

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 11, 2009**

**NEW ISSUE**

**BOOK-ENTRY ONLY**

*In the opinion of Bond Counsel, under existing law and assuming compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes, and interest on the Bonds is not an item of tax preference for purpose of the federal alternative minimum tax imposed on individuals and corporations. In Bond Counsel's further opinion, under existing law, the Bonds and interest thereon are exempt from all state, county and municipal taxation in the State of Arkansas. In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code. See the caption **TAX EXEMPTION** herein.*

**\$19,105,000\***  
**ARKANSAS DEVELOPMENT FINANCE AUTHORITY**  
**REVENUE BONDS**  
**(EPISCOPAL COLLEGIATE SCHOOL PROJECT)**  
**SERIES 2009**

**Dated: April 1, 2009**

**Due: October 1, as shown on inside cover**

These Bonds are issued by the Arkansas Development Finance Authority (the "Issuer"), to finance the acquisition, construction and equipping of a lower school building at 1701 Cantrell Road, Little Rock, Arkansas, that will be owned by Episcopal Collegiate School, an Arkansas nonprofit corporation (the "Corporation"). The Bonds are special obligations of the Issuer and are payable solely from revenues derived from a Loan Agreement (the "Agreement") between the Issuer and the Corporation, except to the extent paid out of moneys attributable to Bond proceeds or investment income. The Bonds are issued and secured on a parity basis with the Issuer's Revenue Bonds (Episcopal Collegiate School Project), Series 2005. The Bonds will not constitute an indebtedness, liability, general or moral obligation, pledge of the faith, loan of credit, or charge against the taxing power or any revenues of the State of Arkansas, or any political subdivision thereof. The Issuer has no power of taxation.

The Bonds mature on October 1 in each of the years as shown on the inside cover hereof. Interest on the Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2009. The Bonds are subject to extraordinary, optional and mandatory sinking fund redemption prior to maturity as set forth herein.

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**MATURITY SCHEDULE AND PRICES ON INSIDE COVER**

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The Bonds of each maturity will be initially issued as a single registered bond registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Bonds will be available for purchase in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the Bonds will not receive physical delivery of Bonds. Payments of principal of and interest on the Bonds will be made by Bank of the Ozarks, Little Rock, Arkansas, as Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Bonds, all as further described herein.

These Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval of legality by Friday, Eldredge & Clark, LLP, Bond Counsel, Little Rock, Arkansas. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about April 16, 2009.

**Stephens Inc.**  
Investment Bankers

Official Statement dated \_\_\_\_\_, 2009.

\*Preliminary; subject to change.

This Preliminary Official Statement and the information contained therein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities law of any jurisdiction.

## MATURITY SCHEDULE AND PRICES\*

\$9,550,000 Serial Bonds

<u>Maturity (October 1)</u>	<u>Amount</u>	<u>Interest Rate(%)</u>	<u>Yield(%)</u>
2010	\$335,000		
2011	345,000		
2012	355,000		
2013	365,000		
2014	375,000		
2015	385,000		
2016	400,000		
2017	415,000		
2018	430,000		
2019	445,000		
2020	460,000		
2021	480,000		
2022	500,000		
2023	525,000		
2024	545,000		
2025	575,000		
2026	605,000		
2027	635,000		
2028	670,000		
2029	705,000		

\$4,145,000 \_\_\_\_\_% Term Bonds due October 1, 2034 to Yield \_\_\_\_\_%

\$5,410,000 \_\_\_\_\_% Term Bonds due October 1, 2039 to Yield \_\_\_\_\_%

(Accrued interest from April 1, 2009 to be added)

\*Preliminary; subject to change.

No dealer, broker, salesman or other person has been authorized by the Arkansas Development Finance Authority, Episcopal Collegiate School, or the Underwriter to give any information or to make any representations other than as contained in this Official Statement and Appendices hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any offer, solicitation or sale of the Bonds by or to any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither the delivery of this Official Statement, nor the sale of any of the Bonds implies that there has been no change in the matters described herein since the date hereof or that the information herein is correct as of any time subsequent to its date.

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## OFFICIAL STATEMENT

**\$19,105,000\***  
**ARKANSAS DEVELOPMENT FINANCE AUTHORITY**  
**REVENUE BONDS**  
**(EPISCOPAL COLLEGIATE SCHOOL PROJECT)**  
**SERIES 2009**

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### INTRODUCTION

This Official Statement and Appendix hereto is provided to furnish information in connection with the sale by the Arkansas Development Finance Authority (the "Issuer") of its Revenue Bonds (Episcopal Collegiate School Project), Series 2009, in the aggregate principal amount of \$19,105,000\* (the "Bonds"). The Bonds mature on the dates and bear interest at the rates set forth on the inside cover page hereof.

The Bonds are being issued by the Issuer to finance the costs of acquiring, constructing and equipping a lower school building and related facilities (the "Facility") at Episcopal Collegiate School (the "School") located at 1701 Cantrell Road, Little Rock, Arkansas. The School is owned and operated by Episcopal Collegiate School, an Arkansas nonprofit corporation (the "Corporation"). Proceeds of the Bonds will also fund a debt service reserve and pay the costs of issuance. The Issuer has entered into a Loan Agreement dated as of October 15, 2005, as amended by a First Supplemental Loan Agreement dated as of April 1, 2009 (collectively, the "Loan Agreement"), with the Corporation, pursuant to which the proceeds of the Bonds will be loaned by the Issuer to the Corporation.

The Bonds will be issued under, and will be equally and ratably secured by and entitled to the protection of, a Trust Indenture dated as of October 15, 2005, as amended by a First Supplemental Trust Indenture dated as of April 1, 2009 (collectively, the "Indenture"), delivered by the Issuer to Bank of the Ozarks, Little Rock, Arkansas, as Trustee (the "Trustee"). The Trustee shall be registrar of the Bonds and also shall be the paying agent. The Trustee shall have custody and control of the "Construction Fund" as provided in the Indenture and Loan Agreement. Moneys contained in the Construction Fund will be disbursed from time to time by the Trustee upon the order of the representatives of the Corporation.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, particularly Title 15, Chapter 5, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Act"), and pursuant to a resolution of the Issuer approving and authorizing the Bonds and the execution and delivery of the Indenture. The Bonds are special obligations of the Issuer payable solely from payments to be received under the Loan Agreement (except to the extent paid out of moneys attributable to Bond proceeds and investment income). The obligations of the Corporation under the Loan Agreement are secured by a pledge of and lien on all student tuition and fees, less tuition assistance and discounts, received by the Corporation (the "Pledged Revenues") on a parity with the lien securing the Issuer's Revenue Bonds (Episcopal Collegiate School Project), Series 2005 in the original principal amount of \$5,000,000 (the "Series 2005 Bonds"). The Bonds and the interest thereon shall not constitute a debt or a pledge of the faith and credit of the State of Arkansas or any political subdivision thereof. Neither the State of Arkansas nor any political subdivision thereof, nor the Issuer, shall be obligated to pay the principal of the Bonds, the interest thereon, or other costs incident thereto except from the revenues and moneys pledged therefor, and

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\*Preliminary; subject to change.

neither the faith and credit nor the taxing power of the State of Arkansas, or any political subdivision thereof, is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (iii) the Bonds and interest thereon are exempt from all State, county and municipal taxes, and (iv) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), and certain financial institutions are allowed a deduction of 80% of that portion of their interest expense allocable to interest on the Bonds. See **TAX EXEMPTION**.

This Official Statement contains brief descriptions of the Issuer, the Facility, the Bonds, security for the Bonds, the Loan Agreement, and the Indenture. The descriptions and summaries herein do not purport to be comprehensive or definitive and reference is made to each document for the complete details of all terms and conditions. Terms not defined herein shall have the meanings set forth in the respective documents. All statements herein are qualified in their entirety by reference to each document. See **MISCELLANEOUS** for information regarding availability of the documents.

## **THE ISSUER**

The Issuer is a public body politic and corporate of the State of Arkansas, created in 1985. The Issuer was created for the primary purpose of assisting in financing agricultural, business, industrial, economic and housing development in Arkansas through the provision of financial assistance to political subdivisions and private enterprises within the State. The Act authorizes the Issuer to borrow money and issue from time to time its bonds, notes and other obligations in such principal amounts as the Issuer determines shall be necessary to provide sufficient funds to carry out its purposes and powers.

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

## Officers and Directors

The names, offices, principal occupations and residences of the directors of the Authority and the dates of expiration of their terms are set forth below. In accordance with the Act, Board members whose terms have expired serve until they are reappointed or their successors have been appointed.

<u>Name and Office</u>	<u>Term Expires (January 14)</u>	<u>Principal Occupation and Residence</u>
Art Morris, Chair	2011	Executive Vice President, Signature Bank, Siloam Springs
Tom Spillyards, Vice-Chair	2009	President, Simmons First Bank of Northwest Arkansas, Rogers
Mac Dodson, Secretary	(ex-officio, nonvoting)	President, Arkansas Development Finance Authority, Little Rock
Charley Baxter	2009	Director, Patrick Henry Hays Senior Citizens Center, North Little Rock
Dr. Richard Burnett	2010	Physician, Gassville
Curtis Hagler	2009	Farmer, Wynne
Bob Lamb	2012	Vice President-Community Development, Southwestern Energy Company, Fayetteville
Freddie M. Mobley	2010	President, First State Bank, Warren
Bert Mullins	2009	Investor, Russellville
Jennifer Ronnel	2012	Attorney, Little Rock
Jesse Sharp	2012	USDA Rural Development (Retired), Beebe
Martha Shoffner	(ex-officio)	State Treasurer, Little Rock
Don Spears	2011	Attorney, Little Rock
Richard A. Weiss	(ex-officio)	Director, Arkansas Department of Finance and Administration, Little Rock

The staff of the Authority presently consists of approximately 62 full-time employees. Mac Dodson is President of the Authority. Leigh Ann Biernat is Vice President for Finance and Administration, Gene Eagle is Vice President for Development Finance, Sara Braswell is Vice President for Housing, Patrick Patton is Vice President of Internal Audit and Information Technology, and Layne L. Anderson is Vice President and General Counsel.

The office of the Authority is located at 423 Main Street, Suite 500, Little Rock, Arkansas. Its telephone number is (501)682-5900, its mailing address is P.O. Box 8023, Little Rock, Arkansas 72203-8023, and its web site address is "<http://www.state.ar.us/adfa>."

## THE FACILITY AND USE OF PROCEEDS

### The Facility

The Facility to be financed with the proceeds of the Bonds consists of the acquisition, construction, furnishing and equipping of a lower school building of approximately 75,180 square feet and related facilities at the School. The Facility will include facilities for PK3 through fifth grade. It is expected to be open for the 2009-2010 school year. The lead architect for the Facility is Witsell Evans & Rasco, P.A. and the general contractor is CDI Contractors LLC. The acquisition, construction and equipping of the Facility is expected to be completed by July 31, 2009.

### Use of Proceeds

The principal amount of the Bonds, as presently estimated by the Corporation, will be expended as follows:\*

Facility Costs	\$17,023,723
Debt Service Reserve Fund	1,268,865
Underwriter's Discount and Costs of Issuance	322,852
Original Issue Discount	<u>489,560</u>
Amount of Bonds	\$19,105,000

The estimated cost of the Facility is approximately \$20,380,368. The Corporation expects to pay the costs not financed with Bond proceeds from available funds transferred by the Episcopal Collegiate School Foundation.

## THE BONDS

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a

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\*Preliminary; subject to change.

wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.-dtc.org](http://www.-dtc.org).

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

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

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

Redemption notices will be sent to Cede & Co. If fewer than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

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

Principal, interest and premium, if any, payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants’ accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed

