is a joint venture of two (2) nonprofit organizations: Mercy Housing Mountain Plains (“Mercy Housing”) and Community Development Corporation of Bentonville/Bella Vista (“CDC of Bentonville”). Mercy Housing is based in Denver, Colorado and is a first-time borrower with ADFA. Mercy Housing has a long track record of affordable housing development. CDC of Bentonville is based in Bentonville, Arkansas and has a successful track record with ADFA. Mercy Housing will have a 60% ownership stake in the joint venture, and CDC of Bentonville will have a 40% ownership stake.

To support the new construction of the Project, Mercy and CDC of Bentonville have requested that ADFA provide \$1,997,699 of 4% Low Income Housing Tax Credits (“LIHTC”) and an issuance of approximately \$23,000,000 of tax-exempt bonds, as well as subordinate financing through the Federal HOME Program (\$2,150,000) and the National Housing Trust Fund (\$1,000,000).

Financial closing for the Project is targeted for summer 2026. In addition to the request for ADFA financing, the Project is the recipient of significant philanthropic support of \$6 million from the Walton Family Foundation.

The Project has been reviewed and found to be in compliance with the requirements of the 2026 Qualified Allocation Plan for Low Income Housing Tax Credits (the “QAP”) and the Tax-Exempt

Ford Avenue Flats, Springdale, Washington County
ADFA Staff Housing Review Committee
April 1, 2026

Bond Program Guidelines, subject to the approval of a waiver (detailed further below) of the QAP's per-unit total development cost cap of \$245,000.

A market study was prepared by Novogradac and Company and concluded an acceptable level of demand for the Project.

1. Investment Proposal

The proposed first mortgage loan for the Project will be funded by tax-exempt bonds which will be originated by Regions Bank and is expected to be credit enhanced by Freddie Mac. ADFA is requested to issue approximately \$23,000,000 in tax-exempt multifamily housing bonds. The distribution of the bond proceeds to support the Project will be evidenced by typical loan documentation among the borrower, Regions Bank, Freddie Mac and ADFA. During the construction period, the bonds will partially fund a construction loan of approximately \$24,000,000 originated by Regions Bank. The construction loan will have a term of approximately 24 months and require monthly interest-only payments.

Once the Project is placed in service for LIHTC purposes, approximately \$10.8 million of the bonds will be repaid with a combination of LIHTC equity and philanthropic support from the Walton Family Foundation. The remaining bonds will fund a long-term loan of approximately \$12,241,486 from Regions Bank/Freddie Mac which will be serviced by Project revenue. The construction loan from Regions Bank will be fully repaid at this time. This financing structure will allow the Project to qualify for 4% LIHTC in an annual amount of approximately \$1,997,699 that will generate approximately \$16,612,671 in equity, which represents an equity raise-up ratio of 84 cents/dollar.

All units will be restricted at or below 70% of AMI under the LIHTC Program for at least 35 years. The Project will utilize the Income Averaging provisions of the LIHTC Program, whereby the average level of affordability for the Project as a whole is at or below 60% of AMI.

2. Property Description

The Project involves the new construction of 138 units in five (5) buildings on two (2) non-contiguous sites (totaling 9.0 acres). The two (2) sites are in close proximity to one another, and on the north and south sides of Ford Avenue, west of Butterfield Coach Road in Springdale,

Ford Avenue Flats, Springdale, Washington County
ADFA Staff Housing Review Committee
April 1, 2026

Washington County. The immediate neighborhood consists of mostly single-family homes and vacant land.

The Project will consist of three-story garden-style walk-up buildings (three on the north site, and two on the south site), a single-story community building/club house (on the north site), and a total of 246 surface parking spaces.

Overall, the Project consists of 52 one-bedroom units, 61 two-bedroom units, and 25 three-bedroom units. Unit sizes are 875 sq. ft. for one-bedroom units, 1,100 sq. ft. for two-bedroom units, and 1,200 sq. ft. for three-bedroom units.

Unit amenities include all-electric appliances including refrigerator, range/oven, dishwasher, in-unit washer/dryer and air conditioning. Units will include hard-wired smoke detectors, wiring for cable/internet access, window coverings, closets and ceiling fans. Units will have open floorplans, window covers, ceiling fans, and closets.

Common area amenities will include a clubhouse, leasing office, bicycle maintenance stations, indoor bicycle parking, a pet relief area, community garden, covered and lighted gathering space, playground and picnic area.

The Project will include on-site resident services that will focus on the following five leverage points for family wellness: Health and wellness, out-of-school time, financial education, housing stability, and community engagement. There will be one on-site resident services coordinator (grant-funded, outside of operating expenses) who will coordinate resident programming and provide community resource connections for residents. The Project will also provide an on-site food pantry for very-low-income residents (potentially those with housing vouchers), commit to positive-pay rent reporting (via Esusu) which helps to raise credit scores, and pursue other community partnerships.

The Project is located in an area with access to schools, stores, services, shopping, hospital and doctor's offices, libraries, and recreational parks. A bus stop is 0.2 miles from the Project site. Parsons Hill Elementary School, J.O. Kelly Middle School and Springdale High School range from 0.8 miles to 2.6 miles from the Project site.

Maps, photos, and proposed site plans of the Project are included as attachments to this memo.

3. Construction / Scope of Work Analysis

Building construction is slab-on-grade and includes wood framing, brick, EFIS/synthetic stucco (Hardiboard) and wood accents around corners. The gross rentable area of the units is 142,600 square feet, resulting in an average unit size of 1,033 square feet. Non-rentable space includes circulation, residential amenities and maintenance and mechanical spaces.

Residential buildings will frame the street with frontage on both sides of Ford Avenue. Parking will be behind the buildings.

The buildings will be designed for energy efficiency and will include Energy Star appliances, LED light fixtures, and water conserving fixtures.

Construction is expected to take 17 months to complete and includes creating units accessible for disabled households in compliance with ADA standards as well as the Arkansas Usability Standards in Housing (AUSH).

An Environmental Phase I Assessment was completed in November 2025 by Impact Environmental. No significant environmental issues were identified.

The construction cost for the Project is estimated to be \$26,483,700 or \$191,911 per unit, not including contingency of approximately 8.25%. A detailed construction cost breakdown is included as an attachment to this memo.

No waivers of ADFA's Minimum Design Standards are requested.

4. Sources and Uses Analysis

The Project will be financed primarily with the proceeds of a tax-exempt bond issuance in the approximate amount of \$23,000,000 as described more fully above.

The permanent loan from Regions Bank is being underwritten at an estimated interest rate of 5.725% (which includes the required ADFA override of 0.125%) for a term of 40 years on a 40-year amortization schedule. An interest rate lock for the permanent loan from Regions Bank will be provided prior to the commencement of construction.

During the construction period, a construction loan of approximately \$24,000,000 will be provided by Regions Bank. The construction loan is underwritten at an interest rate of 6.0% with

Ford Avenue Flats, Springdale, Washington County
ADFA Staff Housing Review Committee
April 1, 2026

a term of 24 months and require monthly interest-only payments. The construction loan will be repaid in full upon conversion to the permanent phase.

Regions Affordable Housing will provide approximately \$16,612,671 in equity for 4% LIHTC in an annual amount of approximately \$1,977,699. This represents an equity raise-up ratio of 84 cents/dollar.

Additional funding requested from ADFA includes a Federal HOME loan of \$2,150,000 with an interest rate of 1.10% and a 40-year term and 40-year amortization period, and a National Housing Trust Fund loan of \$1,000,000 with an interest rate of 0% and a 20-year term and 35-year amortization period.

The Walton Family Foundation will provide a grant of \$6,000,000 to the Project. Additional sources include a Sponsor loan (\$396,810) and the deferral of \$941,535 of the development fee.

The Project budget does not include any land acquisition cost. As evidence of local support for the Project, Washington County has facilitated the contribution of the property to the Project at no cost. An appraisal prepared by Novogradac and Company indicates a land valuation of \$1,500,000.

The overall development cost for the Project is estimated to be \$39,342,602 or \$285,091/unit. A request for a waiver of the QAP total development cost per unit cap of \$245,000 is detailed further below.

A detailed sources and uses statement is included in the attached underwriting analysis.

5. Operating Plan Analysis

Detailed operating revenue and expense estimates, as well as a 20-year operating proforma, are included in the attached underwriting analysis.

The per unit annual operating expense is \$5,117 excluding Reserves for Replacement (RFR) of \$300 per unit per year. In developing the operating pro-forma, revenue is trended at 2.00% per annum and expenses at 3.00% per annum. The vacancy rate is underwritten at 7.00%. First year stabilized debt service coverage ratio (DSCR) is expected to be 1.30 for the first mortgage and 1.16 when including the ADFA HOME and NHTF subordinate loans. In year 15 DSCR is expected to be 1.53 for the first mortgage and 1.37 when including the ADFA HOME and NHTF subordinate loans.

**Ford Avenue Flats, Springdale, Washington County
ADFA Staff Housing Review Committee
April 1, 2026**

The Project’s proposed net rents are \$461 to \$1,034/month for one-bedroom units, \$544 to \$1,232/month for two-bedroom units, and \$619 to \$1,413/month for three-bedroom units. The wide range in rents is due to the targeting of units at 30% AMI, 50% AMI, 60% AMI and 70% AMI.

All units will be restricted at or below 70% of AMI under the LIHTC Program for at least 35 years. The Project will utilize the Income Averaging provisions of the LIHTC Program, whereby the average level of affordability for the Project as a whole is at or below 60% of AMI.

The rents are supported by the market study prepared by Novogradac and Company. The market analyst has demonstrated market support for the Project and has confirmed adequate demand at the proposed rent levels and AMI targeting.

Tenants pay electric (heating, cooking, lighting, air conditioning, hot water) utility charges. The landlord pays all common area utilities, water, sewer, and trash.

6. Development Team

Role	Entity	Prior ADFA Experience	Comments
Developer/Sponsor	<u>Joint Venture</u> Mercy Housing Mountain Plains (60%)	No	Mercy Housing Mountain Plains (fka Mercy Housing Colorado) is an affiliate of Mercy Housing. Mercy Housing was founded in 1981 and owns, develops and manages hundreds of affordable rental developments serving thousands of households in locations across the Country.
	CDC of Bentonville / Bella Vista (40%)	Yes	CDC of Bentonville/Bella Vista is an experienced, community-based organization located in Bentonville

**Ford Avenue Flats, Springdale, Washington County
ADFA Staff Housing Review Committee
April 1, 2026**

			which operates in multiple locations across Northwest Arkansas. The organization was founded in 1991.
Architect	I & S Group, Inc.	No	<p>I & S Group is an architecture firm based in Mankato, MN. In 2024, the firm opened a regional office in Rogers, AR.</p> <p>The firm has extensive experience in multifamily rental with projects located in multiple states, including North Carolina, South Carolina, Virginia and Maryland.</p>
General Contractor	Buffalo Builders, LLC	No	<p>Buffalo Builders is an Arkansas-based firm with multiple offices in the State, including Springdale. The firm has a range of experience, including multifamily, student housing, office, warehouses and retail. Recent Arkansas multifamily experience include projects in Little Rock, Fayetteville and Springdale.</p>
Property Manager	CDC of Bentonville / Bella Vista, Inc.	Yes	<p>CDC of Bentonville is a nonprofit specializing in the management of affordable rental housing in Northwest Arkansas. The company has a portfolio of over 20 properties and 400 units that it manages. Staff have extensive experience and appropriate certifications in the management of LIHTC and HOME-assisted housing.</p>

7. Risk and Sensitivity Analysis

The Project presents low risk to ADFA. All first lien financial risk is assumed by Regions Bank and Freddie Mac during the construction phase and the permanent phase.

Construction-period risk is mitigated by the use of an experienced general contractor that will provide a payment and performance bond securing 100% of the construction contract. Operating risk is significantly mitigated by a demonstrated strong market for affordable rental units in the Primary Market Area.

Additionally, the sponsor (Mercy and CDC of Bentonville) will guarantee completion/operation of the Project, have a successful record of developing affordable multifamily projects, and have financially sound profiles.

8. Qualified Allocation Plan Compliance

The Project was reviewed for compliance and consistency with the 2026 Qualified Allocation Plan for Low Income Housing Tax Credits. The table below provides a summary of key requirements of the QAP and the corresponding compliance of the Project.

QAP Standard	Requirement for Compliance	Actual	QAP Standard	Complies?
Operating Deficit Reserve	At least 6 months OpEx + annual debt svc + RFR	\$ 816,272	\$ 811,437	Yes
Annual RFR Deposit	At least \$300 per unit per year	\$ 300	\$ 300	Yes
Development Fee	No greater than 12.5% of Net Development Costs	\$ 4,267,000	\$ 4,267,217	Yes
General Contractor Fees	General Requirements: <= 7% of Hard Costs	\$ 1,181,183	\$ 1,773,032	Yes
	Contractor Profit: <= 10% of Hard Costs + Gen Reqs	\$ 1,372,478	\$ 2,651,021	Yes
	Contractor Overhead: <= 4% of Hard Costs + Gen Reqs	\$ 565,818	\$ 1,060,409	Yes
Development Costs	Total Development Costs per Unit: <=\$245,000/unit	\$ 285,091	\$ 245,000	No
Min. Debt Svc. Coverage	Greater of 1.15 or as required by Lender/Investor	1.30	1.15	Yes
Rehabilitation Standard	Rehabilitation hard costs at least \$50,000 per unit	NA	\$ 50,000	Yes
	No less than 30% of Total Development Costs	NA	30.00%	Yes
Minimum Scoring	At least 45 points per QAP scoring protocol	55.50	45.00	Yes

As noted above, the Project's costs exceed the Total Development Cost limitation of \$245,000 per unit established in the 2026 QAP. TDC per unit for the Project is estimated at \$285,091. A waiver of the Total Development Cost per unit is required for approval of ADFA financing for the Project. Staff have reviewed the sponsor's request for a waiver and recommend approval for the following reasons:

Ford Avenue Flats, Springdale, Washington County
ADFA Staff Housing Review Committee
April 1, 2026

- The significant number of units designed for families increases average square footage per unit. 61 units provide two bedrooms, and 25 units provide three bedrooms, accounting for over 60% of all units in the Project.
- The Project's construction costs are higher than typical ADFA-financed developments due to Build America Buy America ("BABA") requirements triggered by federal HOME and NHTF financing.
- Funding from the Walton Family Foundation of \$6,000,000 is sufficient to cover all of the development costs in excess of ADFA's \$245,000 per unit cap. The Foundation's funds equal \$43,478/unit, which is greater than the \$40,091/unit of costs in excess of the ADFA TDC maximum of \$245,000/unit.

The Sponsor has prepared a justification for the waiver, which is included as an attachment to this memo.

9. Recommendation

It is proposed that the ADFA Staff Housing Review Committee recommend to the ADFA Board the approval of the following:

- The issuance of tax-exempt bonds in the approximate amount of \$24,000,000 to fund a construction and permanent loan;
- Issuance of a 42(m) Letter for Low-Income Housing Tax Credits in the approximate amount of \$1,997,699 that will generate approximately \$16,612,671 in equity;
- Approval of a Federal HOME loan in the amount of \$2,150,000;
- Approval of a National Housing Trust Fund loan in the amount of \$1,000,000; and
- Waiving the Total Development Cost limit of \$245,000/unit in the 2026 QAP.

These amounts are approximate and subject to change as underwriting is finalized to reflect final interest rates, equity pricing and other factors.

Submitted by:

John Blackwell, Underwriter

Ford Avenue Flats, Springdale, Washington County
ADFA Staff Housing Review Committee
April 1, 2026

Lori Brockway, HOME and NHTF Underwriter

John Maneval, Consultant to ADFA

Attachments

- A. Project Data Sheet
- B. Operating Income and Expense Detail
- C. Pro Forma
- D. Construction Cost Detail
- E. Site Maps
- F. Architectural Site Plan
- G. Existing Site Photos
- H. Sponsor Request for Waiver of Total Development Costs Limitation

Arkansas Development and Finance Authority

Project Information			
Project Name	Ford Avenue Flats	ADFA MF Underwriter	John Blackwell
Address	Ford Avenue, West of Butterfield Coach Road	ADFA HOME/NHTF Underwriter	Lori Brockway
City / County	Springdale / Washington County	ADFA Consultant	John Maneval
Occupancy Type	General Occupancy	Total Residential Units	138
Construction Type	New Construction	Commercial Units	N/A
Year Built (if rehab)	N/A		
Sponsor and Development Team Information			
Borrower Name	MHMP 23 Ford Avenue Flats LLLP	General Contractor	Buffalo Builders
Developer/Sponsor	Mercy Housing / CDC of Bentonville	Architect	I&S Group
Consultant	N/A	Property Manager	CDC of Bentonville

Sources	Amount	Per Res. Unit	Terms, Interest Rates, & Raise Rate
	Credit Enhancement		
First Lien Loan	\$ 12,241,486	\$ 88,706	40 yr. Amort. / 40 yr. Term
National Housing Trust Funds	\$ 1,000,000	\$ 7,246	Construction/Permanent Loan
HOME Funds	\$ 2,150,000	\$ 15,580	Construction loan: \$24,000,000
Local Funds	\$ -	\$ -	
Seller Note	\$ -	\$ -	
Sponsor Loan/Grant	\$ 396,810	\$ 2,875	20 yr / 1.0%
Developer Equity	\$ 100	\$ 1	
Deferred Developer Fee	\$ 941,535	\$ 6,823	
LIHTC Equity	\$ 16,612,671	\$ 120,382	\$1,977,699 / 84 cent raise-up
Other: Interim Income	\$ -	\$ -	
Other: Walton Family Foundation	\$ 6,000,000	\$ 43,478	
TOTAL DEVELOPMENT SOURCES (excludes construction phase only sources)	\$ 39,342,602	\$ 285,091	

Uses	Amount	Per Unit	Notes
Acquisition Costs	\$ 1	\$ 0	
Subtotal: Acquisition	<u>\$ 1</u>		
Construction Costs	\$ 23,143,806	\$ 167,709	
General Requirements	\$ 1,181,183	\$ 8,559	
Contractor Overhead	\$ 565,818	\$ 4,100	
Contractor Profit	\$ 1,372,478	\$ 9,945	
Building Permits	\$ -	\$ -	see below
Payment and Performance Bond	\$ 220,415	\$ 1,597	see below
Furnitures Fixtures and Equipment (FFE)	\$ -	\$ -	see below
Builders Risk Insurance	\$ -	\$ -	see below
Subtotal: Construction	<u>\$ 26,483,700</u>		
Contingency (Hard)	\$ 2,185,225	\$ 15,835	
Contingency (Soft)	\$ 185,797	\$ 1,346	
Subtotal: Contingency	<u>\$ 2,371,022</u>		
Architectural - Design and Supervision	\$ 882,500	\$ 6,395	
Engineering	\$ 100,000	\$ 725	
Attorney Fees	\$ 200,000	\$ 1,449	
Inspections, Survey, Soils Report	\$ 132,500	\$ 960	
Other: Wetland Study	\$ 10,000	\$ 72	
Other: Building Permits	\$ 600,000	\$ 4,348	
Subtotal: Architectural, Engineering & Legal	<u>\$ 1,925,000</u>		
Construction Period Insurance	\$ 303,600	\$ 2,200	
Construction Period Interest	\$ 1,777,740	\$ 12,882	
Construction Loan Origination Fee	\$ 138,146	\$ 1,001	
Real Estate Taxes	\$ 7,500	\$ 54	
Other: Inspection Fees	\$ 12,000	\$ 87	
Other: Application Fee	\$ 89,633	\$ 650	
Other: Construction Legal	\$ 15,000	\$ 109	
Other: Construction FFE	\$ 500,000	\$ 3,623	
Subtotal: Inteim Costs	<u>\$ 2,843,619</u>		
Bond Fees	\$ -	\$ -	
Permanent Loan Origination Fee	\$ 122,415	\$ 887	incl. ADFA Fees
Cost of Issuance / Underwriter's Discount	\$ -	\$ -	
Title and Recording	\$ 47,500	\$ 344	
Legal Fee	\$ 50,000	\$ 362	
Other: Underwriting	\$ -	\$ -	
Other: Bond Counsel	\$ -	\$ -	incl. in Bond Fees
Subtotal: Financing Fees and Expenses	<u>\$ 219,915</u>		
Property Appraisal	\$ 11,500	\$ 83	
Market Study	\$ 10,000	\$ 72	
Environmental Report	\$ 8,000	\$ 58	
Accounting	\$ -	\$ -	
Tax Credit Fees	\$ 51,400	\$ 372	ADFA Fees
Compliance/Monitoring Fee	\$ 188,573	\$ 1,366	ADFA Fee
Lease-Up Expenses and Marketing	\$ 10,000	\$ 72	
Other: Cost Certification Expense	\$ 15,000	\$ 109	
Subtotal: Soft Costs	<u>\$ 294,473</u>		
Syndication: Organizational	\$ 10,000	\$ 72	
Due Diligence / Legal	\$ 15,000	\$ 109	
Subtotal: Syndication Costs	<u>\$ 25,000</u>		
Developer Fees	\$ 4,242,000	\$ 30,739	60% Mercy / 40% CDC Bella Vista
Application Preparation	\$ 25,000	\$ 181	Gideon Consulting
Subtotal: Developer and Consultant Fees	<u>\$ 4,267,000</u>		
Replacement Reserves	\$ 41,400	\$ 300	
Operating Deficit Reserve	\$ 816,272	\$ 5,915	
Other: Lease Up Reserve	\$ 55,200	\$ 400	
Subtotal: Project Reserves	<u>\$ 912,872</u>		
TOTAL DEVELOPMENT USES	\$ 39,342,602	\$ 285,091	

Property Valuation	Notes
Appraisal Firm: Novogradac and Company	
Effective Date of Appraisal: November 1, 2025	Acquisition Cost \$ 1
As-Is Value: \$1,500,000	Permanent Mortgage \$ 12,241,486
Completed/Stabilized Value: TBD	Loan / Stabilized Value: TBD

Arkansas Development and Finance Authority

Proposed Rents and Income Targeting									
Unit Type	AMI Level	# of units	% of Total	Rent					Gross Sq. Ftg.
				Gross Rent	Subsidy	Utility Allowance	Net Rent		
1-BR -- LIHTC	50%	7	5.1%	\$ 955	NA	\$ 112	\$ 843	875	
1-BR -- LIHTC	60%	28	20.3%	\$ 1,146	NA	\$ 112	\$ 1,034	875	
1 BR -- LIHTC	70%	11	8.0%	\$ 1,146	NA	\$ 112	\$ 1,034	875	
1 BR -- HOME	50%	1	0.7%	\$ 925	NA	\$ 112	\$ 813	875	
1 BR -- HOME	60%	3	2.2%	\$ 925	NA	\$ 112	\$ 813	875	
1 BR -- NHTF	30%	2	1.4%	\$ 573	NA	\$ 112	\$ 461	875	
2-BR -- LIHTC	50%	9	6.5%	\$ 1,146	NA	\$ 143	\$ 1,003	1,100	
2-BR -- LIHTC	60%	33	23.9%	\$ 1,375	NA	\$ 143	\$ 1,232	1,100	
2-BR -- LIHTC	70%	12	8.7%	\$ 1,375	NA	\$ 143	\$ 1,232	1,100	
2 BR -- HOME	50%	1	0.7%	\$ 1,111	NA	\$ 143	\$ 968	1,100	
2 BR -- HOME	60%	3	2.2%	\$ 1,111	NA	\$ 143	\$ 968	1,100	
2 BR -- NHTF	30%	3	2.2%	\$ 687	NA	\$ 143	\$ 544	1,100	
3-BR -- LIHTC	50%	4	2.9%	\$ 1,323	NA	\$ 175	\$ 1,148	1,200	
3-BR -- LIHTC	60%	12	8.7%	\$ 1,588	NA	\$ 175	\$ 1,413	1,200	
3-BR -- LIHTC	70%	5	3.6%	\$ 1,588	NA	\$ 175	\$ 1,413	1,200	
3 BR -- HOME	50%	1	0.7%	\$ 1,323	NA	\$ 175	\$ 1,148	1,200	
3 BR -- HOME	60%	2	1.4%	\$ 1,557	NA	\$ 175	\$ 1,382	1,200	
3 BR -- NHTF	30%	1	0.7%	\$ 794	NA	\$ 175	\$ 619	1,200	
TOTAL		138	100%					142,600	1,033

Residential Income	Total	Per Unit	Notes
Low Income Units	\$ 1,842,192	\$ 13,349	
less Vacancy Allowance	\$ (128,953)	\$ (934)	7.0%
Market Rate Units	\$ -	\$ -	
less Vacancy Allowance	\$ -	\$ -	7.0%
TOTAL Residential Income	\$ 1,713,239	\$ 12,415	
EGI Residential Income	\$ 1,713,239	\$ 12,415	
Non-Residential Income	Total	Per Unit	Notes
Other Income: Pet Fees, Interest, Deposit Forfeitures	\$ 49,680	\$ 360	
TOTAL Non-Residential Income	\$ 49,680	\$ 360	
EGI TOTAL PROJECT INCOME	\$ 1,762,919	\$ 12,775	

Operating Expenses	Total	Per Unit	Notes
Administrative	\$ 64,359	\$ 466	
Payroll	\$ 225,301	\$ 1,633	
Management Fee	\$ 71,208	\$ 516	4.16%
Maintenance	\$ 90,700	\$ 657	
Operating	\$ 96,600	\$ 700	
Taxes & Insurance	\$ 158,000	\$ 1,145	
SUBTOTAL Operating Expenses	\$ 706,168	\$ 5,117	
RFR Deposit	\$ 41,400	\$ 300	
TOTAL OPERATING EXPENSES	\$ 747,568	\$ 5,417	
Net Operating Income (NOI)	\$ 1,015,351		

Debt Service and Cash Flow Distribution: Year One Stabilized				
	Total	DSCR	Rate	
Freddie Mac - Regions Bank	\$ 12,241,486	1.30	5.73%	
			Term	40 Years
			Amortization	40 Years
			Amount	12,241,486
			Annual Payment	780,272
HOME Funds	\$ 2,150,000	NA	1.10%	
			Term	20
			Amortization	40
			Amount	2,150,000
			Annual Payment	66,464
National Housing Trust Funds	\$ 1,000,000		0.00%	
			Term	20
			Amortization	35
			Amount	1,000,000
			Annual Payment	28,571

Arkansas Development and Finance Authority

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
INCOME AND EXPENSE										
Income										
Gross LIHTC Income	\$ 1,842,192	\$ 1,879,036	\$ 1,916,617	\$ 1,954,949	\$ 1,994,048	\$ 2,033,929	\$ 2,074,607	\$ 2,116,100	\$ 2,158,422	\$ 2,201,590
Gross Market Rate Income	-	-	-	-	-	-	-	-	-	-
Vacancy Allowance	(128,953)	(131,533)	(134,163)	(136,846)	(139,583)	(142,375)	(145,223)	(148,127)	(151,090)	(154,111)
Gross Non-Residential Income	49,680	50,674	51,687	52,721	53,775	54,851	55,948	57,067	58,208	59,372
Effective Gross Income	\$ 1,762,919	\$ 1,798,177	\$ 1,834,140	\$ 1,870,823	\$ 1,908,240	\$ 1,946,405	\$ 1,985,333	\$ 2,025,039	\$ 2,065,540	\$ 2,106,851
Expense										
Administrative	\$ 64,359	\$ 66,290	\$ 68,278	\$ 70,327	\$ 72,437	\$ 74,610	\$ 76,848	\$ 79,153	\$ 81,528	\$ 83,974
Payroll	225,301	232,060	239,022	246,192	253,578	261,186	269,021	277,092	285,405	293,967
Management Fee	71,208	73,344	75,545	77,811	80,145	82,550	85,026	87,577	90,204	92,910
Maintenance	90,700	93,421	96,224	99,110	102,084	105,146	108,301	111,550	114,896	118,343
Operating	96,600	99,498	102,483	105,557	108,724	111,986	115,345	118,806	122,370	126,041
Taxes & Insurance	158,000	\$ 162,740	167,622	172,651	177,830	183,165	188,660	194,320	200,150	206,154
Subtotal Operating Expenses	\$ 706,168	\$ 727,353	\$ 749,174	\$ 771,649	\$ 794,798	\$ 818,642	\$ 843,202	\$ 868,498	\$ 894,552	\$ 921,389
RfR Deposit	41,400	42,642	43,921	45,239	46,596	47,994	49,434	50,917	52,444	54,018
Total Operating Expenses & Reserves	\$ 747,568	\$ 769,995	\$ 793,095	\$ 816,888	\$ 841,394	\$ 866,636	\$ 892,635	\$ 919,414	\$ 946,997	\$ 975,407
Net Operating Income (NOI)	\$ 1,015,351	\$ 1,028,182	\$ 1,041,046	\$ 1,053,936	\$ 1,066,845	\$ 1,079,768	\$ 1,092,697	\$ 1,105,625	\$ 1,118,543	\$ 1,131,444
DEBT SERVICE										
Freddie Mac - Regions Bank	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272
First Mortgage DSCR	1.30	1.32	1.33	1.35	1.37	1.38	1.40	1.42	1.43	1.45
Remaining Cash Flow	\$ 235,079	\$ 247,910	\$ 260,774	\$ 273,664	\$ 286,573	\$ 299,496	\$ 312,425	\$ 325,353	\$ 338,271	\$ 351,172
SUBORDINATE DEBT SERVICE										
HOME Funds	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464
National Housing Trust Funds	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571
Subordinate Debt DSCR	1.16	1.17	1.19	1.20	1.22	1.23	1.25	1.26	1.28	1.29
Remaining Cash Flow	140,044	152,875	165,739	178,629	191,538	204,461	217,390	230,318	243,236	256,137
Deferred Dev. Fee - Beginning Balance	941,535	801,491	648,616	482,878	304,249	112,711	-	-	-	-
Deferred Dev. Fee - Payment	140,044	152,875	165,739	178,629	191,538	112,711	-	-	-	-
Deferred Dev. Fee - Ending Balance	801,491	648,616	482,878	304,249	112,711	-	-	-	-	-
Remaining Cash Flow	-	-	-	-	-	91,751	217,390	230,318	243,236	256,137

Arkansas Development and Finance Authority

	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
INCOME AND EXPENSE										
Income										
Gross LIHTC Income	\$ 2,245,622	\$ 2,290,534	\$ 2,336,345	\$ 2,383,072	\$ 2,430,733	\$ 2,479,348	\$ 2,528,935	\$ 2,579,514	\$ 2,631,104	\$ 2,683,726
Gross Market Rate Income	-	-	-	-	-	-	-	-	-	-
Vacancy Allowance	(157,194)	(160,337)	(163,544)	(166,815)	(170,151)	(173,554)	(177,025)	(180,566)	(184,177)	(187,861)
Gross Non-Residential Income	60,560	61,771	63,006	64,266	65,552	66,863	68,200	69,564	70,955	72,374
Effective Gross Income	\$ 2,148,988	\$ 2,191,968	\$ 2,235,807	\$ 2,280,523	\$ 2,326,134	\$ 2,372,656	\$ 2,420,109	\$ 2,468,512	\$ 2,517,882	\$ 2,568,239
Expense										
Administrative	\$ 86,493	\$ 89,088	\$ 91,761	\$ 94,513	\$ 97,349	\$ 100,269	\$ 103,277	\$ 106,376	\$ 109,567	\$ 112,854
Payroll	302,786	311,869	321,225	330,862	340,788	351,012	361,542	372,388	383,560	395,067
Management Fee	95,698	98,569	101,526	104,571	107,708	110,940	114,268	117,696	121,227	124,864
Maintenance	121,893	125,550	129,317	133,196	137,192	141,308	145,547	149,913	154,411	159,043
Operating	129,822	133,717	137,729	141,860	146,116	150,500	155,015	159,665	164,455	169,389
Taxes & Insurance	212,339	218,709	225,270	232,028	238,989	246,159	253,544	261,150	268,984	277,054
Subtotal Operating Expenses	\$ 949,031	\$ 977,502	\$ 1,006,827	\$ 1,037,032	\$ 1,068,142	\$ 1,100,187	\$ 1,133,192	\$ 1,167,188	\$ 1,202,204	\$ 1,238,270
RfR Deposit	55,638	57,307	59,027	60,797	62,621	64,500	66,435	68,428	70,481	72,595
Total Operating Expenses & Reserves	\$ 1,004,669	\$ 1,034,809	\$ 1,065,853	\$ 1,097,829	\$ 1,130,764	\$ 1,164,687	\$ 1,199,627	\$ 1,235,616	\$ 1,272,684	\$ 1,310,865
Net Operating Income (NOI)	\$ 1,144,319	\$ 1,157,159	\$ 1,169,954	\$ 1,182,694	\$ 1,195,370	\$ 1,207,970	\$ 1,220,482	\$ 1,232,896	\$ 1,245,197	\$ 1,257,374
DEBT SERVICE										
Freddie Mac - Regions Bank	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272	\$ 780,272
First Mortgage DSCR	1.47	1.48	1.50	1.52	1.53	1.55	1.56	1.58	1.60	1.61
Remaining Cash Flow	\$ 364,047	\$ 376,887	\$ 389,682	\$ 402,422	\$ 415,098	\$ 427,698	\$ 440,210	\$ 452,624	\$ 464,925	\$ 477,103
SUBORDINATE DEBT SERVICE										
HOME Funds	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464	\$ 66,464
National Housing Trust Funds	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571	\$ 28,571
Subordinate Debt DSCR	1.31	1.32	1.34	1.35	1.37	1.38	1.39	1.41	1.42	1.44
Remaining Cash Flow	269,012	281,852	294,647	307,387	320,063	332,663	345,175	357,589	369,890	382,068
Deferred Dev. Fee - Beginning Balance										
Deferred Dev. Fee - Payment										
Deferred Dev. Fee - Ending Balance	-	-	-	-	-	-	-	-	-	-
Remaining Cash Flow	269,012	281,852	294,647	307,387	320,063	332,663	345,175	357,589	369,890	382,068

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

1 Commerce Way Suite 602
 Little Rock, Arkansas 72202
 Email: Multifamily.Housing@arkansas.gov

SUMMARY CONSTRUCTION COST ESTIMATE

Project: Ford Avenue Flats
 Location: Springdale, AR
 Contractor: Buffalo Builders

Date: _____

Number of Units in Project: 138
 Net Rentable Sq Footage in Project: 142,975

<i>Description of Work</i>		<i>Average Cost</i>	<i>Average Cost Per</i>	<i>Total Cost</i>
<i>Code</i>	<i>Item</i>	<i>Per NRSF</i>	<i>Unit</i>	
021-00	Total Earth Work	7.76	8042.87	1,109,916.69
022-00	Total Site Utilities	6.12	6335.74	874,332.52
023-00	Total Roads And Walks	3.64	3768.12	520,000.00
024-00	Total Site Improvements	1.83	1899.73	262,162.25
025-00	Total Lawns and Planting	2.03	2101.45	290,000.00
026-00	Total Unusual Site Conditions	0.92	949.28	131,000.00
027-00	Total Underground Construction	1.89	1956.52	270,000.00
028-00	Total Demolition	0.00	0.00	-
029-00	Total Off-Site Improvements/Infrastructure	0.00	0.00	-
030-00	Total Concrete	12.75	13209.97	1,822,975.29
040-00	Total Masonry	4.78	4951.15	683,258.17
050-00	Total Metals	4.39	4549.17	627,786.11
060-00	Total Carpentry	30.29	31380.81	4,330,552.20
071-00	Total Waterproofing	0.56	579.71	80,000.00
072-00	Total Insulation	1.19	1231.88	170,000.00
073-00	Total Roofing	2.73	2826.09	390,000.00
074-00	Total Sheet Metal	0.28	289.86	40,000.00
081-00	Total Doors	4.50	4663.74	643,595.93
082-00	Total Windows	1.33	1376.81	190,000.00
083-00	Total Miscellaneous	4.03	4179.58	576,782.51
091-00	Total Lath And Plaster	0.00	0.00	-
092-00	Total Drywall	8.53	8842.19	1,220,222.70
093-00	Total Tile Work	0.27	275.36	38,000.00
094-00	Total Acoustical	0.00	0.00	-
095-00	Total Flooring	4.02	4166.67	575,000.00
096-00	Total Painting and Decorating	6.60	6833.33	943,000.00
100-00	Total Specialties	0.28	289.86	40,000.00
111-00	Total Special Equipment	1.72	1778.98	245,499.36
112-00	Total Appliances	4.19	4345.34	599,656.31

121-00	Total Draperies and Shades	0.66	688.41	95,000.00
122-00	Total Carpeting	0.00	0.00	-
130-00	Total Special Construction	4.95	5123.81	707,086.00
140-00	Total Elevators	0.00	0.00	-
151-00	Total Plumbing	11.90	12331.97	1,701,811.86
152-00	Total HVAC	8.99	9310.72	1,284,878.70
160-00	Total Electric	14.79	15325.18	2,114,875.24
170-00	Total Modules	0.00	0.00	-
180-00	Miscellaneous	3.96	4104.46	566,415.00
	Subtotal: Net Construction Costs	161.87	167,708.75	23,143,806.84

<i>Description of Work</i>		<i>(see below)</i>	<i>Average Cost Per GSF</i>	<i>Average Cost Per Unit</i>	<i>Total Cost</i>
<i>Code</i>	<i>Item</i>				
190-00	Net Construction Costs (from above)		161.87	167708.75	23,143,806.84
010-00	General Requirements *	5%	8.26	8559.30	1,181,183.00
200-00	Contractor Overhead **	2%	3.96	4100.13	565,817.60
210-00	Bond Premium		0.00	0.00	-
220-00	Contractor Profit ***	6%	9.60	9945.49	1,372,478.00
230-00	Other		1.54	1597.21	220,414.81
240-00	Total Construction Costs		185.23	191,910.87	26,483,700.25

* General Requirements - Percentage is Net Construction Costs less Line 029-00: Off-Site Improvements/Infrastructure

** Contractor Overhead - Percentage is Net Construction Costs less Line 029-00: Off-Site Improvements/Infrastructure plus General Requirements

*** Contractor Profit - Percentage is Net Construction Costs less Line 029-00: Off-Site Improvements/Infrastructure plus General Requirements





Source: Google Earth, August 2025.

ACTIVITY SPACE CONCEPT - NORTH SIDE

PLAN VIEW



ACTIVITY SPACE CONCEPT - SOUTH SIDE

PLAN VIEW



Photographs of the Site, Neighborhood, & Street Scenes



Subject North site from Ford Avenue



Subject North site from Ford Avenue



Subject North site from Ford Avenue



Subject South site from Ford Avenue



Subject South site from Ford Avenue



Ford Avenue looking east



Ford Avenue looking west



Interior of Subject North site



Interior of Subject North site



Interior of Subject North site



View of Butterfield Coach Road looking north



View of Butterfield Coach Road looking south



December 8, 2025

Arkansas Development Finance Authority

1 Commerce Way, Suite 602

Little Rock, AR 72202

TDC Waiver Request for MHMP 23 Ford Avenue Flats, Springdale, Arkansas

Ladies and Gentlemen:

Mercy Housing Mountain Plains, lead co-developer for Ford Avenue Flats, would like to request a waiver of Total Development Cost (TDC) Per Unit requirements for 4% LIHTC projects. Our development team is currently modeling TDC per unit around \$285,000, in excess of the \$250,000 limit. The reasons for this are as follows:

1. High-cost market in Northwest Arkansas, relative to surrounding areas in all directions, and a shortage of available construction labor due to other building projects.
2. Significant share of family-sized units, along with dedicated amenities sized appropriately for larger families.
3. Build America, Buy America ("BABA") requirements that will apply to the project, requiring all materials to be domestically sourced. In particular, the cost of American lumber versus Canadian lumber products, has been an impact on the project.

These are the primary factors contributing to higher construction cost on this particular project, but the development team will remain committed to value engineering and responsible stewardship of ADFA resources, throughout this project. We have offset this high cost with a \$6 million WFF grant, not ADFA funds. We appreciate your consideration of our waiver request.

Sincerely,

Kuhl Brown

Regional Vice President of Real Estate Development



TAB 5

The State of Arkansas

Residential Anti-Displacement and
Relocation Assistance Plan (RARAP)

Contents

1	Overview.....	3
2	Policy and Applicability.....	3
3	Minimizing Displacement.....	3
4	Relocation Assistance.....	5
5	Waivers and Alternative Requirements	5
5.1	Section 104(d) One-for-One Replacement Housing	5
5.2	URA Regulations	6
5.3	Optional Relocation Policies	6
5.4	Lump Sum Rental Assistance Payments.....	7
5.5	Voluntary Acquisition	7
5.6	Section 414 of the Stafford Act.....	7
6	Recordkeeping and Monitoring.....	8
7	Contact Information	8

1 Overview

This Residential Anti-Displacement and Relocation Assistance Plan (RARAP) establishes the policies and procedures by which the Arkansas Development Finance Authority (ADFA) will minimize displacement and provide relocation assistance, as required, in connection with activities assisted with Community Development Block Grant – Disaster Recovery (CDBG-DR) funds.

2 Policy and Applicability

This RARAP is prepared by ADFA in accordance with Section 104(d) of the Housing and Community Development Act of 1974, as amended (42 U.S.C. § 5304(d)), and its implementing regulations at 24 CFR Part 42; the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. § 4601 et seq.) (URA), and its implementing regulations at 49 CFR Part 24; and the Community Development Block Grant – Disaster Recovery (CDBG-DR) program requirements governing displacement, relocation, acquisition, and replacement of housing at 24 CFR §§ 570.488 and 570.606, as modified by applicable waivers and alternative requirements set forth in HUD’s CDBG-DR Universal and Consolidated Notices, as amended. This RARAP applies to all CDBG-DR assisted projects and activities administered by ADFA, its subrecipients, and development partners.

3 Minimizing Displacement

Consistent with the goals and objectives of projects and activities receiving CDBG-DR assistance, ADFA will take reasonable and appropriate steps to minimize both direct and indirect displacement of persons from their homes and neighborhoods. These steps include the following:

1. Program Design and Impact Evaluation

ADFA will evaluate potential impacts to renters and owners separately when assessing unmet needs and designing CDBG-DR programs—recognizing that displacement risks, relocation needs, and recovery options may differ between these populations.

2. Priority for Rehabilitation

Where feasible, reasonable, and appropriate considering all applicable risk factors, ADFA will prioritize the rehabilitation or reconstruction of existing housing over demolition in order to avoid or reduce permanent displacement.

3. Limiting Demolition and Conversion

Where feasible, reasonable, and appropriate considering all risk factors, ADFA will limit demolition or conversion activities to dwelling units that are unoccupied or vacant occupiable units, with particular attention to minimizing impacts on dwelling units occupied by lower income households.

4. Incorporation into Program Selection and Evaluation

ADFA will incorporate relocation considerations into program selection, funding decisions, and evaluation criteria, as applicable. Priority may be given to projects that maintain or increase the total number of occupied or occupiable dwelling units and that propose construction or rehabilitation phasing strategies that allow residents to remain in place when feasible.

5. Staging of Rehabilitation Activities

ADFA will encourage subrecipients and development partners, where feasible, to stage rehabilitation activities in multifamily or multi-unit properties so that work begins in vacant units first, allowing tenants to remain in the building or development during and after rehabilitation whenever practicable.

6. Subrecipient Relocation Planning Requirements

ADFA will require subrecipients undertaking activities that may trigger relocation to develop and implement project specific relocation plans, consistent with this RARAP and applicable federal requirements, prior to the release of CDBG-DR funds for those activities.

7. Technical Assistance and Support

ADFA may provide technical assistance to subrecipients and development partners related to relocation compliance, including assistance with required notices and identifying comparable temporary or permanent relocation housing for impacted persons.

8. Application Documentation Requirements

Funding applications for activities that may result in displacement will be required to include information sufficient to identify potential relocation impacts and demonstrate compliance with applicable relocation requirements, including documentation of required notices, where applicable.

9. Coordination and Communication

ADFA will encourage coordination among subrecipients, contractors, local officials, property owners, and affected tenants during acquisition,

rehabilitation, or demolition activities to ensure timely communication, appropriate notice, and strategies designed to minimize displacement.

10. Monitoring and Oversight

ADFA will monitor subrecipient activities and construction progress to identify potential displacement issues, provide guidance as needed, and enforce compliance with applicable relocation requirements, including the URA and this RARAP.

4 Relocation Assistance

When displacement cannot be avoided, ADFA and its subrecipients or development partners will provide relocation assistance in accordance with applicable federal requirements. Displaced persons who are lower-income tenants and are displaced as a result of the demolition or conversion of a lower-income dwelling unit will receive assistance pursuant to Section 104(d) and 24 CFR Part 42. All other displaced persons will receive assistance pursuant to the URA and 49 CFR Part 24, including advisory services, moving expenses, and replacement housing assistance, as applicable.

5 Waivers and Alternative Requirements

HUD has issued waivers and alternative requirements applicable to the use of CDBG-DR funds through the Universal Notice and related Allocation Announcement Notices. ADFA will implement this RARAP in accordance with those waivers and alternative requirements, as amended, including provisions related to the Residential Anti-Displacement and Relocation Assistance Plan, Section 104(d) replacement housing, voluntary acquisition, and URA requirements.

5.1 Section 104(d) One-for-One Replacement Housing

In accordance with Section 104(d) of the Housing and Community Development Act of 1974 and 24 CFR § 42.375, ADFA will ensure the one-for-one replacement of occupied and vacant occupiable lower-income dwelling units that are demolished or converted to a use other than lower-income housing in connection with CDBG-DR-assisted activities, unless a statutory or HUD-approved waiver or exception applies.

Replacement housing will be provided within the timeframes required by federal regulations and will be comparable in size, quality, and location, and affordable to households of similar income levels for the required

affordability period. Replacement units may be provided through rehabilitation, reconstruction, or new construction, and may be located on-site or off-site, as permitted by program design and applicable requirements.

Before committing CDBG-DR funds to activities that would trigger one-for-one replacement requirements, ADFA will require sufficient project information to evaluate compliance, including the number and type of affected units and the proposed approach and timing for replacement housing. Where permitted under 24 CFR § 42.375(d), ADFA may determine that replacement housing is not required based on documented evidence of an adequate supply of vacant lower-income units available on a nondiscriminatory basis.

ADFA will track replacement housing obligations and outcomes and monitor subrecipient compliance as part of its overall CDBG-DR oversight responsibilities.

5.2 URA Regulations

HUD has waived the relocation assistance requirements of Section 104(d) of the Housing and Community Development Act of 1974 and 24 CFR § 42.350 to the extent that the types and amounts of relocation assistance otherwise required under Section 104(d) differ from those provided under the URA and its implementing regulations at 49 CFR Part 24. This waiver does not affect an individual's eligibility as a displaced person under Section 104(d); rather, it limits the relocation assistance available under Section 104(d) to the types and amounts of assistance provided under the URA, as amended.

ADFA will administer relocation assistance in accordance with the requirements of the URA and its implementing regulations at 49 CFR Part 24 in carrying out CDBG-DR-assisted activities.

5.3 Optional Relocation Policies

HUD has waived the requirements at 24 CFR § 570.606(d) to the extent that they require optional relocation policies to be established at the grantee level for CDBG-DR programs. Notwithstanding this waiver, ADFA will require subrecipients and development partners to implement this RARAP rather than develop and adopt separate relocation policies.

ADFA will further require subrecipients and development partners to comply with the URA and its implementing regulations at 49 CFR Part 24 for any household that is involuntarily displaced as a result of CDBG-DR-assisted activities, regardless of income.

5.4 Lump Sum Rental Assistance Payments

HUD has waived the requirements of 42 U.S.C. § 3537(c) to the extent necessary to allow CDBG-DR grantees to provide lump-sum relocation rental assistance payments to displaced residential tenants. This waiver permits ADFA to offer rental assistance in a single payment rather than through installment payments.

Providing lump-sum rental assistance reduces administrative burden for ADFA and its subrecipients or development partners and allows displaced households to access needed assistance more quickly, supporting timely and efficient disaster recovery.

5.5 Voluntary Acquisition

HUD has provided alternative requirements permitting voluntary acquisition of real property for CDBG-DR purposes, including buyout programs, without triggering certain URA requirements, provided that all conditions for voluntary acquisition are met and properly documented.

5.6 Section 414 of the Stafford Act

Section 414 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5181) provides that persons otherwise eligible for replacement housing assistance under the URA may not be denied such assistance solely because they are unable to meet URA occupancy requirements due to a Presidentially declared disaster.

HUD has waived Section 414 and its implementing regulations as they apply to CDBG-DR-funded acquisition, rehabilitation, or demolition activities that commence more than one year after the date of the applicable disaster declaration, provided that such activities were not planned, approved, or underway prior to the disaster. For purposes of this waiver, a CDBG-DR project is considered to have commenced on the earliest of: (1) HUD approval of a Release of Funds and certification; (2) completion of a site-specific environmental review where tiering is used;

or (3) conversion of a project to exempt status under 24 CFR § 58.34(a)(12).

This waiver does not affect the eligibility of persons who meet URA occupancy requirements, nor does it apply to persons displaced or temporarily relocated by other HUD-assisted programs. ADFA will ensure that relocation assistance and payments provided under the URA are not adversely affected by this waiver.

6 Recordkeeping and Monitoring

ADFA will require subrecipients and development partners to maintain documentation demonstrating compliance with this RARAP, including notices, relocation payments, replacement housing tracking, and determinations related to displacement minimization. ADFA will monitor compliance as part of its CDBG-DR oversight responsibilities.

7 Contact Information

Information regarding compliance responsibilities and points of contact is available on ADFA's website at <https://adfa.arkansas.gov/contact/> .

TAB 6

HOME
Activities Report

STATUS OF HOME ACTIVITIES - IDIS

4/1/2026

FUNDING STATUS - PROJECTS

IDIS Activity	Activity Type	Activity Name	Activity Status	Last Draw Date	Home Units	Total Units	Committed Amount	Drawn Amount	% HOME Expended
14915	NC	Cottage Lane Village	Open	11/18/2025	11	40	\$1,760,000.00	\$1,258,438.99	72%
14918	NC	The Peaks at Springdale III	Open	02/18/2026	11	72	\$1,925,000.00	\$1,732,500.00	90%
14928	NC	Loraine Park of Lowell	Open	11/18/2025	9	60	\$1,500,000.00	\$1,350,000.02	90%
14944	NC	The Vineyards At Cabot Ph II	Open	11/05/2025	8	48	\$1,320,000.00	\$1,188,000.00	90%
14978	NC	McAuley Place Apartments	Open	3/24/2026	11	60	\$1,980,000.00	\$1,597,652.10	81%
14979	NC	McAuley Place Apartments - Ph II	Open	3/24/2026	17	60	\$3,000,000.00	\$1,934,462.51	64%
14995	NC	The Bluffs at Shackleford	Open	3/17/2026	11	61	\$2,000,000.00	\$1,746,699.58	87%
15009	NC	Harrison Estates	Open	1/6/2026	10	60	\$1,858,964.00	\$540,000.00	29%
15010	NC	Harrison Estates Senior Housing	Open	3/24/2026	11	60	\$1,835,829.00	\$1,255,346.10	68%
15013	NC	Walnut Commons 2024 (HOME)	Open	3/24/2026	11	60	\$1,800,000.00	\$945,795.36	53%
15035	REHAB	Northgate Apartments - Rehab	Open	3/3/2026	11	20	\$1,552,143.00	\$1,269,397.76	82%
15036	TBRA	Brad Black River Area Development (ADMIN)	Open				\$22,548.00	\$0.00	0%
15037	TBRA	Brad Black River Area Development (HAP/PD)	Open		40		\$261,480.00	\$0.00	NOT YET FUNDED
15040	TBRA	HA of the City of Conway (ADMIN)	Open				\$143,245.00	\$0.00	0%
15041	TBRA	HA of the City of Conway (HAP/PD)	Open		100		\$1,477,450.00	\$0.00	NOT YET FUNDED
							\$22,436,659.00	\$14,818,292.42	

DEADLINE STATUS - PROJECTS

IDIS Activity	Activity Type	Activity Name	Earliest Grant Yr	Expenditure Deadline	Period of Performance	SF-425 Filing Deadline	Grant Closeout Deadline	Written Agreement Date	IDIS - 4 YR Project Completion Deadline	NOTES	Inspection Date	% Construction Completion	Inspection Phase
14915	NC	Cottage Lane Village	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	5/28/2024	5/28/2028		3/24/2026	85%	CONSTRUCTION
14918	NC	The Peaks at Springdale III	2020	9/30/2028	9/30/2028	1/28/2029	9/30/2029	6/26/2024	6/26/2028		1/6/2026	100%	FINAL
14928	NC	Loraine Park of Lowell	2020	9/30/2028	9/30/2028	1/28/2029	9/30/2029	9/6/2024	9/6/2028		3/31/2026	92%	CONSTRUCTION
14944	NC	The Vineyards At Cabot Ph II	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	8/12/2024	8/12/2028		8/25/2025	100%	CONSTRUCTION
14978	NC	McAuley Place Apartments	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	2/24/2025	2/24/2029		3/24/2026	70%	CONSTRUCTION
14979	NC	McAuley Place Apartments - Ph II	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	2/24/2025	2/24/2029		3/24/2026	50%	CONSTRUCTION
14995	NC	The Bluffs at Shackleford	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	6/26/2025	6/26/2029		3/12/2026	40%	CONSTRUCTION
15009	NC	Harrison Estates	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	7/1/2025	7/1/2029		3/31/2026	25%	CONSTRUCTION
15010	NC	Harrison Estates Senior Housing	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	7/1/2025	7/1/2029		3/31/2026	48%	CONSTRUCTION
15013	NC	Walnut Commons 2024 (HOME)	2022	9/30/2030	9/30/2030	1/28/2031	9/30/2031	8/6/2025	8/6/2029		4/1/2026	28%	CONSTRUCTION
15035	REHAB	Northgate Apartments - Rehab	2022	9/30/2030	9/30/2030	1/28/2031	9/30/2031	8/22/2025	8/22/2029		11/5/2025	35%	CONSTRUCTION
									Written Agreement Date	TBRA - 2 YR COMPLETION			
15036	TBRA	Brad Black River Area Development (HAP/PD)	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	NOT YET FUNDED					
15037	TBRA	Brad Black River Area Development (ADMIN)	2020	9/30/2028	9/30/2028	1/28/2029	9/30/2029	11/26/2025	11/26/2027				
15041	TBRA	HA of the City of Conway (HAP/PD)	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	NOT YET FUNDED					
15040	TBRA	HA of the City of Conway (ADMIN)	2021	9/30/2029	9/30/2029	1/28/2030	9/30/2030	3/17/2026	3/17/2028				

FUNDING STATUS - ADMIN

14509	ADMIN	ADFA ADMINISTRATION (2020/18 AD - 2020 PA)	Open	3/25/2026			\$2,036,196.43	\$1,759,725.26	86.4%
14510	ADMIN	ADFA ADMIN / RECORDING 2020	Open	3/11/2026			\$16,058.50	\$15,908.50	99.1%
14677	ADMIN	ADFA ADMINISTRATION 2021	Open				\$1,261,846.40	\$0.00	0.0%
14762	ADMIN	ADFA ADMINISTRATION 2022	Open				\$1,730,109.66	\$0.00	0.0%
14940	ADMIN	ADFA ADMINISTRATION 2023	Open				\$1,616,016.87	\$0.00	0.0%
14953	ADMIN	ADFA ADMINISTRATION 2024	Open				\$1,532,651.77	\$0.00	0.0%
15043	ADMIN	ADFA ADMINISTRATION 2025	Open				\$1,904,955.27	\$0.00	0.0%
							\$10,097,834.90	\$1,775,633.76	
TOTAL HOME							\$32,534,493.90	\$16,593,926.18	

NHTF
Activities Report

STATUS OF NHTF ACTIVITIES - IDIS

4/1/2026

FUNDING STATUS - PROJECTS

IDIS Activity ID	Program Year	Activity Type	Activity Name	Activity Status	Last Draw Date	Initial Funding Date	HTF Units	Total Units	Committed Amount	Drawn Amount	PCT	<i>TO BE DEOBLIGATED</i>
13894	2020	NC	PATRIOT PARK (NHTF)	Open	7/10/2024	9/8/2020	14	60	\$1,650,000.00	\$1,649,000.00	99.9%	\$1,000.00
14917	2024	NC	THE PEAKS AT SPRINGDALE PH III (NHTF)	Open	2/1/2026	8/6/2024	4	72	\$605,000.00	\$544,500.00	90.0%	
14922	2024	NC	LORAIN PARK OF LOWELL (NHTF)	Open	11/5/2025	8/19/2024	9	60	\$1,500,000.00	\$1,349,999.98	90.0%	
14995	2024	NC	THE BLUFFS AT SHACKLEFORD (NHTF)	Open	3/17/2026	6/27/2025	5	61	\$1,000,000.00	\$879,750.00	88.0%	
15011	2023	NC	WALNUT COMMONS (NHTF)	Open	3/24/2026	7/21/2025	4	60	\$754,000.00	\$432,512.87	57.4%	
									\$5,509,000.00	\$4,855,762.85		

DEADLINE STATUS - PROJECTS

IDIS Activity ID	Program Year	Activity Type	Activity Name	Earliest Grant Yr	Expenditure Deadline	Period of Performance	SF-425 Filing Deadline	Grant Closeout Deadline	Written Agreement Date	4 YR Project Completion Deadline	NOTES	Inspection Date	% Construction Completion	Inspection Phase	SF-425 Filing Deadline
13894	2020	NC	PATRIOT PARK (NHTF)	2018	9/12/2023	9/12/2025	1/10/2026	9/12/2026	9/2/2020	Extended to 6/30/2025	POTENTIAL TO BE BLOCKED IN IDIS	3/25/2026	65%	CONSTRUCTION	Filed with Exception for 13894
14917	2024	NC	THE PEAKS AT SPRINGDALE PH III (NHTF)	2020	7/31/2025	7/31/2027	11/28/2027	7/31/2028	6/26/2024	6/26/2028		1/6/2026	100%	FINAL	
14922	2024	NC	LORAIN PARK OF LOWELL (NHTF)	2022	8/29/2027	8/29/2029	12/27/2029	8/29/2030	8/19/2024	8/19/2028		3/31/2026	92%	CONSTRUCTION	
14998	2024	NC	THE BLUFFS AT SHACKLEFORD (NHTF)	2023	8/1/2028	8/1/2030	11/29/2030	8/1/2031	6/11/2025	6/11/2029		3/12/2026	40%	CONSTRUCTION	
15011	2024	nc	WALNUT COMMONS 2024 (NHTF)	2023	8/1/2028	8/1/2030	11/29/2030	8/1/2031	7/18/2025	7/18/2029		4/1/2026	28%	CONSTRUCTION	

FUNDING STATUS - ADMIN

IDIS Activity ID	Program Year	Activity Type	Activity Name	Activity Status	Last Draw Date	Initial Funding Date	Committed Amount	Drawn Amount	PCT	Expenditure Deadline	
14512	2021	ADMIN	ADFA NHTF ADMIN 2021	Open	3/25/2026	11/23/2021	\$412,310.90	\$67,220.85	16%	10/31/2026	
14725	2022	ADMIN	ADFA NHTF ADMIN 2022	Open		2/13/2023	\$457,393.80	\$0.00	0%	8/29/2027	
14921	2023	ADMIN	ADFA NHTF ADMIN 2023	Open		8/9/2024	\$300,053.71	\$0.00	0%	8/1/2028	
14921	2024	ADMIN	ADFA NHTF ADMIN 2024	Open		2/10/2025	\$301,732.55	\$0.00	0%	12/17/2029	
15042	2024	ADMIN	ADFA NHTF ADMIN 2024	Open		4/6/2025	\$311,525.51	\$0.00	0%	12/17/2029	
							\$1,783,016.47	\$67,220.85			
TOTAL NHTF							\$7,292,016.47	\$4,922,983.70			

HOME - ARP
Activities Report

HOME-ARP

Organization	Proposed Use	Status	Non Profit Operating Assistance Funding	Disbursed Year 1	Approved Disbursement Year 2	% Expended Year 2	Funding Year 2	3 Months (Yr 2) 25%	6 Months (Yr 2) 50%	9 Months (Yr 2) 75%	12 Months (Yr 2) 100%
Restore Hope, Inc	Operating Expense Assistance	Completed	\$300,000.00	\$150,000.00	\$150,000.00	100%	\$150,000	\$37,500.00	\$75,000.00	\$112,500.00	\$150,000.00
Riverview Hope Campus	Operating Expense Assistance	Completed	\$138,246.00	\$58,299.00	\$79,947.00	100%	\$79,947	\$19,986.75	\$39,973.50	\$59,960.25	\$79,947.00
Arkansas Enterprises for the Developmentally Disabled, Inc (AEDD)	Operating Expense Assistance	Completed	\$300,000.00	\$150,000.00	\$150,000.00	100%	\$150,000	\$37,500.00	\$75,000.00	\$112,500.00	\$150,000.00
Legal Aid of Arkansas	Operating Expense Assistance	Completed	\$300,000.00	\$150,000.00	\$150,000.00	100%	\$150,000	\$37,500.00	\$75,000.00	\$112,500.00	\$150,000.00
Fort Smith Children's Shelter	Operating Expense Assistance	Completed	\$123,702.00	\$50,000.00	\$73,702.00	100%	\$73,702	\$18,425.50	\$36,851.00	\$55,276.50	\$73,702.00
Next Step Day Room Inc	Operating Expense Assistance	Completed	\$136,500.00	\$68,250.00	\$68,250.00	100%	\$68,250	\$17,062.50	\$34,125.00	\$51,187.50	\$68,250.00
Women & Children First	Operating Expense Assistance	Completed	\$300,000.00	\$150,000.00	\$150,000.00	100%	\$150,000	\$37,500.00	\$75,000.00	\$112,500.00	\$150,000.00
			\$1,598,448.00	\$776,549.00	\$821,899.00	100%	\$821,899	\$205,474.75	\$410,949.50	\$616,424.25	\$821,899.00

Organization	Proposed Use	Status	Supportive Services Funding	Project Delivery	Approved Disbursement	% Expended	Deobligation Amount	6 Months 25%	12 Months 50%	18 Months 75%	24 Months 100%
Legal Aid of Arkansas	Supportive Services	Notice To Proceed	\$660,766.00	n/a	\$213,608.99	81%	\$396,013.27	\$165,191.50	\$330,383.00	\$495,574.50	\$660,766.00
Restore Hope, Inc	Supportive Services	Notice To Proceed	\$900,000.00	\$90,000.00	\$516,064.88	69%	\$242,107.09	\$247,500.00	\$495,000.00	\$742,500.00	\$990,000.00
Riverview Hope Campus	Supportive Services	Notice To Proceed	\$700,000.00	\$50,000.00	\$260,050.97	51%	\$243,538.99	\$187,500.00	\$375,000.00	\$562,500.00	\$750,000.00
Serve NWA	Supportive Services	Notice To Proceed	\$300,000.00	\$30,000.00	\$227,592.65	94%	\$87,947.42	\$82,500.00	\$165,000.00	\$247,500.00	\$330,000.00
Fort Smith Children's Shelter	Supportive Services	Completed	\$537,900.00	\$53,790.00	\$547,813.93	100%	\$43,859.04	\$147,922.50	\$295,845.00	\$443,767.50	\$591,690.00
Women & Children First	Supportive Services	Notice To Proceed	\$717,000.00	\$71,700.00	\$151,950.54	31%	\$298,526.66	\$197,175.00	\$394,350.00	\$591,525.00	\$788,700.00
Next Step Day Room Inc	Supportive Services	Notice To Proceed	\$92,000.00	\$9,200.00	\$78,776.06	80%	\$2,189.94	\$25,300.00	\$50,600.00	\$75,900.00	\$101,200.00
Our House Inc	Supportive Services	Completed	\$635,000.00	\$63,500.00	\$671,361.15	100%	\$26,464.66	\$174,625.00	\$349,250.00	\$448,875.00	\$698,500.00
Ouachita Children, Youth & Family Center	Supportive Services	Completed	\$413,000.00	\$41,300.00	\$53,571.38	100%	\$400,728.62	\$113,575.00	\$227,150.00	\$340,725.00	\$454,300.00
Center for Arkansas Legal Services	Supportive Services	Completed	\$591,261.00	\$59,126.00	\$228,351.01	100%	\$422,035.99	\$162,596.75	\$325,193.50	\$487,790.25	\$650,387.00
Community Action Program for Central AR	Supportive Services	Notice To Proceed	\$900,000.00	\$90,000.00	\$714,238.78	93%	\$222,629.57	\$247,500.00	\$495,000.00	\$742,500.00	\$990,000.00
St Bernards Development Foundation	Supportive Services	Completed	\$300,000.00	\$30,000.00	\$285,689.77	100%	\$44,310.23	\$82,500.00	\$165,000.00	\$247,500.00	\$330,000.00
			\$6,746,927.00	\$588,616.00	\$3,949,070.11	81%	\$2,430,351.48	\$1,833,885.75	\$3,667,771.50	\$5,426,657.25	\$7,335,543.00

Organization	Proposed Use	Status	ADFA HOME-ARP NCS Project Funding	DR Submitted	Approved	Retainage 10%	TBD	% Expended	Completion %	TBD	TBD
Women & Children First	Non-Congregate Shelter	Final Cost Certification	\$ 7,000,000.00	\$ 5,587,106.23	\$5,028,395.61	\$558,710.62		79.82%	95%		
Next Step Day Room Inc	Non-Congregate Shelter	Application Approved by Board	\$ 3,696,295.23	\$ -		\$0.00		0.00%			
Arkansas Enterprises for the Developmentally Disabled, Inc (AEDD)	Non-Congregate Shelter	Final Cost Certification	\$ 4,618,543.00	\$ 1,932,270.00	\$1,739,043.00	\$193,227.00		41.84%	70%		
Our House Inc	Non-Congregate Shelter	Final Cost Certification	\$ 3,772,485.00	\$ 1,100,786.48	\$990,707.83	\$110,078.65		29.18%	55%		
			\$ 19,087,323.23	\$ 8,620,162.71	\$7,758,146.44	\$862,016.27		45%			
2025 NOFA for NCS Applications: \$6,382,683.44									*Report as of March 31, 2026		

HOME - ARP NCS
Activities Report

STATUS OF HOME-ARP NCS ACTIVITIES - IDIS

4/1/2026

FUNDING STATUS - NCS PROJECTS

IDIS Activity ID	Program Year	Activity Type	Activity Name	Activity Status	Last Draw Date	Initial Funding Date	NCS Units	Total Units	Committed Amount	Drawn Amount	PCT
14945	2021	NCS	WOMEN & CHILDREN FIRST: The Center Against Family Violence (NCS)	Open	2/18/2026	1/24/2025	44	44	\$7,000,000.00	\$5,028,395.00	72%
14981	2021	NCS	OUR HOUSE, INC - A HOME TO NEW BEGINNINGS - (NCS)	Open	3/24/2026	6/11/2025	11	11	\$3,772,485.00	\$990,707.84	26%
15026	2021	NCS	AEDD, INC (HOME-ARP - NCS) 805 North Cypress Street, North Little Rock (1 OF 3)	Open	1/15/2026	9/15/2025	6	6	\$1,539,514.34	\$148,359.00	10%
15027	2021	NCS	AEDD, INC (HOME-ARP - NCS) 5 Polk Street, Cabot (2 OF 3)	Open	1/15/2026	9/15/2025	6	6	\$1,539,514.33	\$904,780.20	59%
15028	2021	NCS	AEDD, INC (HOME-ARP - NCS) 291 Cardinal Lane, Cabot (3 OF 3)	Open	1/15/2026	9/15/2025	6	6	\$1,539,514.33	\$685,903.80	45%
									\$15,391,028.00	\$7,758,145.84	50%

DEADLINE STATUS (NCS) - PROJECTS

IDIS Activity ID	Program Year	Activity Type	Activity Name	Earliest Grant Yr	Expenditure Deadline	Period of Performance	SF-425 Filing Deadline	Grant Closeout Deadline	Written Agreement Date	Project Completion Deadline	NOTES	Inspection Date	% Construction Completion	Inspection Phase
14945	2021	NCS	WOMEN & CHILDREN FIRST: The Center Against Family Violence (NCS)	2021	9/30/2030	9/30/2030	1/28/2031	9/30/2031	12/5/2024	6/6/2026		1/22/2026	88%	Construction
14981	2021	NCS	OUR HOUSE, INC - A HOME TO NEW BEGINNINGS - (NCS)	2021	9/30/2030	9/30/2030	1/28/2031	9/30/2031	5/30/2025	11/29/2026		1/6/2026	33%	Construction
15026	2021	NCS	AEDD, INC (HOME-ARP - NCS) 805 North Cypress Street, North Little Rock (1 OF 3)	2021	9/30/2030	9/30/2030	1/28/2031	9/30/2031	7/8/2025	1/7/2027		2/4/2026	30%	Construction
15027	2021	NCS	AEDD, INC (HOME-ARP - NCS) 5 Polk Street, Cabot (2 OF 3)	2021	9/30/2030	9/30/2030	1/28/2031	9/30/2031	7/8/2025	1/7/2027		2/4/2026	30%	Construction
15028	2021	NCS	AEDD, INC (HOME-ARP - NCS) 291 Cardinal Lane, Cabot (3 OF 3)	2021	9/30/2030	9/30/2030	1/28/2031	9/30/2031	7/8/2025	1/7/2027		24/2026	30%	Construction

HOME-ARP FUNDS AVAILABLE - IDIS

									Committed Amount	Drawn Amount						
HOME-ARP									FUNDING TOTALS		\$15,391,028.00	\$7,758,145.84				
	Grant Year	Available to Subgrant	Available for Projects			Less Board Approvals Not Yet Committed			Available to Commit							
EN	2021	\$10,078,978.52	\$10,078,978.52			\$3,696,295.23			\$6,382,683.29							

ESG Activities Report

ESG - 2024 Award

Organization	Program Funding	Status	Awarded Funding	ADMIN Max Allowed 1%	Approved Disbursement		Total	% Expended	SO	ES	RRH	HP	HMIS- Max Allowed 5%
					2023 Funds	2024 Funds							
St Bernards Foundation	ESG	Notice to Proceed	\$10,000.00	\$0.00	\$2,292.34	\$1,890.95	\$4,183.29	42%	\$10,000	\$0.00	\$0.00	\$0.00	\$0.00
Riverview Hope Campus	ESG	Notice to Proceed	\$291,818.00	\$2,753.00	\$18,526.34	\$108,775.35	\$127,301.69	44%	\$5,000	\$200,000.00	\$60,300.00	\$10,000.00	\$13,765.00
Margies Haven House Inc	ESG	Notice to Proceed	\$25,295.50	\$245.50	\$7,450.10	\$16,503.26	\$23,953.36	95%	\$0	\$24,550.00	\$0.00	\$0.00	\$500.00
ARVAC, Inc	ESG	Notice to Proceed	\$789,500.00	\$1,500.00	\$221,922.38	\$341,086.67	\$563,009.05	71%	\$35,000	\$450,000.00	\$115,000.00	\$158,000.00	\$30,000.00
St Francis House	ESG	Notice to Proceed	\$50,500.00	\$500.00	\$7,643.62	\$27,206.07	\$34,849.69	69%	\$0	\$45,000.00	\$5,000.00	\$0.00	\$0.00
Second Chance DV SA Shelter	ESG	Notice to Proceed	\$15,900.00	\$150.00	\$2,850.79	\$8,475.03	\$11,325.82	71%	\$0	\$15,000.00	\$0.00	\$0.00	\$750.00
River City Ministry of Pulaski County	ESG	Notice to Proceed	\$80,800.00	\$800.00	\$15,495.92	\$28,761.08	\$66,976.60	83%	\$0	\$80,000.00	\$0.00	\$0.00	\$0.00
Crowley's Ridge Development Council	ESG	Notice to Proceed	\$90,100.00	\$850.00	\$10,233.69	\$74,261.14	\$84,494.83	94%	\$0.00	\$0.00	\$85,000.00	\$0.00	\$4,250.00
The Salvation Army - El Dorado	ESG	Notice to Proceed	\$126,075.00	\$500.00	\$15,584.83	\$35,050.18	\$50,635.01	40%	\$0.00	\$70,225.00	\$0.00	\$55,350.00	\$0.00
Our House Shelter Program	ESG	Notice to Proceed	\$72,500.00	\$500.00	\$8,856.68	\$63,550.10	\$72,406.78	100%	\$0.00	\$72,000.00	\$0.00	\$0.00	\$0.00
Women & Children First	ESG	Notice to Proceed	\$44,990.40	\$400.00	\$6,943.99	\$17,417.75	\$24,361.74	54%	\$0.00	\$43,590.40	\$0.00	\$0.00	\$1,000.00
City of Hot Springs	ESG	Notice to Proceed	\$59,974.00	\$574.00	\$0.00	\$50,950.00	\$50,950.00	85%	\$6,000.00	\$51,400.00	\$0.00	\$0.00	\$2,000.00
The Salvation Army -NWA	ESG	Notice to Proceed	\$100,000.00	\$0.00	\$25,044.10	\$32,111.37	\$57,155.47	57%	\$0.00	\$70,000.00	\$30,000.00	\$0.00	\$0.00
River Valley Shelter for Battered Women	ESG	Notice to Proceed	\$37,013.00	\$363.00	\$0.00	\$26,809.77	\$26,809.77	72%	\$0.00	\$36,300.00	\$0.00	\$0.00	\$350.00
Micah88 Initiative	ESG	Notice to Proceed	\$142,000.00	\$0.00	\$0.00	\$79,717.99	\$79,717.99	56%	\$0.00	\$90,000.00	\$25,000.00	\$25,000.00	\$2,000.00
Peace at Home Family Shelter	ESG	Notice to Proceed	\$31,800.00	\$300.00	\$9,696.78	\$20,388.80	\$30,085.58	95%	\$0.00	\$30,000.00	\$0.00	\$0.00	\$1,500.00
Mission Outreach of Northeast AR, Inc	ESG	Notice to Proceed	\$36,350.00	\$350.00	\$3,144.88	\$17,066.31	\$20,211.19	56%	\$0.00	\$35,000.00	\$0.00	\$0.00	\$1,000.00
Next Step Day Room, Inc	ESG	Notice to Proceed	\$100,700.00	\$950.00	\$20,506.19	\$55,725.71	\$76,231.90	76%	\$20,000.00	\$75,000.00	\$0.00	\$0.00	\$4,750.00
Serve NWA	ESG	Notice to Proceed	\$98,555.80	\$975.80	\$25,688.30	\$72,538.40	\$98,226.70	100%	\$0.00	\$97,580.00	\$0.00	\$0.00	\$0.00
Harrison House of Hope	ESG	Completed	\$112,100.00	\$1,100.00	\$771.91	\$0.00	\$771.91	1%	\$0.00	\$50,000.00	\$30,000.00	\$30,000.00	\$1,000.00
Totals			\$2,315,971.70	\$12,811.30	\$402,652.84	\$1,078,285.93	\$1,503,658.37	64.93%	\$76,000.00	\$1,535,645.40	\$350,300.00	\$278,350.00	\$62,865.00

2023 Funding: \$ 598,695.48
 2024 Funding: \$ 2,296,487.00

Report as of March 31, 2026

ADMIN 2024 Award		Total
	2023	2024
ADFA	\$44,902.15	\$128,618.58
Subgrantees	\$0.00	\$4,965.51
		\$173,520.73
		\$4,965.51

**CDBG-DR Activities Report
and
ESG Funds Available**

STATUS OF CDBG-DR ACTIVITIES - IDIS

4/1/2026	ALLOCATIONS	
ANNUAL ALLOCATION	2019	2025
	\$8,940,000.00	\$59,048,000.00
ACTIVITIES		
ADMIN	\$447,000.00	\$2,952,400.00
PLANNING OVERVIEW		\$1,000,000.00
MF NEW CONSTRUCTION	\$8,493,000.00	\$24,000,000.00
SF NEW CONSTRUCTION		\$20,000,000.00
FEMA NON-FEDERAL MATCH		\$6,095,600.00
INFRASTRUCTURE/HOUSING		\$5,000,000.00

				Committed Amount	Drawn Amount
DRGR			FUNDING TOTALS	\$0.00	\$0.00
	Grant Year	Available to Subgrant			
Pending	2019	\$8,493,000.00	Available for Projects	Less Board Approvals Not Yet Committed	Available to Commit
				\$0.00	\$8,493,000.00
Pending	2025	\$56,095,600.00	Available for Projects	Less Board Approvals Not Yet Committed	Available to Commit
				\$0.00	\$56,095,600.00

ESG FUNDS AVAILABLE - IDIS

				Committed Amount	Drawn Amount
ESG			FUNDING TOTALS	\$2,204,643.61	\$1,254,230.72
	Grant Year	Available to Subgrant			
EN	2024	\$333,971.01			
		-\$61,404.00	-Less HMIS Contract - Restore Hope		
		\$272,567.01			
	2025	\$2,271,567.00	(includes admin)		
		-\$112,273.00	-Less ADFA BDO/HORNE Contract		
		\$2,431,861.01			
			Available for Projects (includes admin)	Less Board Approvals Not Yet Committed (includes admin)	(includes admin) Available to Commit
				\$2,373,591.89	2025 ESG Remaining \$58,269.12
					-Less ADFA ADMIN (\$39,667.07)
					2025 Final Available to Commit
					\$18,602.05

**NHTF and HOME
Funds Available**

NHTF FUNDS AVAILABLE - IDIS						
4/1/2026				Committed Amount	Drawn Amount	
NHTF			FUNDING TOTALS	\$7,292,016.47	\$4,922,983.70	
AVAILABLE TO COMMIT						
	Grant Year	Available to Subgrant				
EN	2025	\$2,701,133.42				
	2024	\$2,698,519.14	BABA Active			
PI	2025	\$102,596.12				
	2024	\$15,507.56	BABA Active			
IU	2025	\$493,010.00	BABA Active			
		\$6,010,766.24	Available for Projects			
				Less Board Approvals Not Yet Committed		Final NHTF Available to Commit
					\$3,428,631.00	\$2,582,135.24
				Pending Applications 2026 - NHTF		
					\$3,558,499.00	
HOME FUNDS AVAILABLE - IDIS						
				Committed Amount	Drawn Amount	
HOME			FUNDING TOTALS	\$32,534,493.90	\$16,593,926.18	
AVAILABLE TO COMMIT						
	Grant Year	Available to Subgrant				
EN	2025	\$6,788,703.17				
	2024	\$6,644,757.00				
	2023	\$7,935,228.75				
	2022	\$10,089,308.95				
	2021	\$390.98				
PI	2025	\$8,998,153.63				
	2024	\$5,820,157.50				
	2023	\$5,021,877.35				
	2022	\$1,953,883.19				
HP	2025	\$26,825.40				
	2024	\$116,373.54				
	2023	\$266,205.52				
IU	2025	\$185,379.06				
	2024	\$772,391.54				
	2023	\$162,783.60				
			\$25,429,678.34	HOME Available before BABA		
		\$54,782,419.18	Available for Projects			
		-\$1,738,930.00	Less TBRA Not Yet Funded Tenant Data			Available to Commit
		\$53,043,489.18		Less Board Approvals Not Yet Committed		
					\$23,332,139.00	\$29,711,350.18
CR	2025	\$1,357,740.63				
	2024	\$1,328,951.40				
	2023	\$1,587,045.75				
		\$4,273,737.78	Available for CHDO Projects			Available for CHDO Commitments
				Less Board Approvals Not Yet Committed	\$0.00	\$4,273,737.78
		\$57,317,226.96	Available for ALL HOME Projects			Final HOME Available to Commit
						\$33,985,087.96
				Pending Applications 2026 (TBRA/MF HOUSING)		
					\$19,685,949.00	

TAB 7

January - March 2026 Compliance Monitoring Activities						Score = Non Compliance
						No Findings 1 >0 - 15% 2 16 - 30% 3 31 - 40% 4 41 - 50% 5 51+%
Property Name	Review Date	Auditor	Units Reviewed	Files Reviewed	Units/Files Non-Compliant	Score
Plainview Terrace - HOME Only	2/3/2026	Monica Smith	20	0	14	5 >50%
sager Creek Crossing II	2/5/2026	Catrina Ingram	0	16	4	2 16-30%
Madison Heights II	2/6/2026	Meshawn Conner	0	5	5	5 >50%
9th Street Cottages - HOME Only	2/10/2026	Nedra Whitaker	0	5	0	No Findngs
Columbia Heights	2/12/2026	Nedra Whitaker	0	7	0	No Findngs
Asbury Park	2/19/2026	Nedra Whitaker	0	19	6	3 31-40%

January - March 2026 Compliance Monitoring Activities						Score = Non Compliance
						No Findings 1 >0 - 15% 2 16 - 30% 3 31 - 40% 4 41 - 50% 5 51+%
Property Name	Review Date	Auditor	Units Reviewed	Files Reviewed	Units/Files Non-Compliant	Score
Cottages of Good Shepard I	2/19/2026	Gabby Cruz	0	10	1	1 0-15%
Auxora Arms	2/25/2026	Nedra Whitaker	0	22	3	1 0-15%
Eastwood Apartments	2/27/2026	Nedra Whitaker	0	5	1	2 16-30%
Monthly Total Units / Total Files			20	89	34	

TAB 8

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
ADFA BOARD – PROFESSIONAL SELECTION COMMITTEE
AUGUST 21, 2025
DEPARTMENT OF COMMERCE, 1 COMMERCE WAY
CENTRAL HIGH/ OLD MILL MEETING ROOM
LITTLE ROCK, AR

ADFA Board Professional Selection Committee Members Present: Kirkley Thomas, Committee Chair; Jon Chadwell; Rod Coleman; Katelyn Martin.

ADFA Board Professional Selection Committee Members Present Via Phone or Video: Harold Perrin.

ADFA Board Members Present: Stephanie Garner; Alan McVey (Designee for Jim Hudson, Secretary, Department of Finance and Administration); Dr. Lee Lane; Seth Mims; Carey Smith; and Kenneth Burleson (Designee, John Thurston, Treasurer, Office of Treasurer of State of Arkansas).

ADFA Board Members Present Via Phone or Video: George O'Connor.

ADFA Board Members Absent: Hugh McDonald, Cabinet Secretary of Department of Commerce; and Denise Sweat.

ADFA Staff Present: Mark Conine, President, Arkansas Development Finance Authority; Robert "Ro" Arrington, Vice President, Homeownership and Public Finance; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel; Lori Brockway, Federal Housing Program Manager; Chuck Cathey, Vice President, Development Finance; Paula Farthing, Loan Servicing Manager; Sean Doolin, Assistant Controller; Tracy Green, Assistant Controller; Kimmy Helble, Executive Assistant to President and Capital Access Program Administrator; Hope Lewis, Controller; Derrick Rose, Director of Outreach and Communication; Megan Summitt, Internal Auditor; Tammy White, Compliance Manager; and Tony Williams, Director, Arkansas Student Loan Authority.

ADFA Staff Present Via Phone or Video: Jason Bays, HOME Program Coordinator; Blake Bumgardner, CDBG-DR Specialist; David Denman, Loan Operations Coordinator; Cathy Ganaway, Senior Accountant; Alisa Green, HOME-ARP Program Specialist; Lanita Hastings, HOME Program Coordinator; Amanda Hill, HOME Program Coordinator; Sam Leslie, Construction Inspector; Yedda Matthews, Senior Accountant; Monica Trammell, HOME Program; and Jenise Tucker, Accountant.

Others Present: Martin Kasten, Friday Law Firm; Cheryl Schluterman, Raymond James; and Jim Folwer, Rose Law Firm.

Others Present VIA Phone or Video: Traci Williams, Rockwell Housing Solutions; and Lornea Wells, The McVay Firm, PLLC.

Call to Order: Mr. Thomas called the Professional Selection Committee meeting to order at approximately 10:54 AM.

Minutes: Mr. Thomas presented the Professional Selection Committee minutes from the April 17, 2025, meeting and entertained a motion to approve the minutes as presented.

Mr. Coleman made a motion to approve the minutes as presented.

Mr. Chadwell seconded the motion. The motion passed.

Action Memo: Request for Proposals (RFPs) - Single Family Master Servicer: Mr. Arrington stated the Staff Professional Selection Committee recommended ServiSolutions, which is a branch of the Alabama Housing Advisory, as the Single Family Master Servicer and had been ADFA's Master Servicer on the mortgage program since 2019.

Mr. Arrington offered to answer any questions the Committee or Board members may have.

Ms. Martin made a motion to approve the extension of contract for ServiSolutions to continue as ADFA's Single Family Master Servicer for two years.

Mr. Chadwell seconded the motion. The motion passed.

Adjournment: Mr. Thomas concluded the Professional Selection Committee activities at approximately 10:56 AM.

Minutes approved and signed this 21st day of August 2025.

Kirkley Thomas, Committee Chair,
Professional Selection

TAB 9

Memo

April 7, 2026

To: ADFA Board Professional Selection Committee

From: Ro Arrington
Tony Williams

Re: Arkansas Student Loan Bond Counsel

We recently advertised a Request for Proposals for the position of Bond Counsel for our upcoming Student Loan Bond Issue series. We received responses from the following entities. We will have a staff recommendation for the Board to consider on April 16.

Hawkins, Delafield and Wood

Kutak Rock

Request For Proposal: Underwriter

Memo

April 7, 2026

To: ADFA Board Professional Selection Committee

From: Ro Arrington
Tony Williams

Re: Arkansas Student Loan Bond Underwriter

We recently advertised a Request for Proposals for the position of Bond Underwriter for our upcoming Student Loan Bond Issue series. We received responses from the following entities. We will have a staff recommendation for the Board to consider on April 16.

BofA Securities

RBC Capital Markets

Stephens, Inc.

Raymond James and Associates

Carty, Harding and Hearn

TAB 10

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
ADFA BOARD – FINANCIAL REPORTING AND OPERATIONS COMMITTEE
FEBRUARY 19, 2026
DEPARTMENT OF COMMERCE, 1 COMMERCE WAY
CENTRAL HIGH/OLD MILL MEETING ROOM
LITTLE ROCK, AR

ADFA Board Financial Reporting and Operations Committee Members Present: Alan McVey (Designee for Jim Hudson, Secretary, Department of Finance and Administration); Seth Mims; and Kenneth Burleson (John Thurston, Treasurer, Office of Treasurer of State of Arkansas).

ADFA Board Financial Reporting and Operations Committee Members Absent: George O'Connor, Committee Chair.

ADFA Board Members Present Carey Smith; Jon Chadwell; Rod Coleman; Katelyn Martin; Hugh McDonald, Cabinet Secretary of Department of Commerce; and Kirkley Thomas.

ADFA Board Members Absent: Harold Perrin; and Denise Sweat.

ADFA Staff Present: Robert “Ro” Arrington, President, Arkansas Development Finance Authority; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel; Lori Brockway, Federal Programs Manager; Charles “Chuck” Cathey, Vice President, Development Finance; Kristy Cunningham, Chief Financial Officer; Blake Bumgardner, CDBG-DR Specialist; Sean Doolin, Assistant Controller; Ginger Burton Duncan, Director of Single Family Outreach; Paula Farthing, Loan Servicing Manager; Tracy Green Grant, Assistant Controller; Kimmy Helble, Executive Assistant to President; Amanda Hill, Federal Housing Program Coordinator; Hope Lewis, Controller; Derrick Rose, Director of Communication; Megan Summitt, Internal Auditor; Julia Virahovskaya, Accountant; Tammy White, Compliance Manager; and Tony Williams, Director, Arkansas Student Loan Authority.

Others Present: Casey Kleinhenz, Community Development of NWA; Paul Phillips, Crews & Associates, Inc.; Jeffrey Simmons, Delta Southern Land & Development, LLC.; Aaron Harris, Harris Building Solutions, LLC.; David Stickler, Hybar LLC; Richard Pierle, Landmark Property Group; Shannon Crow, PDC Companies; Traci Williams, Rockwell Housing Solutions, LLC.; Michael Cox, Soft 16 Investments, LLC.; Michael Ceryanec, Springdale Housing Authority; and Nona McVay, The McVay Firm, PLLC.

Call to Order: Chairman Smith and the Board agreed that due to a limited quorum, the Financial Reporting and Operations Committee would convene as a Committee of the Whole and would report to the full ADFA Board.

As the Acting Chair for the Committee, Mr. Smith called the Financial Reporting and Operations Committee meeting to order on Thursday, February 19, 2026, at approximately 11:17 AM.

Minutes: Mr. Smith presented the minutes of October 16, 2025, Financial Reporting and Operations Committee meeting and asked if any committee member had comments or changes.

Mr. McVey noted that there was a typo in his name on the second page and requested that it be corrected.

Mr. Smith entertained a motion to approve the minutes, contingent upon correction of the typo of Mr. McVey's name.

Mr. Burleson made a motion to approve the minutes upon correction of the typo.

Mr. McVey seconded the motion. The motion passed.

Discussion: Operating Results and General Fund Review as of September 30, 2025:

Ms. Cunningham stated the review covered the period ending September 30, 2025, which included the fiscal year ending June 30, 2025, on the Balance Sheet.

Ms. Cunningham presented the Quarterly Review and stated that it had been a standard course-of-business activity, including issuing bonds and making loans through the federal programs, which accounted for many of the fluctuations. Ms. Cunningham added that there was an increase in federal financial assistance, due primarily to the HOME-ARP program and the HOME program. She noted that, through Act 944 of 2025, the accounting department made some sensible reclassifications of certain expenses and line items within ADFA's internal accounting system.

Ms. Cunningham reported the Balance Sheet for the Venture Capital Investment Trust Fund (VCIT) reflected minimal activity but noted that the Line of Credit had been paid off. Mr. Arrington requested that Mr. Cathey and Ms. Cunningham provide an overview for the Board of Directors of the VCIT Fund at an upcoming meeting.

Ms. Cunningham noted that a summary of bond and note activity for a three-month period of the fiscal year was provided on page seven of the Quarterly Review. She highlighted the anticipated Single Family issuance scheduled for the first of the next quarter, with an additional issuance planned in December. Ms. Cunningham further noted that, regarding the Single Family program, that Optional Bond Calls customarily take place in July and January each year.

Ms. Cunningham stated that the “Sources of Cash to Fund Operations” on page eight outlined how ADFA maintained ongoing operational funding while pages nine and ten provided a breakdown of loans by program.

After some discussion among Board members and Ms. Cunningham, Mr. Smith entertained a motion to accept the Operating Results and General Fund Review as of September 30, 2025.

Mr. McVey made a motion to accept the Operating Results and General Fund Review as presented.

Mr. Burleson seconded the motion. The motion passed.

Adjournment: Mr. Smith concluded the Financial Reporting and Operations Committee at approximately 11:31 AM.

Minutes approved and signed on this 19th day of February 2026.

Carey Smith, Acting Committee Chair

TAB 11

Memo



To: The Board of Directors of the Arkansas Development Finance Authority
From: Jake Bleed, General Counsel
Date: April 7, 2026
Re: Submission of initial Operating Budget for the Arkansas Development Finance Authority

Pursuant to the Budgeting Resolution adopted in October 2025, the Arkansas Development Finance Authority (ADFA) hereby submits the attached budget for the 12-month fiscal year beginning July 1, 2026.

Under Act 944 of 2026 (the Act), the ADFA is no longer required to submit biennial budgets to the Arkansas General Assembly or limit all operations to legislatively-approved appropriations. Instead, under the Act, ADFA was given additional leeway and flexibility to draft and adhere to budgets for purposes of not merely oversight but also planning, performance evaluation and the overall betterment of the organization.

The attached spending budget is presented as an initial step toward the adoption of that budget. This document is intended to begin discussions and analysis of budgeting with the goal of improving overall performance of the ADFA. With that in mind, staff anticipates that the attached document will go through significant changes over time. It is therefore presented as a working draft.

For purposes of the board, the role of the budget is primarily intended to serve first as a planning document for the coming year and, second, as a delegation of authority from the board to the ADFA staff to expend funds in support of the various items identified in the budget. Once approved, the budget and the expenditures it authorizes will not require additional or subsequent approval of the board. However, a board may amend the budget at any time and may require special approval or review of any expenditure.

Several items should be noted.

1. The attached budget reflects anticipated expenses to be paid by the ADFA General Fund for the fiscal year in question. It does not include expenses for federally funded programs (i.e. National Housing Trust Fund, etc.) which are budgeted legislatively, expenses paid by bond proceeds or from bond trust indentures or expenses incurred by the Arkansas Student Loan Authority (ASLA). Additional information will be provided to the board on ASLA expenses in May.

2. The various line items identified here are categories of expense identified by ADFA fiscal as being relevant and necessary to the ongoing operation of the Authority. These categories and the corresponding amounts were identified and calculated based on prior-year expenditures.
3. The draft budget does not currently contain projections on net income/losses for the coming fiscal year. That information is appropriate to include in a budget and may be included in future drafts but will require additional discussion and input on the role of the budget relative to other financial reports provided to the board.

FY2027 Budget Draft

ADFA - General Fund

FY2027	Budget
Salaries/benefits:	
Shared Services	\$ 10,000
Salaries/benefits	\$ 4,500,000
Salaries/benefits	<u>\$ 4,510,000</u>
Operating:	
Rent and Building Maintenance	\$ 260,000
Supplies	\$ 20,000
Cell phones/mthly fees	\$ 10,000
Copiers	\$ 25,000
Printing	\$ 5,000
Phone lines (if not in IT)	\$ 10,000
Mail	\$ 5,000
Maintenance	\$ 5,000
Vehicle Maintenance	\$ 10,000
Insurance	\$ 10,000
Board Meeting Expenses	\$ 15,000
Temporary Help	\$ 20,000
Sponsorships	\$ 5,000
Operating	<u>\$ 400,000</u>
Travel and conferences:	
Travel	\$ 60,000
Board Retreat(s)	\$ 20,000
Travel and conferences	<u>\$ 80,000</u>
Professional fees:	
Payroll vendor	\$ 12,000
Audit	\$ 150,000
Legal	\$ 30,000
Trustee/Bank Fees	\$ 20,000
Outside professionals	\$ 300,000
Associations fees	\$ 60,000
Professional fees	<u>\$ 572,000</u>
IT:	
IT Maintenance	\$ 250,000
Computers/equipment	\$ 150,000
IT	<u>\$ 400,000</u>
TOTAL ADFA ONLY BUDGET	<u><u>\$ 5,962,000</u></u>

TAB 12

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

- ▶ OPERATING RESULTS AND
- ▶ GENERAL FUND REVIEW
- ▶ As of December 31, 2025

*Reported to the Board Financial Reporting
& Operations Committee on
Thursday, April 16, 2026*

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
BALANCE SHEET - UNAUDITED
DECEMBER 31, 2025**

	<u>Fiscal Year Ended June 30, 2025</u>	<u>Six months ended for FY2025 December 31, 2024</u>	<u>Six months ended for FY2026 December 31, 2025</u>	<u>Difference December 31, 2025 to December 31, 2024</u>	<u>% Diff</u>	
ASSETS:						
Cash and cash equivalents	377,392,900	349,213,415	415,539,398	66,325,983	15.96%	A
Accounts receivable	4,089,993	3,967,906	3,193,453	(774,453)	-24.25%	
Accrued interest receivable	3,108,984	2,696,317	3,573,025	876,708	24.54%	
Accrued rent receivable	374,321	358,278	299,334	(58,944)	-19.69%	
Investments, at amortized cost	235,958,072	181,159,366	322,825,305	141,665,939	43.88%	B
Loans receivable, at amortized cost, net	399,094,370	392,003,211	406,981,945	14,978,734	3.68%	C
Real Estate Owned	-	-	-	-	#DIV/0!	
Deferred charges	1,253,784	1,641,342	1,253,784	(387,558)	-30.91%	
Direct Financing Leases	121,782,453	126,612,829	116,710,733	(9,902,096)	-8.48%	C
Capitalized Assets	2,080,185	2,078,407	2,030,055	(48,352)	-2.38%	
Other Assets	3,272,846	3,503,420	3,158,921	(344,499)	-10.91%	
TOTAL ASSETS	<u><u>1,148,407,908</u></u>	<u><u>1,063,234,491</u></u>	<u><u>1,275,565,953</u></u>	212,331,462	16.65%	
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Bonds and notes payable, net of unamortized discounts and premiums	538,128,709	473,148,608	660,964,870	187,816,262	28.42%	D
Lease Liability GASB 87	-	121,513	-	(121,513)	#DIV/0!	
Accrued interest payable	4,498,776	3,629,093	6,845,130	3,216,037	46.98%	D
Accounts payable	10,389,095	8,558,823	8,348,967	(209,856)	-2.51%	
OPEB and pension liabilities	5,542,576	6,052,540	5,542,576	(509,964)	-9.20%	
Deposits against financing arrangements	53,564,644	44,929,703	45,984,664	1,054,961	2.29%	
Total liabilities	<u>612,123,800</u>	<u>536,440,280</u>	<u>727,686,207</u>	191,245,927	26.28%	
FUND BALANCES:						
Restricted by bond resolution and programs	371,951,700	361,759,224	383,478,028	21,718,804	5.66%	
Invested in capital assets	2,080,185	2,078,407	2,030,055	(48,352)	-2.38%	
Unrestricted *	162,252,223	162,956,580	162,371,663	(584,917)	-0.36%	
TOTAL LIABILITIES AND FUND BALANCES	<u><u>1,148,407,908</u></u>	<u><u>1,063,234,491</u></u>	<u><u>1,275,565,953</u></u>	212,331,462	16.65%	
	-	-	0			

* Includes amounts designated by board for various programs.

A) Increase is mainly due to Single Family Mortgage Revenue Bond program receiving a combined total of \$205 million in bond proceeds (par) in April, August, and December net of investment and loan/lease activity. (See B) investment activity, C) Loan/lease activity, and D) bond activity.)

B) Investments increased primarily due to approximately \$158.4 million of Single Family mortgage-backed securities (MBS) purchases net of monthly MBS remittances of approximate \$12.5 million and General Fund program investments maturing of \$4.4 million and mainly re-investing the funds in State Treasury Money Management Trust Fund.

C) Increase is primarily related to loan fundings with HOME (\$14.6mm), NHTF (\$4.0mm), ASLA (net \$11.2mm), and DPA (\$13.6mm) programs net of principal repayments received on various loans/leases.

D) See Bonds and Note Summary Report. See page 7. The increase from December 2024 was due to the three Single Family bond issuances totaling \$205 million at par net of redemptions of approximately \$25.4 million on various bond issues.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR
Year to Date Comparison: Period Ending December 31, 2025 - UNAUDITED

	Fiscal Year Ended June 30, 2025	Six months ended for FY2025 December 31, 2024	Six months ended for FY2026 December 31, 2025	Difference December 31, 2025 to December 31, 2024	% Diff	
REVENUES:						
Interest income:						
Loans and direct leases	17,715,880	8,806,899	8,791,434	(15,465)	-0.18%	
Investments	18,987,209	9,185,217	12,113,240	2,928,023	31.88%	Z
Amortization of discounts and premiums on loans and investments, net	29,111	15,119	12,135	(2,984)	-19.74%	
Financing fee income	6,024,468	3,733,165	3,389,255	(343,910)	-9.21%	Y
Total Interest Income	42,756,668	21,740,400	24,306,064	2,565,664	11.80%	
Federal financial assistance	18,420,164	8,130,557	14,895,724	6,765,167	83.21%	V
Rental Real Estate	265,142	114,991	122,732	7,741	6.73%	
Default Management Services	271,689	62,916	132,389	69,473	110.42%	U
Other income	55,909	25,618	24,000	(1,618)	-6.32%	
TOTAL REVENUES	61,769,572	30,074,482	39,480,909	9,406,427	31.28%	
EXPENSES:						
Interest on bonds and notes:						
Current interest	15,092,727	6,985,986	10,301,638	3,315,652	47.46%	X
Accreted interest	3,293,757	1,626,468	1,587,738	(38,730)	-2.38%	
Total interest on bonds and notes	18,386,484	8,612,454	11,889,376	3,276,922	38.05%	
Amortized discounts (premiums) on bonds and notes	(85,473)	(26,849)	(120,461)	(93,612)	348.66%	
Provision for losses	2,674,729	1,137,238	1,499,242	362,004	31.83%	W
Federal financial assistance programs	2,998,422	689,148	8,206,299	7,517,151	1090.79%	V
Loan Servicing and Other Contractual Services	183,871	86,101	144,586	58,485	67.93%	
Default Management Services expense	302,836	62,178	105,631	43,453	69.88%	U
Special Allowance expense	-	-	-	-	#DIV/0!	
Rental Real Estate expense	244,651	101,542	238,179	136,637	134.56%	T
Administrative expenses:						
Salaries and benefits	4,912,002	2,435,340	2,684,739	249,399	10.24%	
Operations and maintenance	1,002,720	554,458	1,855,438	1,300,980	234.64%	T
Other	3,610,107	1,535,558	1,182,891	(352,667)	-22.97%	T
TOTAL EXPENSES	34,230,349	15,187,168	27,685,920	12,498,752	82.30%	
REVENUES OVER EXPENSES	27,539,223	14,887,314	11,794,989	(3,092,325)	-20.77%	
Transfer from other funds	(5,373,636)	(2,211,624)	(199,351)	2,012,273	-90.99%	
REVENUES OVER EXPENSES	22,165,587	12,675,690	11,595,638			
FUND BALANCES:						
Beginning of period	514,118,521	514,118,521	536,284,108			
End of Period	536,284,108	526,794,211	547,879,746			
<i>Net interest income</i>	24,370,184	13,127,946	12,416,688	(711,258)	-5.42%	S

Z) Steady increase relates mainly to new Single Family mortgage-backed securities portfolio purchases at yields ranging 4.75%-5.4%.

Y) See Sources of Cash Report. See Page 12.

X) Increase relates to the Single Family bond issuances.

W) See separate schedule for details on Provision for Loan Losses. Page #'s 9 - 11.

V) Federal financial assistance revenue and expense fluctuates each year depending on type and amount of disbursement activity. The majority is related to the HOME-American Rescue Plan program in the current year.

U) Increases relate to student loan borrowers re-entering repayment status after the COVID payment pause and requiring payment counseling (paid by schools). ASLA has Default management contracts with 22 schools.

T) Fluctuations in these accounts relate to the reclassification of general ledger accounts made due to our transition from the State's accounting system. Overall net increase relates mainly to the costs of issuance expenses related to two Single Family bond deals reported during the current period compared to only one bond deal reported in the prior period.

S) Attributable to decrease in net interest margin:

Tobacco program	\$	-
General Fund programs	\$	(258,000)
Single Family program	\$	(66,000)
Federal Housing programs	\$	85,000
Bond Guaranty programs	\$	(152,000)
State Facilities program	\$	4,000
Student Loan programs	\$	(102,000)
Multifamily programs	\$	(20,000)
Other Economic Development programs	\$	(202,000)

ARKANSAS VENTURE CAPITAL INVESTMENT TRUST FUND - COMPONENT UNIT
BALANCE SHEET - UNAUDITED
DECEMBER 31, 2025

	<u>VCIT</u>	<u>AIF</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	1,585,791	490,071		2,075,862
Accounts receivable	18,639	-		18,639
Accrued interest receivable	-	-	-	-
Accrued rent receivable	-	-		-
Investments, at amortized cost	16,444,577	3,722,926		20,167,503
Loans receivable, at amortized cost, net	5,372,671	-	-	5,372,671
Real Estate Owned	-	-		-
Deferred charges	-	-		-
Direct Financing Leases	-	-		-
Other Asset	-	-		-
TOTAL ASSETS	<u><u>23,421,678</u></u>	<u><u>4,212,997</u></u>	<u><u>-</u></u>	<u><u>27,634,675</u></u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Bonds and notes payable, net of unamortized discounts and premiums	-	-	-	-
Accrued interest payable	-	-	-	-
Accounts payable	37,500	19,153		56,653
OPEB and pension liabilities	-	-		-
Deposits against financing arrangements	-	-		-
Total liabilities	<u>37,500</u>	<u>19,153</u>	<u>-</u>	<u>56,653</u>
FUND BALANCES:				
Restricted by bond resolution and programs	23,384,178	4,193,844		27,578,022
Invested in capital assets	-	-		-
Unrestricted *	-	-		-
TOTAL LIABILITIES AND FUND BALANCES	<u><u>23,421,678</u></u>	<u><u>4,212,997</u></u>	<u><u>-</u></u>	<u><u>27,634,675</u></u>
	-	-	-	-

ARKANSAS VENTURE CAPITAL INVESTMENT TRUST FUND - COMPONENT UNIT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR
Period Ending December 31, 2025 - UNAUDITED

	7/1/2025 - 12/31/2025 VCIT	1/1/2025 - 12/31/2025 AIF *	Eliminations	Total
REVENUES:				
Interest income:				
Loans and direct leases	-	-	-	-
Investments	(703,948)	3,037,066	-	2,333,118 **
Amortization of discounts and premiums on loans and investments, net	-	-	-	-
Financing fee income	18,639	-	(18,639)	-
Total Interest Income	(685,309)	3,037,066	(18,639)	2,333,118
Federal financial assistance	-	-	-	-
State financial assistance	-	-	-	-
Other income	-	-	-	-
TOTAL REVENUES	(685,309)	3,037,066	(18,639)	2,333,118
EXPENSES:				
Interest on bonds and notes:				
Current interest	-	37,736	-	37,736
Accreted interest	-	-	-	-
Total interest on bonds and notes	-	37,736	-	37,736
Administrative expenses:				
Salaries and benefits	-	-	-	-
Operations and maintenance	-	-	-	-
Other	75,000	107,449	(18,639)	163,810
TOTAL EXPENSES	75,000	145,185	(18,639)	201,546
REVENUES OVER EXPENSES	(760,309)	2,891,881	0	2,131,572
Transfer from other funds	872,668	-	-	872,668
REVENUES OVER EXPENSES	112,359	2,891,881	0	3,004,240
FUND BALANCES:				
Beginning of period	23,271,819	1,402,449	-	24,674,268
Distributions to member	-	(100,486)	-	(100,486)
Prior change in accounting period	-	-	-	-
End of Period	23,384,178	4,193,844	0	27,578,022
Net interest income	(685,309)	2,999,330	(18,639)	2,295,382

* Note: Total is shown in order to capture information as of 12/31/2025. For audit purposes, the reporting period for AIF will be as of 12/31/2025.

** Note: Investment income is reported based on estimated information at time of distribution. Actual may vary upon valuation of K-1s and other year end information.

ADFA Bond and Note Summary

Fiscal YTD Through: December 31, 2025

	Issuance	Average Yield	Optional Bond Calls	Average Yield	Scheduled Redemptions	Average Yield	Full Redemptions or Refundings	Average Yield	Total Redemptions	Net Issuance (Redemptions)
Single Family	\$ 130,000,000	4.76%	\$ 1,165,000	4.22%	\$ 755,000	4.01%	\$ -	-	\$ 1,920,000	\$ 128,080,000
PRLF Notes	\$ -	-	\$ -	-	\$ 67,088	1.00%	\$ -	-	\$ 67,088	\$ (67,088)
Multi-Family	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
Bond Guaranty	\$ -	-	\$ -	-	\$ 1,721,818	3.68%	\$ -	-	\$ 1,721,818	\$ (1,721,818)
State Facilities	\$ -	-	\$ -	-	\$ 3,066,416	3.06%	\$ -	-	\$ 3,066,416	\$ (3,066,416)
Amendment 82	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
Tobacco	\$ -	-	\$ -	-	\$ 4,965,108	4.89%	\$ -	-	\$ 4,965,108	\$ (4,965,108)
ASLA	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
GF advances	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
	<u>\$ 130,000,000</u>		<u>\$ 1,165,000</u>		<u>\$ 10,575,430</u>		<u>\$ -</u>		<u>\$ 11,740,430</u>	<u>\$ 118,259,570</u>

PRLF - Notes with US Department of Rural Housing Development (Preservation Revolving Loan Fund)
ASLA - Arkansas Student Loan Authority

Issuance during year:

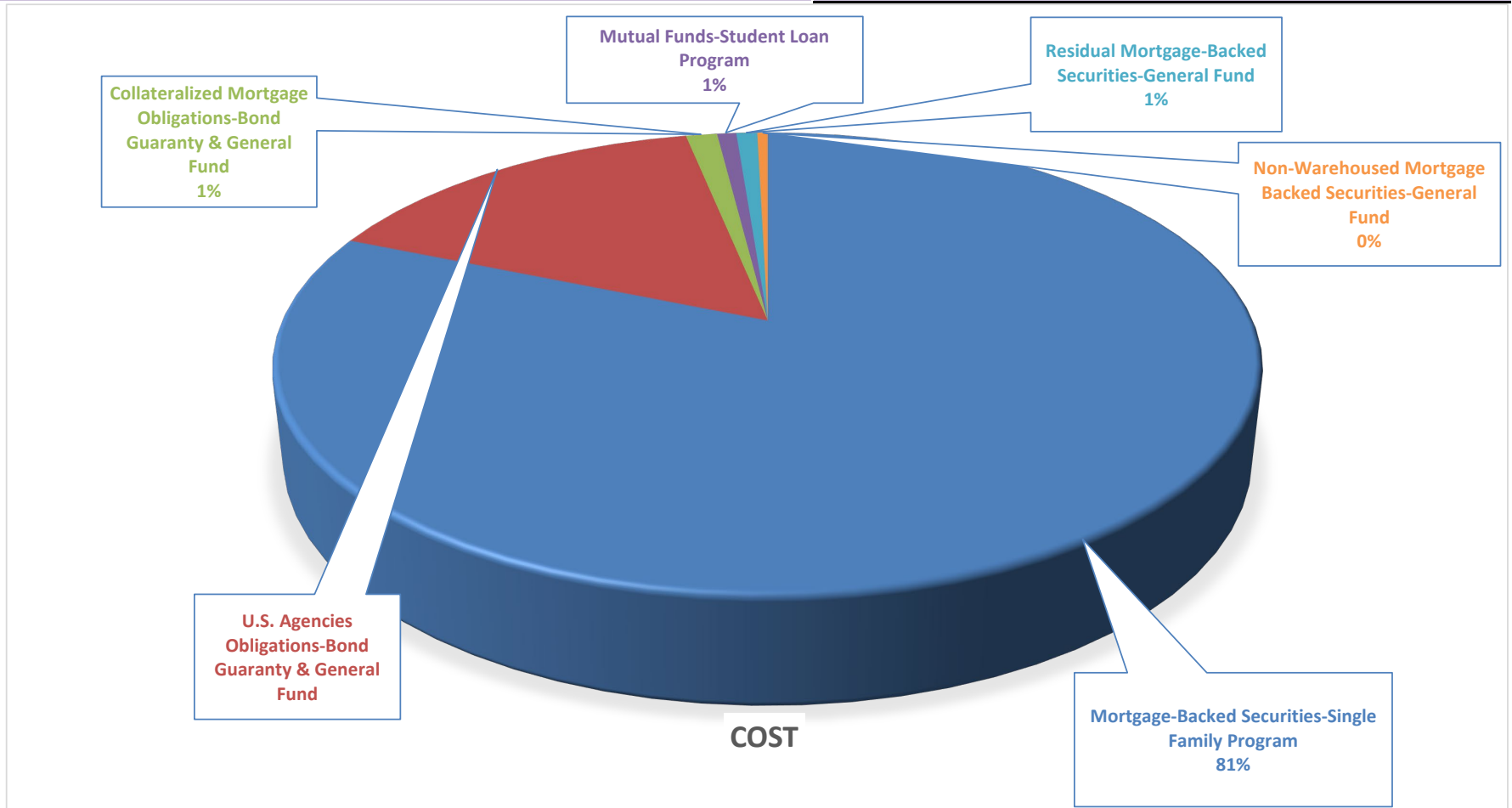
Single Family:	
2025 Series B	\$ 65,000,000
2025 Series C	65,000,000
Total	<u><u>\$ 130,000,000</u></u>

Full Redemptions/Refundings:

Total	<u><u>\$ -</u></u>
-------	--------------------

**ADFA Investments Mix
Cost vs. Market (in thousands)
12/31/2025**

Investment Types	Cost	% of Total	Market Value	% of Total	Unrealized Gain/Loss
Mortgage-Backed Securities-Single Family Program	\$ 262,390	81.28%	\$ 263,370	81.93%	\$ 980
U.S. Agencies Obligations-Bond Guaranty & General Fund	\$ 50,104	15.52%	\$ 48,424	15.06%	\$ (1,680)
Collateralized Mortgage Obligations-Bond Guaranty & General Fund	\$ 3,947	1.22%	\$ 3,303	1.03%	\$ (644)
Mutual Funds-Student Loan Program	\$ 2,421	0.75%	\$ 2,421	0.75%	\$ -
Residual Mortgage-Backed Securities-General Fund	\$ 2,643	0.82%	\$ 2,696	0.84%	\$ 53
Non-Warehoused Mortgage Backed Securities-General Fund	\$ 1,320	0.41%	\$ 1,252	0.39%	\$ (68)
Total Investments	322,825	100.00%	321,466	100.00%	(1,359)



Loan Loss Reserves (\$ in thousands)

Balance Sheet:	<u>December 31, 2025</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Federal Housing Programs			
HOME Loans Receivable	\$ 142,541	137,483	113,094
Loan Loss Reserve	\$ 38,959	38,745	34,210
% Reserve to Receivable	27.33%	28.18%	30.25%
TCAP Loans Receivable*	\$ 16,402	16,429	16,511
Loan Loss Reserve	\$ 16,112	16,133	16,202
% Reserve to Receivable	98.23%	98.20%	98.13%
NSP Loans Receivable**	\$ 0	0	13,855
Loan Loss Reserve	\$ 0	0	4,194
% Reserve to Receivable	0.00%	0.00%	30.27%
NSP 3 Loans Receivable**	\$ 0	0	3,642
Loan Loss Reserve	\$ 0	0	546
% Reserve to Receivable	0.00%	0.00%	14.99%
PRLF Loans Receivable	\$ 3,031	3,090	3,206
Loan Loss Reserve	\$ 261	265	274
% Reserve to Receivable	8.61%	8.58%	8.55%
CDBG Loans Receivable	\$ 7,700	7,700	7,700
Loan Loss Reserve	\$ 7,700	7,700	7,700
% Reserve to Receivable	100.00%	100.00%	100.00%
NHTF Loans Receivable	\$ 20,132	18,109	14,207
Loan Loss Reserve	\$ 10,369	9,255	7,860
% Reserve to Receivable	51.51%	51.11%	55.32%
Multi-Family			
FAF/NBMIR Loans Receivable	\$ 5,066	5,152	5,353
Loan Loss Reserve	\$ 2,694	2,711	2,775
% Reserve to Receivable	53.18%	52.62%	51.84%
Affordable Hsg/fka DHS Assist Loans Rec	\$ 836	860	909
Loan Loss Reserve	\$ 138	143	142
% Reserve to Receivable	16.51%	16.63%	15.62%

* Tax Credit Assistance Program (TCAP) - surplus cash loans reserved 100%.

** These loans were moved to the HOME program during FY 2025, they will be moved to AEDC in March of 2026.

Loan Loss Reserves (\$ in thousands)

	December 31, 2025	June 30, 2025	June 30, 2024
Balance Sheet (continued):			
Bond Guaranty			
Bond Guaranty Loans Receivable	\$ 19,085	20,409	25,203
Loan Loss Reserve	\$ 1,963	1,982	2,250
% Reserve to Receivable	10.29%	9.71%	8.93%
Other Economic Development Programs			
SSBCI Loans Receivable	\$ 2,209	2,290	898
Loan Loss Reserve	\$ 578	604	560
% Reserve to Receivable	26.17%	26.38%	62.36%
General Fund			
Direct Loans	\$ 5,156	7,251	10,550
Loan Loss Reserve	\$ 372	354	396
% Reserve to Receivable	7.21%	4.88%	3.75%
Downpayment Assistance Loans	\$ 45,993	42,077	35,966
Loan Loss Reserve	\$ 2,299	2,104	1,798
% Reserve to Receivable	5.00%	5.00%	5.00%
Tourism Loans	\$ 106	109	117
Loan Loss Reserve	\$ 3	3	4
% Reserve to Receivable	2.83%	2.75%	3.42%
RECDS Loans Receivable	\$ 0	0	102
Loan Loss Reserve	\$ -	-	-
% Reserve to Receivable	0.00%	0.00%	0.75%
Settlement Fund Loans	\$ 3,398	3,495	3,667
Loan Loss Reserve	\$ 647	664	676
% Reserve to Receivable	19.04%	19.00%	18.43%
Student Loan			
Student Loans	\$ 26,778	19,177	10,103
Loan Loss Reserve	\$ 1,299	1,315	680
% Reserve to Receivable	4.85%	6.86%	6.73%

Loan Loss Reserves (\$ in thousands)

	<u>December 31, 2025</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Income Statement:			
Provisions for Loan Loss by Program:			
HOME	\$ 215	596	(715)
TCAP	(21)	(69)	(135)
NSP	-	(74)	(154)
NSP3	-	-	-
PRLF	(4)	(8)	(8)
CDBG	-	-	-
NHTF	1,114	1,394	2,808
FAF/NBMIR Loans	(17)	(65)	(40)
Affordable Hsg Assist Program	(5)	1	2
Bond Guaranty	(21)	(273)	110
Other ED - SSBCI	(26)	44	(28)
Direct Loans	18	(42)	(16)
Tourism Loans	-	-	-
RECDS	-	-	-
Downpayment Assistance Loans	263	530	475
Settlement Fund Loans	(17)	(11)	(53)
Student Loan	-	652	362
	<u>\$ 1,499</u>	<u>2,675</u>	<u>2,608</u>

Sources of Cash to Fund Operations and Other Cash Needs of the Authority

	June 30, 2024	June 30, 2025	December 31, 2025
Single Family Programs			
Administrative fees	\$ 61,427	68,303	\$ 88,151
Mortgage credit certificate (MCC) fees	450	-	-
TBA Mortgage programs	2,436,698	2,107,309	1,472,974
Multi Family Programs			
Tax credit and Multifamily issuance/administrative fees	1,082,283	1,898,957	1,299,738
TCAP asset management fees	221,385	228,025	234,851
AHAP administrative reimbursement	2,350	1,828	-
Federal Housing Programs			
HOME administrative reimbursement	989,222	1,025,145	520,000
NSP I and III administrative reimbursement	12,328	10,965	-
ESG administrative reimbursement	-	12,098	10,000
CDBG administrative reimbursement	-	-	35,181
National Housing Trust Fund	174,362	205,485	100,000
Homeownership Assistance Fund (HAF)	23,725	3,359	1,000
Public Finance/Economic Development Programs			
Admin fees - State Facilities, Bond Guaranty & Conduit (limitec	655,146	649,412	239,344
Issuance fees - Conduit, State Facilities & Bond Guaranty	330,000	317,253	102,080
General Fund			
Interest earnings (cash and investments)	3,670,426	3,730,941	1,792,386
Loan interest income	2,031,704	2,688,226	1,400,408
Tobacco Bonds - administrative fees	33,370	32,569	**
Interagency Programs			
ANRC Water programs administrative/issuance fees	513,544	529,386	**
College Tech Revolving Loan Program	4,713	9,625	**
AEDC - CDBG/NSP administrative fees	-	-	**
E&E/AEO Loan Programs (LLR and RLLF)	67,445	50,811	14,192
	<u>\$ 12,310,577</u>	<u>13,569,697</u>	<u>\$ 7,310,305</u>

** Program administrative fees to ADFA have not been received yet.

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
DELINQUENCY AND OTHER REAL ESTATE SUMMARY OF ADFA SERVICED LOANS**

Program Name	December-2024		December-2025		Difference	
	Total Delinquent Loan Balance	Total Program Loan Balance	Total Delinquent Loan Balance	Total Program Loan Balance	Total Delinquent Loan Balance	Total Program Loan Balance
	Rural Housing Multifamily	0	830,942	0	772,914	0
Tax Credit Assistance Program (TCAP)	0	16,502,613	0	16,402,118	0	(100,495)
Guaranteed ED	3,242,840	20,069,736	2,965,000	17,587,212	(277,840)	(2,482,524)
Assisted Living Revolving Fund (ALIF)	24,659	884,554	27,593	835,772	2,934	(48,782)
CDBG	0	7,700,000	0	7,700,000	0	0
PRLF	0	3,148,023	337,698	3,030,773	337,698	(117,249)
National Housing Trust Fund	0	16,256,538	0	20,131,633	0	3,875,095
SSBCI	0	1,363,249	407,581	2,230,754	407,581	867,506
Settlement Funds Repayable Loans (SH)	223,795	3,497,916	449,538	3,324,626	225,743	(173,289)
Habitat for Humanity - Saline County	0	86,802	0	77,211	0	(9,591)
FAF/BMIR	402,390	5,317,404	423,551	5,115,032	21,160	(202,372)
CTC (College Tech)	0	7,193,188	0	6,063,628	0	(1,129,560)
DPA (Repurchased)	11,254	11,254	11,254	11,254	0	0
Habitat for Humanity- Pulaski County	0	108,369	0	97,869	0	(10,500)
Project Fund (Direct Loans) Housing	40,728	1,968,533	818,134	875,290	777,407	(1,093,243)
Project Fund (Direct Loans) Economic Development	0	7,311,763	385,455	4,070,815	385,455	(3,240,948)
SF First Mortgage	0	0	220,776	220,776	220,776	220,776
Tourism Reserve Fund	0	113,804	105,658	105,658	105,658	(8,146)
Bond Guaranty Fund	1,178,831	1,948,957	1,294,079	1,508,136	115,248	(440,821)
HOME	6,143,948	117,165,829	10,201,177	143,213,544	4,057,229	26,047,715
Neighborhood Stabilization (NSP)	1,717,345	13,612,399	0	0	(1,717,345)	(13,612,399)
Neighborhood Stabilization (NSP)III	0	3,580,972	0	0	0	(3,580,972)
Mastered Serviced - Multi-Family	0	1,845,712	0	1,719,861	0	(125,851)
Mastered Serviced - Single Family	0	80,681	0	65,990	0	(14,691)
TOTAL	\$ 12,985,791	\$ 230,599,237	\$ 17,647,493	\$ 235,160,867	\$ 4,661,702	\$ 4,561,630

OTHER REAL ESTATE OWNED

Program	Property Name	Value
HOME		\$ -

FINANCED LEASES OF REO

HOME / TCAP / Exchange	U of A - Rich Mountain (The Oaks of Mena)	1,016,213
		\$ 1,016,213

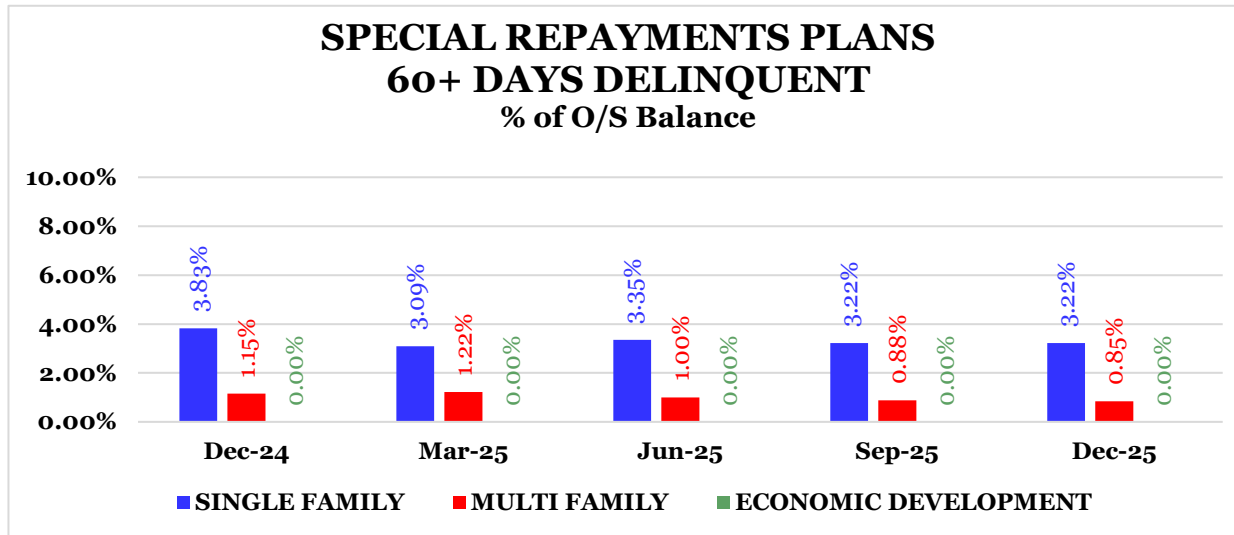
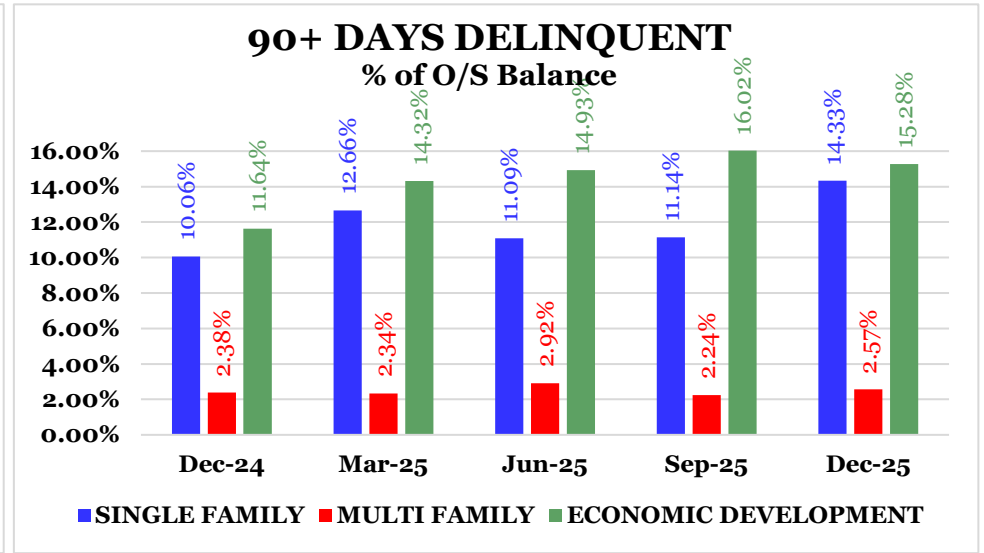
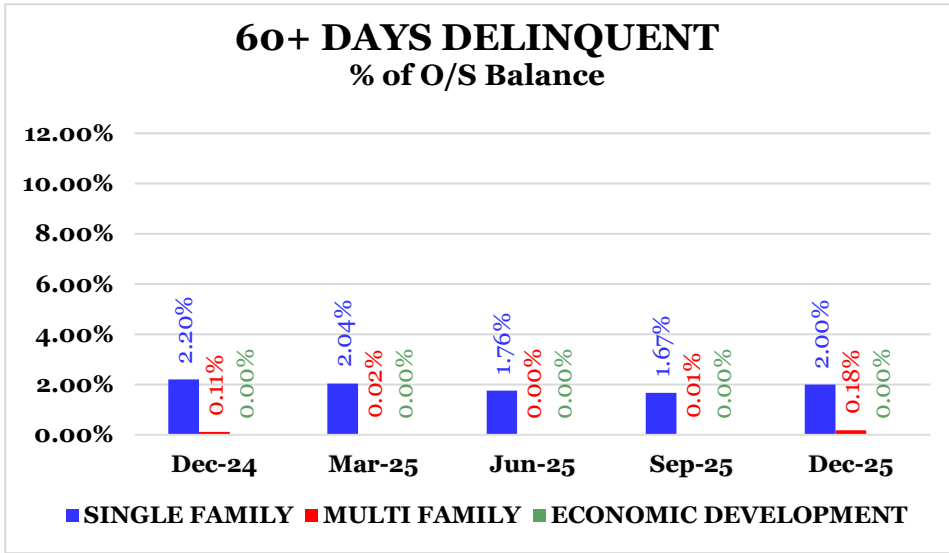
IN SUBSTANCE FORECLOSURES

PROJECT FUND (DIRECT LOAN)		\$ -
------------------------------	--	------

DELINQUENCY REPORT PRESENTED TO THE BOARD OF DIRECTORS FOR DECEMBER 2025

ADFA AND VENDOR SERVICED LOANS

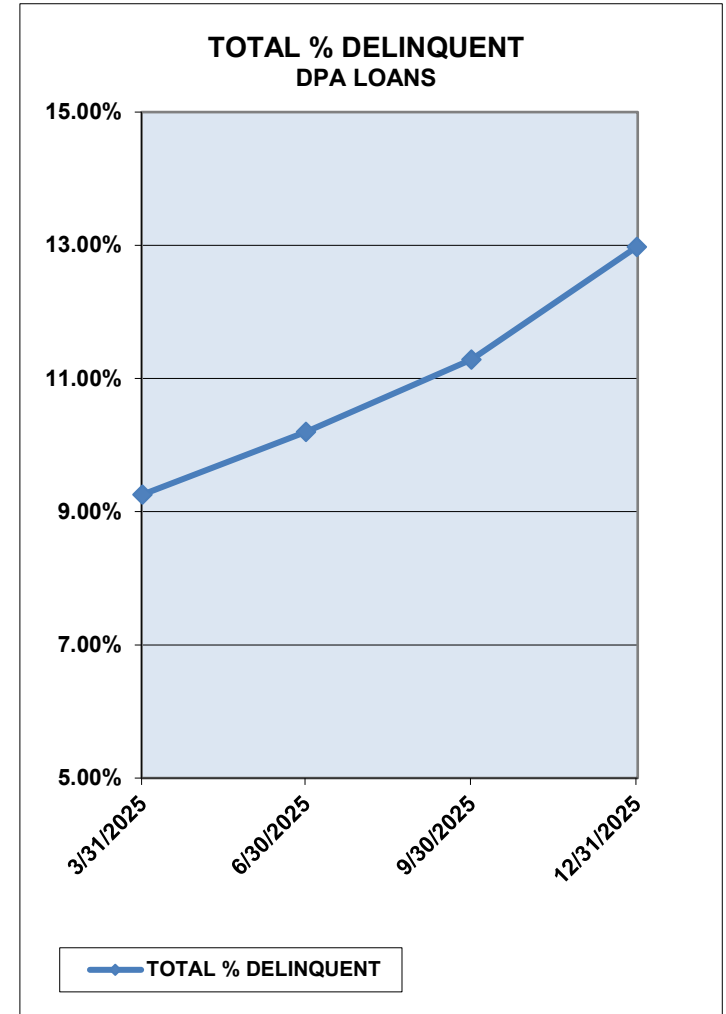
DELINQUENCY REPORT (AS A % OF OUTSTANDING LOAN BALANCES)



A loan is considered 90 days delinquent when it has three or more payments past due and it is not involved any special repayment agreements. The "90 days delinquent" chart reflects any loan that is 90 or more days delinquent. A loan balance will be included in the "Special Repayment Plan" 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 kept, the loan will appear in the Special Repayment Plan numbers until it is less than 60 days delinquent.

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
GENERAL FUND DPA LOANS
LOAN SERVICING REPORT as of 12/31/2025**

	DELINQUENT BALANCES			
	3/31/2025	6/30/2025	9/30/2025	12/31/2025
30 DAYS % DELINQUENT	\$ 1,866,518.70 4.54%	\$ 1,948,508.36 4.63%	\$ 2,309,129.85 5.15%	\$ 2,345,563.78 5.10%
60 DAYS % DELINQUENT	\$ 617,640.74 1.50%	\$ 644,785.40 1.53%	\$ 773,534.39 1.73%	\$ 1,065,360.86 2.32%
90 DAYS % DELINQUENT	\$ 189,216.97 0.46%	\$ 316,954.20 0.75%	\$ 373,024.05 0.83%	\$ 594,305.02 1.29%
120 + DAYS % DELINQUENT	\$ 1,128,752.87 2.75%	\$ 1,380,458.91 3.28%	\$ 1,599,761.68 3.57%	\$ 1,962,178.13 4.27%
TOTAL DELINQUENT	\$ 3,802,129.28	\$ 4,290,706.87	\$ 5,055,449.97	\$ 5,967,407.79
TOTAL PRINCIPAL	\$ 41,073,624.51	\$ 42,071,259.90	\$ 44,797,227.17	\$ 45,987,941.74
TOTAL % DELINQUENT	9.26%	10.20%	11.29%	12.98%



	Interest Receipts	Write-offs	Interest Yield	Interest, Net of Write-offs
FISCAL YEAR ENDED JUNE 30, 2026 (Annualized)	\$ 2,366,070.08	\$ 143,059.26	5.36%	5.03%
YEAR ENDED JUNE 30, 2025	\$ 2,090,450.11	\$ 227,410.84	5.29%	4.72%
YEAR ENDED JUNE 30, 2024	\$ 1,528,102.08	\$ 119,630.64	4.68%	4.31%
YEAR ENDED JUNE 30, 2023	\$ 980,259.82	\$ 74,399.93	3.82%	3.52%
3-YEAR AVERAGE	\$ 1,532,937.34	\$ 140,480.47	4.60%	4.18%

TAB 13

Memorandum

Date: April 7, 2026
To: ADFA Board of Directors
From: Chuck Cathey *cc*
Subject: SSBCI - Funding Update

As previously reported, the combination of the challenging economic environment for lending and venture capital fund raising and legislative actions necessitating cancellation of key lending program were too much to overcome to deploy the required level of State Small Business Credit Initiative (SSBCI) fund allocated in Tranche 1 to support a Request for Disbursement of Tranche 2. The Tranche 1 allocation of \$24,021,112 is the final and total allocation to Arkansas under this round of SSBCI funding and remains with ADFA for continued deployment under the original terms of the Allocation Agreement among the approved programs. Venture capital funds returned, failed to draw, \$5,790,000 in committed funds and the discontinued loan program resulted in \$4,459,062 being decommitted and returned. The current sunset date for the SSBCI program is March 11, 2028.

Below is a recap of the program funds remaining and funding activity.

FUNDS REMAINING SUMMARY

SSBCI Funds on Hand	\$ 16,293,581
Administrative Costs Set Aside	\$ (710,516)
Funds Available for Loans/Investments	\$ 15,583,065
Outstanding Commitments to Fund	\$ 6,740,100
Set Aside for Potential Fund Approval	\$ 5,000,000
Funds Available for Deployment	\$ 3,842,965

FUNDS DEPLOYMENT ACTIVITY

Tranche 1 Funding Allocation	\$ 24,021,112
Administrative Costs - 5% Maximum	\$ (1,201,056)
Funds Available for Deployment	\$ 22,820,056
Loan/Investment Disbursements	\$ 10,062,370
Unfunded Loan/Investment Commitments	\$ 6,740,100
Set Aside for Potential Fund Approval	\$ 5,000,000
Original Allocated Funds Available	\$ 1,017,586
Account Earnings	\$ 2,825,379
Funds Available for Deployment	\$ 3,842,965

TAB 14

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
ADFA BOARD - AUDIT COMMITTEE
DECEMBER 4, 2025
DEPARTMENT OF COMMERCE, 1 COMMERCE WAY
CENTRAL HIGH/OLD MILL MEETING ROOM
LITTLE ROCK, AR

ADFA Board Audit Committee Members Present: Alan McVey (Designee for Jim Hudson, Secretary, Department of Finance and Administration); and Kenneth Burluson (John Thurston, Treasurer, Office of Treasurer of State of Arkansas).

ADFA Board Audit Committee Members Present Via Phone or Video: Denise Sweat, Committee Chair; and Kirkley Thomas

ADFA Board Members Present Carey Smith, Chairman; and Jon Chadwell.

ADFA Board Members Present Via Phone or Video: Rod Coleman; and Seth Mims.

ADFA Board Members Absent: Katelyn Martin; Hugh McDonald, Cabinet Secretary of Department of Commerce; George O'Connor; and Harold Perrin.

ADFA Staff Present: Robert "Ro" Arrington, President, Arkansas Development Finance Authority/Vice President, Homeownership and Public Finance; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel; Lori Brockway, Federal Programs Manager; Ginger Burton, Director of Single Family Outreach; Charles "Chuck" Cathey, Vice President, Development Finance; Kristy Cunningham, Chief Financial Officer; Blake Bumgardner, CDBG-DR Specialist; Patricia Cearns, HOME Program Coordinator; Sean Doolin, Assistant Controller; Paula Farthing, Loan Servicing Manager; Alisa Green, HOME-ARP Program Specialist; Tracy Green, Assistant Controller; K. Reid Hall, Arkansas Student Loan Authority; Lanita Hastings, HOME Program Coordinator; Kimmy Helble, Executive Assistant to President; Amanda Hill, HOME Program Coordinator; Catrina Ingram, Assistant Compliance Manger; Hope Lewis, Controller; Derrick Rose, Director of Outreach and Communication; Megan Summitt, Internal Auditor; Tammy White, Compliance Manager; and Tony Williams, Director, Arkansas Student Loan Authority.

ADFA Staff Present Via Phone or Video: Cathy Ganaway, Senior Accountant; Yedda Matthews, Senior Accountant; and Jenise Tucker, Accountant.

Others Present: Pagan Williams, BDO USA; Casey Kleinhenz, Community Development of NWA; and Traci Williams, Rockwell Housing Solutions, LLC.

Others Present VIA Phone or Video: Sharon Cohen, and Geoffrey Ross, BDO USA; Brian Ettehad, and Daniel Meador, Frost PLLC; Gordon Wilbourn, Kutak Rock; S. Crow, and Amanda Raible, PDC Companies; and Lornea Wells, The McVay Firm, PLLC.

Call to Order: Ms. Sweat called the meeting to order at approximately 10:04 AM.

Audit Committee:

Minutes: Ms. Sweat noted the Audit Committee was added to the Committee meeting after the original agenda and materials had been distributed to the Board and asked whether the minutes from the October 16, 2025 meeting were being provided as a separate handout.

Chairman Smith responded that the minutes had been mistakenly omitted and would be tabled until the next Audit Committee meeting, when both the October and December Audit Committee minutes would be presented.

Opening Discussion: Chairman Smith requested that Ms. Summitt provide a summary of events in the Audit Committee the October 16, 2025 meeting.

Ms. Summitt reported that in October ADFA was waiting on the federal government to release final regulations for single-audit compliance, which had been delayed due to the federal government shutdown. As a result, the Audit Committee decided to postpone approval of the audits until an official opinion was received from Frost, PLLC.

Ms. Summitt reminded the Committee that each audit would require a separate vote and that Mr. Ettehad and Mr. Meador from Frost, PLLC were in attendance via Zoom to answer any questions.

Presentations: Fiscal Year 2025 Audit Drafts: Ms. Sweat noted that the Committee would progress with the audits and yielded the floor to Mr. Ettehad.

Mr. Ettehad stated that the final regulations were received in late November and that he had gone back to review the audits to check for any changes from the tentative regulations that were discussed in the October meeting and though the final opinion had not been released, the audits that were provided to the Board were substantially complete.

Mr. Ettehad continued that he would circulate the representation letters to management following the meeting and ultimately anticipated that the final opinion would be signed off on December 5th, 2025 and issued in its final form.

Mr. Ettehad revisited the discussion from the October meeting and stated that Frost, PLLC had issued an unqualified opinion, which is the highest level of assurance that can be provided. Mr. Ettehad noted that historically, ADFA had received clean

opinions in the past, but emphasized that not every organization achieves this outcome.

Mr. Ettehad noted there were no material weaknesses or significant deficiencies that needed to be communicated in writing and though internal processes are not tested during this audit, a general understanding is needed and there were no deficiencies identified.

Mr. Ettehad reported that as part of Single Audit the HOME program was tested and was about two-thirds of the expenditures that ADFA had for the year.

Mr. Ettehad offered to answer questions; the Committee had none.

- **Arkansas Development Finance Authority (ADFA):** Mr. Ettehad reported that in terms of the Arkansas Development Finance Authority audit; it received a clean opinion. There were no deficiencies or material weaknesses to disclose verbally or in writing. There was nothing that warranted further discussion.

Ms. Sweat entertained a motion to accept the audit of the Arkansas Development Finance Authority.

Mr. Thomas made a motion to accept the audit as presented.

Mr. McVey seconded the motion. The motion passed.

- **Construction Assistance Revolving Loan Fund Program:** Mr. Ettehad reported in terms of Construction Assistance Revolving Loan Fund Program audit there were no major changes from the October presentation. Mr. Ettehad confirmed that a clean unqualified opinion was issued, there were no deficiencies or materials weaknesses to disclose, and the financial statements have been submitted to the Department of Finance and Administration (DF&A). Mr. Ettehad noted that while there may have been some minor wording adjustments, the financial figures remain unchanged. Mr. Ettehad stated there were no compliance related matters.

Ms. Sweat entertained a motion to accept the audit of the Construction Assistance Revolving Loan Fund Program.

Mr. Thomas made a motion to accept the audit as presented.

Mr. Burleson seconded the motion. The motion passed.

- **Safe Drinking Water Revolving Loan Program:** Mr. Ettehad stated that a clean unqualified opinion had been issued for the Safe Drinking Water Revolving Loan Program; there were no material weaknesses or deficiencies to disclose, and no

compliance matters identified. Mr. Ettehad reported there have been no changes to the audit since the October presentation.

There being no other questions from Committee or Board members, Ms. Sweat entertained a motion to accept the audit of the Safe Drinking Water Revolving Loan Program.

Mr. McVey made a motion to accept the audit as presented.

Mr. Thomas seconded the motion. The motion passed.

Adjournment: With no further discussion or comments, Ms. Sweat concluded the Audit Committee at approximately 10:16 AM and yielded the floor to Chairman Smith.

Minutes approved and signed on this 4th day of December 2025.

Denise Sweat, Audit Committee Chair

TAB 15

MEMORANDUM

To: ADFa Board Audit Committee
From: Megan Summitt, Internal Auditor
Date: April 7, 2026
Subject: Audit Program Update FY26

As of April 2026, the Tax-Exempt Multi-Family Housing Bond Program and the Low-Income Housing Tax Credit Program have been submitted and approved. The Start Smart Audit will be presented at the May 2026 board meeting, and the Loan Servicing Audit is planned to be presented at the July 2026 board meeting.

Within the last year there has been unexpected time set aside to go through, review, scan, and shred paper files from my predecessors of both auditing and bond disclosures. As well as time set aside to go through, review, and organize their system files in our IDrive. This has been a bit more of a daunting and time-consuming task than expected but needed for efficiency going forward.

The disclosure season was overall successful for the Nov-Feb timeframe. The annual internal file audits of the SSBCI that are required by the Federal Government were also completed with no issues this year.

Additionally, we have just recently come out of meetings in which the Disaster Grants that ADFa has taken over require full program annual audits for both grants. These audits will be brought to the board for approval this fall.

TAB 16

MEMORANDUM

To: ADFA Board Audit Committee
From: Megan Summitt, Internal Auditor
Date: April 7, 2026
Subject: Summary of the Arkansas State Bank Examiners Report of the Bond Guaranty Program

The Annual State Bank Examination of the Bond Guaranty Program was completed December 23, 2025. The examination was performed with 100% of the portfolio reviewed.

Any document deficiencies were minor and cleared during the loan review. There were no downgrades of the loans identified. The organization continues to effectively identify problem loans and assign proper risk ratings.



Arkansas State
Bank Department



Hugh McDonald
Secretary of Commerce
Susannah T. Marshall
Bank Commissioner
Arkansas State Bank Department

January 20, 2026

Mr. Robert Arrington
President
Arkansas Development Finance Authority
P. O. Box 8023
Little Rock, Arkansas 72203-8023

Dear Mr. Arrington:

Enclosed are the findings of the Arkansas State Bank Department's review of the Arkansas Development Finance Authority's (ADFA) Bond Guaranty program and Intermediary Relending program, as specified in the Interagency Agreement. The examination team noted that the volume of classified assets has decreased since the last review. In addition, credit administration and problem loan identification practices are satisfactory with no additional downgrades recommended.

Please review the attached Report and contact our office if you have any questions or comments.

Cordially,

Susannah T. Marshall
Bank Commissioner

STM/aph



Loan Review

Arkansas Development Finance Authority
Little Rock, AR

Date Examination Commenced:
December 15, 2025

THIS REPORT IS STRICTLY CONFIDENTIAL

This Report has been made by an examiner appointed by the Arkansas State Bank Department. The information contained in this Report is based upon the books and records of the agency, upon statements made to the examiner by officers and employees, and upon information obtained from other sources believed to be reliable. It is recommended that each Director, in accordance with his or her responsibilities to the agency, thoroughly review the report.

This copy of the Report is the property of the Arkansas State Bank Department and is furnished to the agency examined for its confidential use. Under no circumstances shall the agency, or any of its directors, officers or employees disclose or make public in any manner the report or any portion thereof. If a subpoena or other legal process is received calling for production of this Report, The Arkansas State Bank Department should be notified immediately. The attorney at whose instance the process was issued and, if necessary, the court that issued it should be advised of these restrictions.

Susannah T. Marshall
Bank Commissioner

**ARKANSAS DEVELOPMENT
FINANCE AUTHORITY**
Little Rock, Arkansas

Date of Asset Review Date: 12/15/25
Date Examination Commenced: 12/15/25
Date Examination Completed: 12/23/25

Matthew A. Rose
Examiner-In-Charge

COMMENTS AND CONCLUSIONS

ORGANIZATION

The organization's mission is to promote economic growth in the state of Arkansas by providing and supporting financing for affordable housing, agricultural business enterprises, industrial and economic development, capital improvement for state agencies and local governments, and higher education funding and related programs, and by promoting better economic policy. On December 4, 2025, Robert "Ro" Arrington was appointed ADFA President after serving in that role on an interim basis when former president Mark Conine resigned to take an external position. Charles Cathey continues to oversee the loan portfolio as Vice President (VP). Vice President Cathey stated that he expects the dollar volume of the loan portfolio to remain relatively stable for the foreseeable future. The institution continues to maintain an "A+" rating as issued by S&P Global, Manhattan, New York, with the most recent rating being issued as of November 21, 2025.

CLASSIFIED ASSETS

The volume of classified assets has decreased since the 2024 review due to the previously classified Texas CLT, LLC relationship paying off. Classifications as of December 15, 2025, are \$2,965M, comprised solely of the J&E Food Group, LLC relationship. For more information on classifications, refer to *Assets Subject to Adverse Classification or Special Mention* page of this Report. The organization continues to effectively identify problem loans and assign proper risk ratings. No downgrades were identified by examiners during the review.

LOAN DOCUMENTATION

Credit administration practices remain adequate. Borrower financial condition is reviewed on at least an annual basis. Any substantive changes in the borrower's financial condition as well as other changes related to the borrowing entity are documented in the credit file. Additionally, documents related to collateral on the respective note and appraisal documents are appropriately maintained. Documentation deficiencies were minor and cleared during the review.

INFORMATION SYSTEMS/REPORTING

The process of analyzing and identifying problem loans is satisfactory. Loan trial, past due, and problem loan information is adequately maintained, and appropriate monitoring is conducted. Board reporting of assets is appropriate. The Board reviews a monthly Bond Guaranty Fund Data report which details bond balances, direct loans, commitments, guarantees, and provides an analysis of the bond guarantee fund at both cost and market value.

MEETING WITH MANAGEMENT

An exit interview was conducted on December 23, 2025, with VP Charles Cathey. Representing the Arkansas State Bank Department were Bank Deputy Commissioner Dharmin Patel, Bank Examinations Supervisor Joel Futrell, and Examiner-In-Charge Matthew Rose. All key items were discussed, and senior management was receptive to examiner comments.

COMMENTS AND CONCLUSIONS
(Continued)

SUPPORTING DOCUMENTS

Page three details the classified asset and accompanying write-up. Loan amounts are rounded to the thousand.



Susannah T. Marshall
Bank Commissioner

ASSETS SUBJECT TO ADVERSE CLASSIFICATION OR SPECIAL MENTION

Amounts Descriptions and Comments	Special Mention	Substandard	Doubtful	Loss
2,965 J&E Food Group, LLC Warren, Arkansas Internally Rated-Class 5		\$2,965M		

The classified amount represents the current balance of a \$3,000M note that originated on July 1, 2019. The company was formed in 2017 by John White. Proceeds were utilized to purchase poultry processing equipment and make improvements to a previously owned ADFA property. Collateral includes a first R/E mortgage on land and buildings along with a lien on FF&E. Equipment design flaws, FDA approval delays, and Covid-19 issues delayed the projected starting date for operations and then ultimately left the plant unable to begin operations. Per VP Cathey, a deed-in-lieu of foreclosure as well as a lease-purchase agreement, involving a new investor, are being negotiated.

No financials are available for review due to the plant having never been in production. Payments have been delinquent since March 31, 2020. The credit has been assigned an internal classification rating of Substandard. A specific 50 percent reserve of \$1,483M is allocated to the loan. Additionally, ADFA has assigned a salvage value of the same amount. VP Cathey stated that the corresponding bond is to be called in January 2026. The property is actively being marketed.

TOTAL ADVERSELY CLASSIFIED LOANS **\$2,965M**