

NEW ISSUE-Book Entry Only

**RATINGS: (Standard & Poor's: "AA-")
See Ratings herein.**

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



\$85,810,000

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
PUBLIC SAFETY CHARGES REVENUE BONDS**

(ARKANSAS DIVISION OF EMERGENCY MANAGEMENT PROJECT)

SERIES 2020



Dated: Date of Delivery

Due: June 1, as shown on the inside cover

The Bonds are issuable only as fully registered bonds, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued pursuant to a book-entry-only system and will be registered in the name of Cede & Co. as nominee of the Depository Trust Company ("DTC"), New York, New York. There will be no distribution of the Bonds to ultimate purchasers ("Beneficial Owners"). See "THE BONDS" and "BOOK-ENTRY-ONLY SYSTEM" herein. Interest on the Bonds will be payable semiannually on June 1 and December 1, commencing June 1, 2021, to the Owners of the Bonds, as listed in the records of Regions Bank, Little Rock, Arkansas, as Trustee and Paying Agent (the "Trustee"). Principal on the Bonds will be payable at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee.

The Bonds are issued by the Arkansas Development Finance Authority (the "Authority") for the purpose of (i) financing the designing, acquisition, construction and equipping of additions to and enhancements of upgrades and maintenance of the Arkansas Wireless Information Network administered and operated by Arkansas Department of Public Safety, Division of Emergency Management (the "Division"), (ii) funding a debt service reserve fund, and (iii) paying necessary expenses incidental to the sale and issuance of the Bonds. The Authority will loan the proceeds of the Bonds to the Division pursuant to a Loan Agreement dated as of December 29, 2020 for such purposes.

The Bonds are special obligations of the Authority payable solely from, and secured by a pledge of the revenues and funds described herein (the "Pledged Revenues"). The Bonds do not constitute an indebtedness of the State of Arkansas (the "State") or an indebtedness for which the faith and credit of the State or any of its revenues are pledged or an indebtedness secured by a lien on or a security interest in any property of the State. The Authority has no taxing power. The issuance of the Bonds shall not directly or indirectly obligate, morally or otherwise, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor.

MATURITY SCHEDULE

See schedule on inside front cover

The Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriters, subject to the approval as to legal matters by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel, and to certain other conditions. Certain legal matters will be subject to the approval of Rose Law Firm, a Professional Association, Little Rock, Arkansas, counsel to the Underwriters. This cover page contains certain information for quick reference only. It is not a summary of the terms of or the security for the Bonds. Investors must read the Official Statement to obtain information essential to making an informed investment decision. It is expected that the Bonds will be available for delivery at the facilities of DTC in New York, New York, on or about December 29, 2020.

Stephens Inc.

Crews&Associates
A First Security Company

RAYMOND JAMES®

The date of this Official Statement is December 2, 2020.

\$85,810,000

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY
PUBLIC SAFETY CHARGES REVENUE BONDS
(ARKANSAS DIVISION OF EMERGENCY MANAGEMENT PROJECT)**

SERIES 2020

MATURITY SCHEDULE

Serial Bonds

Due June 1	Principal Amount	Interest Rate	Yield	CUSIP
2022	\$1,400,000	5.000%	0.330%	04084D-AA0
2023	2,205,000	5.000%	0.380%	04084D-AB8
2024	2,315,000	5.000%	0.480%	04084D-AC6
2025	2,430,000	5.000%	0.530%	04084D-AD4
2026	2,555,000	5.000%	0.690%	04084D-AE2
2027	2,680,000	5.000%	0.780%	04084D-AF9
2028	2,815,000	4.000%	0.920%*	04084D-AG7
2029	2,930,000	4.000%	1.080%*	04084D-AH5
2030	3,045,000	4.000%	1.140%*	04084D-AJ1
2031	3,170,000	4.000%	1.240%*	04084D-AK8
2032	3,295,000	4.000%	1.340%*	04084D-AL6
2033	3,425,000	4.000%	1.410%*	04084D-AM4
2034	3,565,000	4.000%	1.460%*	04084D-AN2
2035	3,705,000	4.000%	1.500%*	04084D-AP7
2036	3,855,000	4.000%	1.540%*	04084D-AQ5
2037	4,010,000	4.000%	1.580%*	04084D-AR3
2038	4,170,000	4.000%	1.620%*	04084D-AS1
2039	4,335,000	4.000%	1.660%*	04084D-AT9
2040	4,510,000	4.000%	1.700%*	04084D-AU6

Term Bond

\$25,395,000 4.000% Term Bond, maturing June 1, 2045, Yield 1.890%* CUSIP 04084D-AV4

*Priced to first optional redemption date, December 1, 2027

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

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

TABLE OF CONTENTS

INTRODUCTION 1

THE BONDS 2

BOOK-ENTRY-ONLY SYSTEM 4

SECURITY FOR THE BONDS 6

APPLICATION OF PROCEEDS OF THE BONDS 7

DEBT SERVICE REQUIREMENTS 8

ARKANSAS PUBLIC SAFETY TRUST FUND 8

ADDITIONAL BONDS 11

INVESTMENT CONSIDERATIONS 12

THE AUTHORITY 13

THE DIVISION 15

SUMMARY OF PORTIONS OF THE LOAN AGREEMENT 16

SUMMARY OF PORTIONS OF THE INDENTURE 20

TAX EXEMPTION 27

LEGAL MATTERS 28

LITIGATION 28

SECONDARY MARKET DISCLOSURE 28

RATINGS 31

UNDERWRITING 31

ADDITIONAL INFORMATION 31

APPENDIX "A" – Definitions of Certain Terms

APPENDIX "B" – Form of Bond Counsel Opinion

APPENDIX "C" – Continuing Disclosure Agreement

OFFICIAL STATEMENT

\$85,810,000

**Arkansas Development Finance Authority
Public Safety Charges Revenue Bonds
(Arkansas Division of Emergency Management Project)
Series 2020**

INTRODUCTION

This Official Statement, including the cover page and Appendices, is furnished in connection with the issuance and sale by the Arkansas Development Finance Authority (the "Authority"), of its \$85,810,000 principal amount of Public Safety Charges Revenue Bonds (Arkansas Division of Emergency Management Project), Series 2020 (the "Bonds"). The Bonds will be issued pursuant to the Arkansas Development Finance Authority Act, codified at Arkansas Code Annotated Sections 15-5-101 *et seq.* (1987) (the "ADFA Act"), the Public Safety Communications and Next Generation 911 Act of 2019 being Act 660 of Regular Session of the General Assembly of the State of Arkansas for the Year 2019 ("Act 660") and the Arkansas Emergency Services Act of 1973, as amended and supplemented, codified at Arkansas Code Annotated Sections 12-75-101 *et seq.* (the "ADEM Act"). The Bonds are being issued and are secured by a Trust Indenture dated as of December 29, 2020 (the "Indenture"), between the Authority and Regions Bank, Little Rock, Arkansas as trustee, paying agent and bond registrar (the "Trustee").

The Bonds are being issued for the purpose of purpose of (i) financing the designing, acquisition, construction and equipping of additions to and enhancements of upgrades and maintenance of the Arkansas Wireless Information Network ("AWIN" the "Project" or the "Series 2020 Project") administered and operated by the Arkansas Department of Public Safety, Division of Emergency Management (the "Division"), (ii) funding a debt service reserve fund, and (ii) paying necessary expenses incidental to the sale and issuance of the Bonds. The Division will execute a Loan Agreement by and between the Authority and the Division dated as of December 29, 2020 (the "Loan Agreement").

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

The ADFA Act authorizes the Authority to borrow money and issue, from time to time, its bonds, notes, and other obligations in such principal amounts as the Authority determines shall be necessary to provide sufficient funds to carry out its purposes and powers, including, among other purposes, the financing of residential housing for persons and families of low and moderate income, agricultural business enterprises, capital improvements for State agencies and local governments, educational facilities, health care facilities, industrial enterprises, and short-term advance funding of local government obligations. The Authority is presently committed to several financings for other purposes permitted by the ADFA Act and to issue other special revenue bonds secured by separate and distinct collateral.

THE BONDS

General Description

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

The Bonds are issuable as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. Each Bond shall be dated December 29, 2020, and shall bear interest from such date payable June 1, 2021 and semiannually thereafter on June 1 and December 1 of each year until maturity.

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

The Bonds are special obligations of the Authority, payable solely from and secured by a pledge of revenues generated by payments under the Loan Agreement, amounts on deposit in the Public Safety Charges Revenue Fund, and other moneys and securities held in certain funds or accounts established by the Indenture. The Bonds do not constitute an indebtedness of the State of Arkansas (the "State") or an indebtedness for which the faith and credit of the State or any of its revenues are pledged or an indebtedness secured by a lien on or a security interest in any property of the State. The Authority has no taxing power.

Redemption Provisions.

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

Extraordinary Redemption of Bonds. The Bonds shall be redeemed at a redemption price equal to the principal amount of the Bonds then Outstanding to be so redeemed, plus accrued interest to the date fixed for such redemption (which date shall be the earliest practicable date in accordance with Section 3.04 of the Indenture) and without premium, from unexpended proceeds remaining in the Project Fund, in inverse order of maturity, at the earlier of (i) the Completion Date, or (ii) expiration of the temporary period for construction financings provided in §148 of the Internal Revenue Code of 1986, as amended. Provided, however, unexpended proceeds in a de minimis amount may be transferred to the Bond Fund and applied toward amounts due on the next Interest Payment Date or otherwise applied in a manner that will not adversely impact the tax exempt status of the Bonds as evidenced by an opinion of Bond Counsel.

Optional Redemption. The Bonds are subject to redemption at the option of the Issuer, in whole or in part at any time on and after December 1, 2027 at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The Term Bonds maturing June 1, 2045 are subject to redemption in part by operation of Sinking Fund Installments on June 1, 2041, and on each June 1 thereafter as set forth in the table below, at a redemption price equal to the principal amount of each Bond

or portion thereof to be redeemed, together with accrued interest to the date of redemption. Where there has been redemption or purchase of any such Term Bonds subject to sinking fund redemption from moneys in the Bond Fund, the amount of each future Sinking Fund Installment shown will be reduced as provided in the Indenture.

\$25,395,000 4.000% Term Bonds
Due June 1, 2045

<u>Year</u> <u>(June 1)</u>	<u>Sinking Fund</u> <u>Installment</u>
2041	\$4,690,000
2042	4,875,000
2043	5,070,000
2044	5,275,000
2045(maturity)	5,485,000

Selection of Bonds to be Redeemed. If fewer than all of the Outstanding Bonds are to be redeemed, the Bonds to be redeemed shall be identified by the Authority, and if no specific direction is given, then Bonds shall be redeemed on a pro rata basis for each maturity of Outstanding Bonds. In the event less than all of the Bonds of a particular maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall deem fair and appropriate. Such selection may provide for the selection for redemption of portions of the principal of Bonds in the denomination larger than \$5,000 or the smallest authorized denomination of the Bonds or a multiple thereof.

Notice of Redemption. Notice of redemption identifying the Bonds or portions thereof (which shall be \$5,000 or an integral multiple thereof) to be redeemed shall be given by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, by overnight delivery service, or by other standard electronic means to the Issuer and the registered Owner (Cede & Co., so long as it is the registered owner in the book-entry system) of each Bond to be redeemed in whole or in part at the address shown on the registration books maintained by Trustee.

Each notice of redemption will state (i) the maturities of the Bonds to be redeemed, (ii) the redemption date, (iii) the place or places where amounts due upon such redemption will be payable, (iv) if less than all of the Bonds are to be redeemed, the letters and number or other distinguishing marks of such Bonds so to be redeemed, (v) the CUSIP number (if any), (vi) the date of such notice, (vii) the issuance date for the Bonds, (viii) the interest rate of the Bonds to be redeemed, (ix) the redemption price, (x) Trustee's name and the address of Trustee's Payment Office, (xi) the complete official name of the Bonds, and (xii) in the case of the Bonds to be redeemed in part such notice will also specify the respective portions of the principal amount thereof to be redeemed. In the case of an optional redemption, the notice may state (i) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the Issuer retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. Such notice will further state that on such date there will become due and payable upon each Bond to be redeemed the redemption price thereof (or the redemption price of the specified portions of the principal thereof in the case of the Bonds to be redeemed in part only), together with interest accrued to the redemption date, and that from and after such date interest thereon will cease to accrue and be payable. A defect in, or failure to give, notice of redemption

with respect to any Bond will not invalidate the notice of redemption of any other Bond or Bonds for which notice of redemption has been properly given.

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

BOOK-ENTRY-ONLY SYSTEM

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System a "clearing corporation" within the meaning of New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

So long as the Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Bonds, receipt of notices, voting and requesting or directing the

Trustee to take or not to take, or consenting to, certain actions under the Indenture. The Authority and the Trustee have no responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.

SECURITY FOR THE BONDS

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

- (a) All Public Safety Charges that the Division is entitled to receive;
- (b) Amounts on deposit in the Arkansas Public Safety Trust Fund statutorily mandated to be transferred to the Division pursuant to Arkansas Code Annotated Section 19-5-1152(e)(2);
- (c) All moneys and securities from time to time held by the Trustee under the Indenture (other than the Rebate Fund) and any and all other property of every type and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Authority or by anyone on behalf of the Authority, or with written consent of the Authority to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.;
- (d) The Loan Agreement and all receipts and revenues thereof and any loan, financing, or similar agreement between the Authority and the Division relating to Subordinate Bonds, if any, and all amounts encumbered thereby, including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive, and make receipt for payments and other sums of money payable, receivable, or to be held thereunder, to bring any actions and proceedings thereunder or for the enforcement thereof, and to do any and all other things that the Issuer is or may become entitled to do under the foregoing, provided that the such assignment shall not impair or diminish any obligation of the Authority under the provisions of the foregoing or impair or diminish the right of the Authority to enforce compliance with the obligations of the Division under the foregoing, as long as no Event of Default shall have occurred and shall be continuing under the Indenture. (See SUMMARY OF PORTIONS OF THE LOAN AGREEMENT herein); and
- (e) Any and all other property of every other kind and nature from time to time which is by delivery or writing conveyed, mortgaged, pledged, assigned, or transferred as and for additional security under the Indenture for the Bonds, by the Authority or by any other person on behalf of the Authority, or with the written consent of the Authority, to the Trustee.

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

Debt Service Reserve Fund

The Indenture creates a "Debt Service Reserve Fund," held by the Trustee. The Debt Service Reserve Fund will be funded at an amount equal to Maximum Annual Debt Service (the "Required Reserve"). On the Closing Date the Division will contribute \$2,000,000 for deposit in the Debt Service Reserve Fund which together with a deposit of bond proceeds will fund the Required Reserve. (See SUMMARY OF PORTIONS OF THE INDENTURE-Debt Service Reserve Fund herein).

APPLICATION OF PROCEEDS OF THE BONDS

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

SOURCES:

Par Amount of Bonds	\$85,810,000.00
Reoffering Premium	13,824,417.30
Division Contribution to Debt Service Reserve Fund	<u>2,000,000.00</u>
Total Sources	<u>\$101,634,417.30</u>

USES:

Deposit to Project Construction Fund	\$95,076,327.07
Deposit to Debt Service Reserve Fund	5,707,400.00
Cost of Issuance (including Underwriter's Discount)	<u>850,690.23</u>
Total Uses	<u>\$101,634,417.30</u>

[Balance of this page intentionally left blank]

DEBT SERVICE REQUIREMENTS

Set forth in the table below is the debt service schedule for the Bonds:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service Requirement
2021	-	\$1,506,594.44	\$1,506,594.44
2022	\$1,400,000.00	3,568,250.00	4,968,250.00
2023	2,205,000.00	3,498,250.00	5,703,250.00
2024	2,315,000.00	3,388,000.00	5,703,000.00
2025	2,430,000.00	3,272,250.00	5,702,250.00
2026	2,555,000.00	3,150,750.00	5,705,750.00
2027	2,680,000.00	3,023,000.00	5,703,000.00
2028	2,815,000.00	2,889,000.00	5,704,000.00
2029	2,930,000.00	2,776,400.00	5,706,400.00
2030	3,045,000.00	2,659,200.00	5,704,200.00
2031	3,170,000.00	2,537,400.00	5,707,400.00
2032	3,295,000.00	2,410,600.00	5,705,600.00
2033	3,425,000.00	2,278,800.00	5,703,800.00
2034	3,565,000.00	2,141,800.00	5,706,800.00
2035	3,705,000.00	1,999,200.00	5,704,200.00
2036	3,855,000.00	1,851,000.00	5,706,000.00
2037	4,010,000.00	1,696,800.00	5,706,800.00
2038	4,170,000.00	1,536,400.00	5,706,400.00
2039	4,335,000.00	1,369,600.00	5,704,600.00
2040	4,510,000.00	1,196,200.00	5,706,200.00
2041	4,690,000.00*	1,015,800.00	5,705,800.00
2042	4,875,000.00*	828,200.00	5,703,200.00
2043	5,070,000.00*	633,200.00	5,703,200.00
2044	5,275,000.00*	430,400.00	5,705,400.00
2045	5,485,000.00	219,400.00	5,704,400.00
Totals:	<u>\$85,810,000.00</u>	<u>\$51,876,494.44</u>	<u>\$137,686,494.44</u>

* Mandatory sinking fund redemptions.

Estimated Debt Service Coverage

Based upon “AWIN Quarterly Distributions” of \$2,000,000, (See “**ARKANSAS PUBLIC SAFETY TRUST FUND- 2019 Legislation-Act 660**, below) available annual revenues will provide coverage of debt service on the Bonds as follows:

Annual Revenues	\$8,000,000
Maximum Annual Debt Service	\$5,707,400
Debt Service Coverage	1.40X

ARKANSAS PUBLIC SAFETY TRUST FUND

Public Safety Charges

The Arkansas Public Safety Trust Fund holds and administers Public Safety Charges Revenues that are disbursed to the Division to fund AWIN, the Arkansas Commission on Law Enforcement Standards and Training (“ACLEST”) and the State’s emergency 911 system, now known as the "Next

Generation 911 System". Public Safety Charges consist of: (1) monthly service charges levied on service providers of: (a) commercial mobile radio services; (b) voice over internet protocol connections; and (c) nontraditional service connections; and (2) charges for prepaid wireless telecommunications service sold to consumers. Public Safety Charges referred to in (1) (a), (b) and (c) above are levied on service providers pursuant to Arkansas Code Annotated Section 12-10-318 (collectively the "Section 318 Charges"). These charges are collected as part regular bills paid by customers to the service provider. Charges for prepaid wireless telecommunications service referred to in (2) above, are assessed against consumers, collected by the "Seller" and remitted to the Arkansas Department of Finance and Administration ("DF&A") in the same manner as the Arkansas Gross Receipts Tax all as set forth in the Arkansas Code Annotated Section 12-10-326 (the "Prepaid Wireless Public Safety Charge"). If a Seller that meets the prompt payment requirements of Arkansas Code Annotated Section 26-52-503 the seller may deduct and retain two percent of the Prepaid Wireless Public Safety Charge Until 2019, Prior to 2019, Public Safety Charges were levied rate of 65 cents per monthly connection for Section 318 Charges and 65 cents per transaction for Prepaid Wireless Public Safety Charges.

Background

Arkansas Wireless Information Network. AWIN consists of a statewide interoperable voice and data communications system, including microwave sites and other related facilities. AWIN has developed from what was originally the Arkansas State Police mobile communications system. Today AWIN serves all people of the State of Arkansas by providing a reliable, statewide means of communication for the State's first responders. AWIN has over 30,000 authorized users across its system. Until 2019, AWIN was operated and administered by the predecessor agency of the Department of Public Safety, Division of Arkansas State Police and was funded by drivers' license fees collected by the State.

Arkansas Emergency Telephone Services Board. Until 2019, the State's emergency 911 system was administered by the Arkansas Emergency Telephone Services Board and was funded by 100% of the Public Safety Charges. Public Safety Charges were remitted by service providers and DF&A to the Arkansas Emergency Telephone Services Board which was responsible for administering funding to the state and local 911 system.

2019 Legislation

General. In the 2019 Regular Session of the Arkansas General Assembly, several pieces of legislation were enacted that impacted the administration and funding of AWIN. These included Act 702 which transferred AWIN to the Division and Act 910 that reorganized State government agencies. Act 910, the Transformation and Efficiencies Act of 2019 (the "Transformation Act") consolidated 42 state agencies into 15 cabinet-level departments. The Department of Arkansas State Police and the Arkansas Department of Emergency Management were consolidated into the Department of Public Safety and became the Division of Arkansas State Police and the Arkansas Division of Emergency Management (the "Division"), respectively. Act 660, the Public Safety Communications and Next Generation 911 Act of 2019 fundamentally changed the funding of AWIN and the state wide emergency 911 system.

Act 660. Act 660 raised the rate of all monthly Section 318 Charges to \$1.30 per connection and raised Prepaid Wireless Transaction Charges to 10% of the value of the prepaid wireless service. Act 660 created the Arkansas Public Safety Trust Fund on the books of the Treasurer of State into which all Public Safety Charges Revenues are deposited. After September 30, 2019, Section 318 Charges collected from service providers began to be remitted by ADEM to the Treasurer of State for deposit in the Arkansas Public Safety Trust Fund. After the effective date of Act 660, DF&A began remitting monthly Prepaid Wireless Public Safety Charges to the Arkansas Public Safety Trust Fund in November 2019.

If sufficient moneys are available in the Arkansas Public Safety Trust Fund, they are first to be distributed as follows:

(1) On or before the fifteenth business day of each month (beginning in December, 2019) Act 660 requires that up to fourteen thousand dollars (\$14,000) be distributed to the Division to provide administrative support to the Arkansas Public Safety Trust Fund.

(2) If sufficient funds are available in the Arkansas Public Safety Trust Fund, on or before the fifteenth business day of each fiscal quarter (beginning July, 2020) Act 660 requires that money in the Arkansas Public Safety Trust Fund be distributed as follows:

(a) up to sixty-two thousand five hundred dollars (\$62,500) to ACLEST; and

(b) up to two million dollars (\$2,000,000) to the Division to support upgrades and maintenance for the AWIN (the "AWIN Quarterly Distribution").

The AWIN Quarterly Distribution is the source of revenues for loan repayments payments to the Issuer by the Division under the Loan Agreement. Between December 2019 and June 2020, Act 660 required that the Arkansas Public Safety Trust Fund withhold moneys necessary to make the distributions described above. Pursuant to the Loan Agreement, the Division has covenanted to affirmatively monitor the Act and any legislative amendments that may modify or impair the Public Safety Charges. The Division has covenanted to take such action within its control to prevent the impairment of its ability to receive and use the Public Safety Charges for the purposes set forth in the Loan Agreement.

Under Act 660 the state wide emergency 911 system as operated by the Arkansas Emergency Telephone Services Board became the "Next Generation 911 System" under the supervision of a newly created "911 Board". Previously, the Arkansas Emergency Telephone Services Board was the sole recipient of the Public Safety Charges. Under Act 660, the 911 Board receives monthly the balance of the of funds in the Arkansas Public Safety Trust Fund after the required distributions to the Division and the ACLEST described above.

Pursuant to the Loan Agreement, the Division is required to deposit the AWIN Quarterly Distribution in the Public Safety Charges Revenue Fund created under the Indenture. Portions of the moneys held in the Public Safety Charges Revenue Fund in excess of the next two Base Payments and other anticipated expenses as outlined in the Loan Agreement may be released to the Division to be used to support other upgrades and maintenance of AWIN. See "SUMMARY OF PORTIONS OF THE LOAN AGREEMENT-Loan Payments" and "SUMMARY OF PORTIONS OF THE INDENTURE-Public Safety Charges Revenue Fund" herein.

[Balance of this page intentionally left blank]

HISTORICAL PUBLIC SAFETY CHARGES							
	PRE-ACT 660 COLLECTIONS*				ACT 660 COLLECTIONS**		
	2016	2017	2018	2019		2019	2020
January	\$1,623,687	\$1,640,012	\$1,765,039	\$1,795,894		N/A	\$4,786,382
February	\$2,081,736	\$1,782,905	\$2,099,825	\$1,817,661		N/A	\$3,896,940
March	\$1,130,976	\$1,440,873	\$1,649,519	\$1,687,015		N/A	\$2,995,367
April	\$1,378,534	\$2,017,507	\$1,856,793	\$1,908,820		N/A	\$7,138,331
May	\$2,532,554	\$1,627,413	\$1,759,684	\$1,833,404		N/A	\$3,400,192
June	\$1,532,945	\$1,749,137	\$1,852,958	\$1,783,324		N/A	\$7,849,531
July	\$1,857,170	\$1,715,698	\$1,765,241	\$1,827,303		N/A	\$2,270,802
August	\$1,576,674	\$1,731,308	\$1,689,852	\$1,858,576		N/A	\$5,092,533
September	\$1,336,265	\$1,754,113	\$1,788,233	\$1,858,042		N/A	\$5,365,635
October	\$1,264,786	\$1,797,891	\$1,703,258	\$1,949,623		N/A	\$4,054,741
November	\$2,188,572	\$1,622,759	\$1,747,729	N/A		\$1,955,029	
December	\$1,677,374	\$1,837,408	\$1,847,181	N/A		\$7,161,945	
TOTAL	\$20,181,273	\$20,717,024	\$21,525,312	\$18,319,662		\$9,116,974	\$46,850,454

*Source: Compiled from records with Arkansas 911 Board

**Source: Compiled from information provided by the State Treasurer's office

Historical Disbursements to the Arkansas 911 Board

January 2020	\$6,956,606
February 2020	4,844,458
March 2020	4,493,016
April 2020	4,864,989
May 2020	5,851,138
June 2020	4,087,906
July 2020	6,929,905
August 2020	4,089,572
September 2020	5,105,173

Source: Compiled from information provided by the State Treasurer's Office

ADDITIONAL BONDS

The Authority shall not issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Trust Estate that is superior to the security with the Bonds except for the specific purpose of refunding the Bonds or Additional Bonds.

The Authority may issue one or more series of Additional Bonds for the purpose of loaning the proceeds thereof to the Division to finance the acquisition, construction, renovation and equipping of the Arkansas Wireless Information Network and/or to refund indebtedness previously incurred for such

purposes, secured by a parity lien on and ratably payable from the amounts payable by the Division to the Issuer under the Loan Agreement provided in each instance that:

- (i) The Authority is in full compliance with all covenants and undertakings in connection with all of its Bonds, Additional Bonds, and Subordinate Bonds then Outstanding and payable from all or any portion of the Trust Estate;
- (ii) The Division shall provide evidence that for either the Division's most recently completed Fiscal Year or any consecutive 12 months out of the most recent 18 months immediately preceding the issuance of Additional Bonds, Public Safety Charges Revenue available for the Loan Payments equal at least 1.20 times Maximum Annual Debt Service on the Bonds and all other Additional Bonds then Outstanding prior to the issuance of the Additional Bonds plus the Additional Bonds to be issued.
- (iii) The Division shall enter into a new or amended Loan Agreement reflecting an increase in the aggregate Loan Payments payable by the Division thereunder in each Fiscal Year to an amount equal to at least 1.20 times the projected Annual Debt Service on the Bonds and any Additional Bonds in such Fiscal Years, including the Additional Bonds to be issued.

Subordinate Bonds.

Nothing in the Indenture shall be construed as prohibiting or restricting the issuance of bonds secured or payable from the Pledged Revenues so long as the use of the Pledged Revenues in favor of such bonds is expressly subordinate to the pledge and use of the Pledged Revenues to pay principal of and interest on the outstanding Bonds and to make all required deposits into all funds held by the Trustee pursuant to the Indenture.

INVESTMENT CONSIDERATIONS

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

Covid-19 Pandemic

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Arkansas Governor Asa Hutchinson (the "Governor") has declared a state of emergency due to the outbreak of COVID-19 in the State. There have been significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. If market declines and/or volatility continues, the ability to sell or trade securities in the financial markets could be materially constrained.

In an attempt to slow the spread of COVID-19 in the State, the Governor has taken numerous and wide-spread actions designed to mandate or encourage "social distancing." Developments with respect to COVID-19 and the State's responses to COVID-19 (including governmental mandates) continue to occur at a rapid pace, including on a daily basis, and the swift spread of the outbreak may continue to increase in severity for an unknown period of time.

The full impact of COVID-19 on the Public Safety Charges is not known. The Authority and the Division cannot predict (i) the duration or extent of the COVID-19 outbreak; (ii) to what extent the COVID-19 outbreak may affect the collection of Public Safety Charges; or (iii) to what extent COVID-19

may disrupt the local, State, national or global economy;. Prospective investors should consider that the restrictions and limitations instituted related to COVID-19 may increase (even after they are decreased), and the upheaval to the national and global economies may continue and/or be exacerbated, at least over the near term, and the recovery may be prolonged, and therefore, COVID-19 may adversely impact the State's revenues.

Changes in Technology

Telecommunication technology is constantly changing and evolving. As a result, the devices and services subject to Section 318 Charges or Prepaid Wireless Transaction Charges may become obsolete or less utilized while the Bonds are Outstanding. Changes in telecommunication technology have resulted in changes in legislation relating to the types of services and devices that are subject to the charges which are the source of repayment of the Bonds. In the event that telecommunications technology changes in the future, there can be no assurance that legislation will be enacted to subject new services or devices to the same or similar Section 318 Charges or Prepaid Wireless Transaction Charges. No assurance can be made that changes in future telecommunications technologies would not adversely impact repayment of the Bonds.

Early Redemption Risk

Early redemption of the Bonds may occur. The Bonds are subject to optional redemption prior to maturity, in whole or in part, at any time after December 1, 2027. The Bonds are subject to extraordinary optional redemption prior to maturity at any time in the event of the sale of a designated portion of the Project as described in the Lease Agreement. See the caption "THE BONDS—Redemption Provisions" herein.

Secondary Market

No guarantee can be made that a secondary market for the Bonds will develop or be maintained by the Underwriter or others. Thus, prospective investors should be prepared to hold their Bonds to maturity.

THE AUTHORITY

The Arkansas Development Finance Authority (the "Authority") is a body corporate and politic and an instrumentality of the State of Arkansas. The Authority was created pursuant to the Arkansas Development Finance Authority Act, as amended, codified at Arkansas Code Annotated §§ 15-5-101 et seq. (the "Act"). The Act authorizes the Authority to borrow money and issue from time to time its bonds, notes, and other obligations in such principal amounts as the Authority determines shall be necessary to provide sufficient funds to carry out its purposes and powers. Pursuant to the Transformation Act, ADFA was made a division of the newly formed Arkansas Department of Commerce. As codified at Arkansas Code Annotated Section 25-43-107, Section 2 of the Transformation Act provides that such transfer does not impair (1) bonds issued by the Authority; (2) contracts and obligations securing bonds issued by the Authority or pertaining to bonds issued by the Authority; and (3) programs financed by bonds issued by the Authority.

The primary function of the Authority is issuing revenue bonds for the purpose of financing decent, safe, sanitary, and affordable housing for persons and families of low and moderate income, capital improvements for State agencies and local governments, educational facilities, health care facilities, and industrial enterprises. In addition, the Authority is authorized under the Act to issue bonds for the purpose of refunding, either at maturity or in advance of maturity, bonds issued pursuant to the Act.

The powers of the Authority are vested in the Board of Directors, consisting of the State Treasurer, 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 Authority shall employ a President who shall serve at the pleasure of the Governor, shall be an ex officio, nonvoting member of the Board and may be elected Secretary to the Board.

Officers and Directors

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

<u>Name and Office</u>	<u>Term Expires (January 14)</u>	<u>Principal Occupation and Residence</u>
Stan Green, Chair	2023	President, Clear Energy, Inc. and Lindsey-Green Commercial Properties, Fayetteville, AR
Bryan Scoggins, Secretary	(ex-officio nonvoting)	President, Arkansas Development Finance Authority, Little Rock, AR
Katelyn Busby, Vice Chair	2024	Attorney, Stern Thomasson, LLC, Monticello, AR
Stephanie Garner	2021	Director, Chief Executive Officer at ARVAC Inc., Dardanelle, AR
Seth N. Mims	2024	President, Specialized Real Estate Group, Fayetteville, AR
Carey Smith	2021	President, C. Smith Holdings, Inc., Little Rock, AR
Denise Sweat	2022	Vice President, Farm Credit Services, Nashville, AR
Dr. Lillie "Lee" Lane	2022	Engineering executive (retired), Paris, AR
George O'Connor	2023	Chairman of the Board, O'Connor Distributing, Little Rock, AR
Rod Coleman	2023	Chairman, ERC Holdings LLC, Fort Smith, AR
Jon Chadwell	2024	Executive Director, Newport Economic Development Commission, Newport, AR
Dennis Milligan	(ex-officio)	State Treasurer, Little Rock, AR
Larry Walther	(ex-officio)	Director, Arkansas Department of Finance and Administration, Little Rock, AR
Mike Preston	(ex-officio, non-voting)	Secretary of the Department of Commerce, Little Rock, AR

The staff of the Authority presently consists of approximately 60 full-time employees. Bryan Scoggins is President of the Authority. Other senior officers of the Authority include: Mark Conine, Chief Financial Officer, Robert Arrington, Director of Homeownership and Public Finance, Chuck Cathey,

Bond Guaranty Manager -- Development Finance, Tony Williams Arkansas Student Loan Authority Director, Tim Wooldridge, Director of Outreach, J. M. Barker, General Counsel and Vice President for Multifamily Housing, Lori Brockway, Federal Housing Programs Manager, Derrick Rose, Public Information and Marketing, and Nathan Smith, Director of Economic Policy.

The office of the Authority is located at 1 Commerce Way, Suite 602, Little Rock, Arkansas 72202. Its telephone number is (501) 682-5900, and its mailing address is Post Office Box 8023, Little Rock, Arkansas 72203-8023.

Other Indebtedness of the Authority

The Authority has outstanding various bond issues which have been issued for single-family and multifamily housing, industrial development facilities and higher educational facilities, correctional facilities and other governmental purposes, including state agencies facilities under Act 1173. Such bond issues are secured by other revenues and assets separate and apart from the Indenture. No assets or funds of the Authority, other than those held under the Indenture, are pledged to the payment of the Bonds.

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

Future Financings of the Authority

The Authority expects in 2020 and in future years to issue other bonds for purposes authorized in the Act to the extent permitted by law and to finance other activities as permitted by the Act. Such future bonds will be secured by revenues and assets separate and apart from those pledged under the Indenture to secure the Bonds.

THE DIVISION

The Arkansas Department of Public Safety, Division of Emergency Management (the "Division") was created as the Arkansas Department of Emergency Management under the Arkansas Emergency Services Act of 1973 (the "ADEM Act"). Pursuant to Act 702 of 2019, the administration and operation of AWIN was transferred to the Arkansas Department of Emergency Management. As amended and supplemented by the Transformation Act, the Arkansas Department of Emergency Management is now a division of the Arkansas Department of Public Safety. The powers and duties of the Arkansas Department of Emergency Management to perform all the functions necessary to maintain and operate AWIN have been retained by the Division as codified in Arkansas Code Annotated Section 12-75-11. Those powers include the administration of the budget, expenditures and funding of AWIN.

Along with Preparedness, Administration, Response & Recovery, Communication & Support, and Federal Surplus Properties, AWIN is one of six divisions under the supervision of the Division Director's Office. The Director of the Division is appointed by the Governor, with the advice and consent of the State Senate. The Director reports to the Secretary of the Department of Public Safety. The Director of the Division is A. J. Gary and the Secretary of the Department of Public Safety is Jami Cook. The Division's headquarters are located at Building 9501, Camp Joseph T. Robinson, North Little Rock, Arkansas.

SUMMARY OF PORTIONS OF THE LOAN AGREEMENT

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

Issuance of the Bonds.

Pursuant to the Loan Agreement, the Authority has agreed to issue the Bonds to provide funds for the payment of the Costs of the Project and to deposit the proceeds therefrom into the Project Fund with the Trustee.

Construction of the Project.

The Division has agreed to enter into any contracts necessary and appropriate to complete the Project and that the Project will be constructed and acquired in accordance with all laws, rules, regulations, and ordinances of any governmental authority or other regulatory body.

Modification of the Project.

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

Disbursements from the Project Fund.

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

Effective Date of the Loan Agreement.

The effective date of the Loan Agreement shall be December 29, 2020. Unless terminated sooner the Loan Agreement shall end on the Termination Date, provided, however, that it may be terminated prior to such date if the Division exercises its option to prepay the amounts payable under the Loan Agreement pursuant to the terms thereof (see "Options to Prepay Loan Payments; Sale or Exchange of Property," below).

Loan Payments.

Base Loan Payments. The Division agrees to pay to the Authority, its successors or assigns, Loan Payments quarterly. The Division agrees to make such payments of described in the Loan Agreement as "Base Loan Payments" at the times and in the amounts in lawful money of the United States of America as follows and in the following order of priority to the extent that funds are insufficient to make all such payments in full:

- (A) First, the scheduled component of the Base Loan Payments (the "Scheduled Component"), payable on each Loan Payment Date, commencing July 25, 2021, one-half of the next interest payment due on the Bonds and one-fourth of the next principal payment due on the Bonds;

provided that the amounts due on January 25, 2021 and April 25, 2021 shall only consist of one-half of the next interest payment due.

(B) Second, the adjustable component of the Base Loan Payment (the "Adjustable Component"), payable on each Loan Payment Date, consisting of the following fees and payments (the Trustee may collect fees in monthly installments even though they are payable by the Trustee on a basis other than monthly):

- (i) the annual fees of the Trustee;
- (ii) the annual fees of the Paying Agent;
- (iii) the annual fees and expenses of the Authority;
- (iv) any deficiency in the amount of any prior Base Loan Payment; and
- (v) amounts required to restore the Debt Service Reserve Fund to the Required Reserve.

The Base Loan Payment shall be periodically reduced by the Trustee to account for earnings on the Bond Fund and other amounts available therein to pay principal and interest on the Bonds.

The obligations of the Division under this section shall be satisfied by transfers from amounts on the deposit in the Public Safety Charges Revenue Fund by the Trustee in compliance with the provisions of the Indenture.

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

(A) All fees and expenses of the Trustee, the Authority, and any Paying Agent, for the Bonds not included in the regular annual fees listed;

(B) All fees and expenses of the Authority, the Paying Agent or the Trustee relating to the Loan Agreement, including, but not limited to:

- (i) the cost of reproducing the Loan Agreement;
- (ii) the reasonable fees and disbursements of Bond Counsel and other Counsel used by the Authority or the Trustee in connection with the Loan Agreement and the enforcement thereof;
- (iii) All other reasonable out-of-pocket expenses of the Trustee and the Authority in connection with the Loan Agreement and the enforcement thereof;
- (iv) all taxes, if any, in connection with the Project and the execution and delivery of the Loan Agreement, and all recording and filing fees and stamp taxes relating to the Loan Agreement and the pledge and assignment of the Authority's right, title and interest in and to the Loan Payments and the Loan Agreement pursuant to the Indenture (and with the exceptions noted therein) and all expenses, including reasonable attorneys' fees, relating to any amendments, waivers, consents or collection or enforcement proceedings pursuant to the provisions thereof; and

(v) all amounts due and payable pursuant to the terms of the Indenture, including, but not limited to the Rebate Amount (as defined in the Indenture) and restoration of the Debt Service Reserve Fund.

Any Additional Loan Payments shall be payable within ten (10) Business Days of a notice to the Division of the amount due. Should the Division fail to pay the Additional Loan Payments enumerated in above when due, the Division agrees to pay interest on such unpaid amounts from such date at the rate of 10% per annum.

Fees Payable to the Authority. The Division shall be required to pay to the Authority an annual administrative fee equal to $1/8^{\text{th}}$ of 1 % (0.00125) of the amount of the Bonds Outstanding on May 31, billed and collected by the Trustee and payable annually in arrears. The first annual administrative fee will be due on June 1, 2021 and will continue to be paid on each June 1 thereafter through the final Loan Payment Date. A final administration fee shall be payable upon final maturity of the Bonds in an amount equal to $1/8$ of 1% (0.125%) of the principal amount of the Bonds outstanding on the last day of the month preceding the final maturity date, multiplied by a fraction the numerator of which shall be the number of months elapsed since the preceding payment (rounded up to the next whole number), and the denominator of which shall be 12. In addition, the Division shall pay all costs and expenses incurred by the Authority in undertaking the arbitrage calculations required by law. Costs and expenses associated with the arbitrage calculations shall be payable by the Division by making an initial payment of \$2,000 on the Closing Date that will be held in trust by the Authority and additional payments of \$1,000 increments billed and collected by the Trustee on an annual basis beginning on June 1, 2021 and continuing on each June 1 thereafter through the final Loan Payment Date. To the extent the cumulative annual receipts exceed the actual cost of the arbitrage calculations, any excess will be refunded to the Division after the Bonds are paid in full and all arbitrage calculations are complete.

Taxes and Governmental and Utility Charges.

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

Maintenance and Use of Project.

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

Insurance.

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

Damage, Destruction, and Condemnation.

If the Project or any portion thereof are damaged, destroyed, or taken under the exercise of the power of eminent domain, the Division is obligated to continue to pay all Loan Payments specified in the Loan Agreement.

Events of Default under the Loan Agreement.

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

(A) Failure by the Division to pay any Loan Payment or other payment required to be paid under the Loan Agreement as the same become due;

(B) Failure by the Division to observe and perform any covenant, condition, or agreement on its part to be observed or performed other than as referred to in paragraph (a) above, or paragraphs (d) through (f) below, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Division by the Authority or the Trustee, unless the Authority and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Division within the applicable period and diligently pursued until the default is corrected, but in any event no extension shall be required beyond sixty (60) days after notice is first given;

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

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

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

(F) An "Event of Default," as defined in the Indenture, shall occur and be continuing; and

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

With respect to the covenants referred to in Sections 2.02 of the Loan Agreement (other than any payment obligations set forth therein), the foregoing subparagraph (b) is subject to the following limitation: if by reason of *force majeure* the Division is unable in whole or in part to carry out the agreements on its part contained in such provisions, the Division shall not be deemed in default during the continuance of such inability. The term *force majeure* as used herein shall mean, without limitation, the following: strikes and lockouts; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots, fires; explosions, or breakage or accident to machinery, transmission pipes or canals. Notwithstanding the applicability of such provisions, the Loan Agreement

shall remain valid and in full force and effect, and the Division shall make all Loan Payments as and when due and payable.

Remedies.

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

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

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

(C) Take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Loan Agreement or to enforce any other of the Trustee's or the Authority's or any assignee's rights thereunder.

Option to Prepay Loan Payments.

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

SUMMARY OF PORTIONS OF THE INDENTURE

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

Funds and Accounts.

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

- (A) Public Safety Charges Revenue Fund,
- (B) Project Fund, including therein a Cost of Issuance Account and a Construction Account,
- (C) Bond Fund,
- (D) Debt Service Reserve Fund
- (E) Rebate Fund.

Public Safety Charges Revenue Fund.

(A) All Pledged Revenues received by the Division shall be paid upon receipt into the Public Safety Charges Revenue Fund. The moneys in the Public Safety Charges Revenue Fund are pledged as security for the Bonds and shall be applied in the manner set forth below.

(B) Commencing on January 25, 2021, and on each April 25, June 25, October 25 and January 25 thereafter, Trustee shall transfer an amount equal to the Scheduled Component of the Base Loan Payments (each as defined in the Loan Agreement) being one-half of the next interest payment due on the Bonds and one-fourth of the next principal payment due on the Bonds from the Public Safety Charges Revenue Fund to the Bond Fund with such amounts adjusted as appropriate for the Base Loan Payments due prior to the first Interest Payment Date.

(C) Commencing on January 25, 2021, and on each April 25, June 25, October 25 and January 25 thereafter, the Trustee shall transfer an amount equal to the Adjustable Component of the Base Loan Payment (each as defined in the Loan Agreement) being annual fees and expenses of the Trustee, Paying Agent and Authority, any deficiency in the amount of any prior Base Loan Payment, and amounts required to restore the Debt Service Reserve Fund to the Required Reserve from the Public Safety Charges Revenue Fund to the Bond Fund.

(D) When due, the Trustee shall transfer an amount equal to the Additional Loan Payments (as defined in the Loan Agreement) from the Public Safety Charges Revenue Fund to the Bond Fund.

(E) At any time that the amount required to be maintained in a fund is less than the required amount, whether through the loss on investments or for other reasons, the Trustee shall transfer such amounts as are necessary to restore the fund balance to the required level from the Public Safety Charges Revenue Fund to the applicable fund.

(F) Five (5) business days prior to the due date thereof, the Trustee shall transfer an amount equal to the Rebate Amount from the Public Safety Charges Revenue Fund to the Rebate Fund.

(G) Commencing on August 1, 2021 and continuing on each February 1, May 1, August 1 and November 1 thereafter, if the amount on deposit in the Debt Service Reserve Fund is at least equal to the Required Reserve, and all previously due Base Loan Payments and Additional Loan Payments have been paid in full, and if amounts on deposit on such date in the Public Safety Charges Revenue Fund are in excess of the next two Base Loan Payments plus the annual fees and expenses of the Trustee, Paying Agent and Issuer payable during the next Bond Year plus any Rebate Amount coming due, then upon the request of the Division such excess may be (i) transferred to the Division to be used for any lawful purpose or (ii)) or used to pay debt service and other obligations related to Subordinate Bonds issued in compliance with the Indenture, or (iii) if permitted by the terms of the Indenture, transferred to the Redemption Fund to be used to redeem Bonds on the next permitted optional redemption date. Provided, however, consideration and adjustments shall be made to account for debt service, expenses and rebate payments that relate to any Additional or Subordinate Bonds issued pursuant to the terms of the Indenture.

Project Fund.

The Trustee shall credit to the Construction Account of the Project Fund (the "Construction Account") such portions of the proceeds of the Bonds, as specified in Section 2.05 of the Indenture on the Written Request of the Issuer and such other amounts as may be transferred thereto pursuant to the terms of this Indenture. All income and profit from the investment of funds held in the Construction Account shall be credited to the Construction Account. All moneys in the Construction Account shall be held by

the Trustee in trust and, subject to the provisions of Section 5.04 of the Indenture, shall be applied to the payment of the Cost of the Series 2020 Project and, pending such application, shall be subject to a lien and charge in favor of the Owners of the Outstanding Bonds for the further security of the Owners until paid out or transferred as provided in the Indenture, except that if there shall occur an Event of Default under the Indenture, moneys in the Construction Account shall be used to complete the Series 2020 Project unless the Bonds shall have been accelerated pursuant to Article VII of the Indenture.

When the 2020 Project shall have been completed and the Completion Date has passed, the Trustee shall transfer any Trust Moneys then remaining in the Construction Account to the Bond Fund or the Redemption Fund, as directed by a Written Request of the Issuer and, if requested by the Issuer, an opinion of Bond Counsel. Unless an extension of time is requested by the Division and granted by the Issuer, proceeds of the Bonds deposited in the Construction Account, and any investment earnings thereon, which have not been obligated or expended pursuant to Section 5.04(b) of the Indenture prior to December 29, 2023, shall be transferred to the Bond Fund or to the Redemption Fund, as directed by a Written Request and, if requested by the Issuer, an opinion of Bond Counsel. Before any payment shall be made from the Construction Account for payment of Costs of the Project (other than Issuance Expenses), there shall be filed with the Trustee:

A Written Request of the Division or its designee stating:

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

Moneys in the Cost of Issuance Account shall be used to pay Issuance Expenses for the Bonds or to reimburse the Authority to the extent of any payments made for such Issuance Expenses to the extent of the payments previously made for such Issuance Expenses. Payment for such Issuance Expenses shall be made only upon a written request of the Authority giving certain required information concerning the payment. Any amounts remaining in the Cost of Issuance Account in the Project Fund on July 1, 2021, shall be transferred to the Construction Account, and the Cost of Issuance Account in the Project Fund shall be closed.

Bond Fund.

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

If, on any Interest Payment Date, there are not sufficient amounts on deposit in the Bond Fund to pay the total amount of interest or principal coming due on such Interest Payment Date, the Trustee shall transfer moneys on deposit in the Public Safety Charges Revenue Fund in an amount equal to such deficiency to the Bond Fund. If amounts on deposit in the Public Safety Charges Revenue Fund do not satisfy such deficiency, then the Trustee shall transfer moneys on deposit in the Debt Service Reserve Fund in an amount equal to the remainder of the deficiency to the Bond Fund. Such money will then be used to pay interest or principal due.

Debt Service Reserve Fund.

There will be deposited in the Debt Service Reserve Fund an amount equal to Maximum Annual Debt Service, that is, the initial sum of \$5,707,400 (the "Required Reserve"), to be used solely for the payment of the principal of and interest on the Bonds when (whether at maturity, upon a redemption date or any interest payment date) other funds available for such purposes are insufficient. Any earnings on the amount held in the Debt Service Reserve Fund in excess of the Required Reserve shall be transferred to the Bond Fund to be used to make payments on the Bonds, as provided in Section 5.05 of the Indenture.

So long as the Required Reserve is maintained, no quarterly deposits shall be required to be made to the Debt Service Reserve Fund; provided, however, if the Debt Service Reserve Fund should ever contain less than the total Required Reserve, quarterly deposits in amounts equal to not less than one half (1/2) of the deficiency in the then Required Reserve shall be made to the Debt Service Reserve Fund on or before each April 25, June 25, October 25 and January 25 until the Required Reserve has been fully restored and deposited in the Debt Service Reserve Fund. In the event that amounts on deposit in the Public Safety Charges Revenue Fund are not sufficient to pay one-half of the deficiency on a stated payment date, then on the next payment date, funds shall be used first to satisfy amounts due on the prior payment date, then additional funds shall be used to satisfy the amounts due for the current payment date.

Investment of Funds and Accounts.

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

Permitted Investments shall be made so as to mature or be subject to redemption at the option of the owner thereof on or prior to the date or dates that the Authority or the Trustee anticipates that moneys therefrom will be required. The Trustee may trade with itself or its affiliates in the purchase and sale of such Permitted Investments, subject to the approval of the Authority, and the Trustee shall not be liable or responsible for any loss resulting from any such investment. Such Permitted Investments shall be

registered in the name of the Trustee. The Trustee may invest in Permitted Investments through its own trust department, and Trust Moneys may be deposited in time deposits, or in certificates of deposit issued by the Trustee or its affiliates.

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

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

Rebate Fund.

The Authority has covenanted to comply with the provisions of Section 148 of the Code, which requires, under certain circumstances, the rebate to the United States of America of earnings on investment of proceeds of the Bonds in excess of the yield on the Bonds (the "Rebate Amount"). The Authority has covenanted to determine the Rebate Amount within 50 days after the payment of the Bonds in accordance with the Code, and to make reports as required by the Code to the United States of America. Upon each such determination, the Trustee shall transfer to the Rebate Fund from the balances in the Bond Fund, the Project Fund, and the Redemption Fund, in that order of priority, the Rebate Amount so determined. Moneys in the Rebate Fund shall be paid by the Trustee to the United States of America at such times and in such amounts as are necessary to comply with the Code. Upon the receipt by the Trustee of a Written Request of the authority certifying that certain amounts in the Rebate Fund are not subject to rebate and an opinion of Bond Counsel to the effect that failure to rebate such amount will not cause interest on the Bonds to become includable in gross income of the Owners thereof for federal income tax purposes under existing laws, regulations, rulings, and decisions, the Trustee shall transfer any such amounts to the credit of the Bond Fund.

Events of Default.

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

(A) Default in the payment of any interest upon any Bond when it becomes due and payable;
or

(B) Default in the payment of the principal of, or premium, if any, on any Bond when the same comes due and payable; or

(C) Default in the performance or breach of any covenants or warranties contained in the Indenture and the continuation of such a default for a period of thirty (30) days following the written notice thereof from the Trustee to the Authority: or

(D) Any material provision of the Indenture shall at any time for any reason cease to be valid and binding or shall be declared in a final non appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority; or

(E) And Event of Default under the Loan Agreement.

Acceleration of Maturity

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

Remedies.

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

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

- (1) To the payment of costs and expenses of suit, if any, and the reasonable compensation of the Trustee, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made hereunder by the Trustee or by any Owner of the Bonds.
- (2) To the payment first to the Owners of the Bonds:

FIRST: to the payment to the person entitled thereto of all installments of interest then due and payable in the order in which such installments become due and payable, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds or Additional Bonds, as applicable.

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on the principal amount of the Bonds at the respective rates specified

therein from the respective dates upon which the Bond became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds due and payable on any particular date, together with the accrued interest, then to the payment first of the accrued interest ratably, according to the amount of interest due on that date, and then to the payment of the principal, ratably, according to the amount of the principal due on that date, to the person entitled thereto without any discrimination.

THIRD: to the purchase and retirement of Bonds and/or to the redemption of Bonds, in accordance with the provisions of Article IV of the Indenture.

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

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

Whenever moneys are to be applied pursuant to the foregoing provisions, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Defeasance.

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

pay the principal of, premium, if any, and interest on the Bonds as they become due; then, upon the request of the Authority, the Indenture and the liens, rights and interest thereby granted shall become null and void, and the Trustee shall deliver written notice to all Owners of the Bonds that the Bonds have been defeased in accordance with the Indenture and shall then execute and deliver such instruments of satisfaction as may be necessary, all at the expense of the Authority, and forthwith the estate, right, title and interest of the Trustee in and to all of the Trust Estate and in and to all rights under the Indenture (except the moneys and/or Government Obligations deposited as required in clause (a) above) shall thereupon be discharged and satisfied, and the Trustee shall in such case transfer, deliver and pay the same to the Authority or upon the order of the Authority.

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

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

TAX EXEMPTION

Federal Income Taxes.

In the opinion of Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions of Bond Counsel are subject to the condition that the Authority and the Division comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal tax purposes. The Authority and the Division have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

State Income Taxes.

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

Tax Treatment of Original Issue Premium.

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

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

LEGAL MATTERS

All legal matters related to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Mitchell, Williams, Selig, Gates and Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel. Bond Counsel will deliver its bond opinion as well as an opinion as to the authorization and enforceability of the obligations of the Authority and the Division under the Indenture and the Loan Agreement.

LITIGATION

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

SECONDARY MARKET DISCLOSURE

In the Continuing Disclosure Agreement dated as of the date of delivery of the Bonds (the "Continuing Disclosure Agreement"), among the Authority, the Trustee, and the Division, the Authority, and the Division have covenanted for the benefit of Beneficial Owners of the Bonds to provide certain financial information by not later than two hundred forty (240) days after the end of its fiscal years, commencing with the fiscal year ended June 30, 2021 (the "Annual Disclosure Statement"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Disclosure Statement will be filed by the Authority with the Municipal Securities Rulemaking Board's EMMA system. The notices of material events will be filed by the Trustee or Authority with the Municipal

Securities Rulemaking Board. The Authority may satisfy its obligations to file any notice, document or information with the Municipal Securities Rulemaking Board by filing the same with any dissemination agent or conduit, including any "central post office" or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to the Municipal Securities Rulemaking Board, to the extent permitted by the SEC or SEC staff or required by the SEC. These covenants have been made to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The Continuing Disclosure Agreement is attached hereto as Appendix C.

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

With respect to all programs, event notices, including, but not limited to, certain bond rating changes relating to third-party credit enhancement providers, underlying rating changes, bond calls, and the appointment of successor trustees were not filed timely. The Authority has filed with the Municipal Securities Rulemaking Board's EMMA system rating change notices confirming the current ratings of certain third-party credit enhancement providers and the underlying rating.

With respect to the State Facilities Program, the Conduit Issuer Program, the Revolving Loan Fund Program and Miscellaneous State Bonds Program, the Authority has had instances of late filings of certain financial information and operating data of the Authority and other obligated parties as required in the Undertakings. The nature of these filings typically include (i) supplemental filings to provide information or data identified in the Undertakings, but not included in the initial filing that was made timely and (ii) the filing of financial statements specific to the obligated person, if available, or alternatively, the State's CAFR and/or certain financial information and operating data. With respect to financial information, the delay in filing in most instances was minor. The Authority implemented a form of annual report to prevent omissions of portions of information in the future and to confirm the status of required financial statements. With respect to state agencies that rely on the State's Legislative Joint Auditing Committee to provide the agency's "financial audit" as defined by state law, delivery of the financial audits generally are not delivered until after the end of the following fiscal year. Generally, financial audits performed by the State's Legislative Joint Auditing Committee are received within 18 months after the fiscal year end, but longer delays have occurred. Protocols have been implemented to

file financial audits within thirty (30) days of receipt thereof from the State's Legislative Joint Auditing Committee.

With respect to the Multifamily Program, most of the bond issues are exempt from the Rule, and the Authority does not have any Undertakings with respect to this program. With respect to the Single Family Program and the GO Program, there have been no late filings within the past five years.

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

In connection with the Undertaking executed in connection with the Arkansas Development Finance Authority Tobacco Settlement Revenue Bonds, Series 2006 (Arkansas Cancer Research Center Project) (the "Tobacco Bonds"), the Board of Trustees of the University of Arkansas (the "Board") is an obligated person. Pursuant to the Tobacco Bonds Undertaking, the Board is required to make annual filings of audited financial statements of the University of Arkansas for Medical Sciences ("UAMS") and the Board, along with certain financial information and operating data with respect to UAMS in the same format and content as that contained in the official statement for the Tobacco Bonds. In certain fiscal years, including the fiscal years ended June 30, 2014 through 2018, the Board prepared reports containing certain financial information and operating data for UAMS and the Board and provided such reports to the Authority, as dissemination agent. The Authority timely filed such reports, but such filings did not contain all statistical information referenced by the Tobacco Bonds Undertaking, or in some cases, such information was not in the same format as that contained in the official statement for the Tobacco Bonds. On July 8, 2019, a supplemental filing containing all missing information and reflecting all information in the correct format was uploaded to the EMMA system. The Authority, in its role as dissemination agent, did not review the information presented by the Board for filing and did not file any notices of non-compliance with the Tobacco Bonds Undertaking.

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

RATINGS

S&P Global Ratings has assigned its municipal bond rating of "AA-" (Stable) to the Bonds. Any explanation of such ratings may only be obtained from S&P Global Ratings. Generally, rating agencies base their ratings upon information and materials supplied to them and on their own investigations, studies and assumptions. There is no assurance that such ratings, once assigned, will remain for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies if in their judgment circumstances so warrant. Any such downward change or withdrawal of the ratings assigned to the Bonds by S&P Global Ratings may have an adverse effect on the market price of the Bonds. The Underwriter and the Authority have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

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

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority, at the purchase price of \$99,055,199.80 representing the par amount of bonds plus \$13,824,417.30 original net premium less Underwriter's discount of \$579,217.50. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

ADDITIONAL INFORMATION

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

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

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

By: /s/ Bryan Scoggins
President

APPENDIX "A"

DEFINITIONS OF CERTAIN TERMS

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

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

"Additional Project" shall mean any project qualifying as a project financeable under the ADEM Act, as amended from time to time.

"Act 660" means Act 660 of the General Assembly of the State of Arkansas for the year 2019 which implemented the Public Safety Charges.

"ADEM Act" means the Division of Emergency Management Headquarters Facilities and Equipment Financing Act, codified at Arkansas Code Annotated Sections 12-8-601, *et seq.*, as now in effect and as it may from time to time hereafter be amended or supplemented.

"ADFA Act" means the Arkansas Development Finance Authority Act, being Act 1062 of the 75th General Assembly of the State of Arkansas, codified in Arkansas Code Annotated Section 15-5-101 *et seq.* as now in effect and as it may from time to time hereafter be amended or supplemented.

"Annual Debt Service" means, for any Bond Year, the scheduled principal and interest payment requirements with respect to all Outstanding Bonds for such Bond Year.

"Arkansas Public Safety Trust Fund" means the fund by that name established by Arkansas Code Annotated Section 19-5-1152.

"Arkansas Wireless Information Network" means the statewide interoperable voice and data communications system administered and operated by the Division.

"Authority" or "Issuer" means the Arkansas Development Finance Authority, a body politic and corporate duly organized and existing under the laws of the State of Arkansas

"Authorized Division Representative" means a person at the time designated to act on behalf of the Division by written certificate furnished to Trustee and Issuer containing the specimen signature of such person and signed on behalf of the Division by one of its authorized signatories, which certificate may designate an alternate or alternates, and may designate different Authorized Division Representatives to act for the Division with respect to different sections of the Loan Agreement and the Indenture. Any action or instrument required to be taken or executed by the Division must be authorized or executed by an Authorized Division Representative.

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

"Authorized Newspaper" shall mean a newspaper or financial journal of general circulation among dealers in municipal securities, published in Little Rock, Arkansas printed in the English language, being customarily published on each business day whether or not published on Saturdays, Sundays or holidays.

"Beneficial Owner" is defined in Section 2.02 of the Indenture when the Bonds are in the Book-Entry System and otherwise means a Bondholder.

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

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

"Bond Year" means each period from and including June 2 through and including the following June 1; provided, however, that the initial Bond Year shall commence on the Closing Date and end on June 1, 2021 (unless a different period is selected by the Issuer after the Closing Date).

"Bonds" shall mean the Bonds and Additional Bonds.

"Book-Entry System" means the system maintained by the Securities Depository and described in Section 2.02 of the Indenture.

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

"Closing Date" shall mean December 29, 2020, the date on which the Bonds are delivered to the purchaser thereof and payment is received by the Issuer.

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

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

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

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

(1) all costs of the acquisition of land and improvements and all costs incident or related thereto including, but not limited to, design, engineering, architectural, consulting and related services; and

(2) the cost of the preparation of plans, specifications, studies, surveys and estimates of cost and revenue; and

(3) any and all costs paid or incurred in connection with the issuance of bonds by the Authority to finance the acquisition of the Project.

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

"Division" shall mean the Department of Public Safety, Division of Emergency Management, an agency of the State of Arkansas.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund created pursuant to Section 5.01 of the Indenture.

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

"Fiscal Year" shall mean the period of July 1 through June 30.

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

"Government Obligations" shall mean direct general obligations of the United States of America, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Indenture" shall mean the Trust Indenture between the Issuer and the Trustee dated as of December 29, 2020, as from time to time amended by any Supplemental Indenture.

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

"Interest Payment Date" shall mean each June 1 and December 1 commencing June 1, 2021 until the Bonds are paid in full.

"Issuance Expenses" means all costs and expenses of issuance of the Bonds, including, but not limited to: (i) the fees and disbursements of Bond Counsel; (ii) the fees and disbursements of the Issuer's counsel or accountants, and of any other experts or consultants retained by the Issuer; (iii) fees for the rating; (iv) the Trustee's fees and expenses and the fees and expenses of any counsel retained by the Trustee; (v) legal publication costs; (vi) the cost of preparation and printing of the Bonds, the Preliminary Official Statement, and the Official Statement; and (vii) underwriter's clearing and closing costs, including but not limited to ticket costs and day loan charges, IPREO fees, and other costs of closing and delivery of the Bonds; charges for obtaining CUSIP numbers for the Bonds; fees payable to Depository Trust Company relating to the underwriting of the Bonds.

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

"Loan Agreement" shall mean the Loan Agreement between the Issuer and the Division dated as of December 29, 2020 and relating to the Bonds, as originally executed or as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

"Loan Payments" means the Base Loan Payments, Additional Loan Payments and any other amounts payable by the Division pursuant to the provisions of the Loan Agreement.

"Loan Payment Date" shall mean the twenty-fifth day of each month commencing on January 25, 2021 and continuing thereafter during the term of the Loan Agreement.

"Maximum Annual Debt Service" means as of any date of calculation the highest principal and interest payment requirements with respect to all Outstanding Bonds for any succeeding Bond Year.

"Officer's Certificate" shall mean a written certificate of an Authorized Issuer Representative or an Authorized Division Representative, as applicable.

"Opinion of Counsel" shall mean a written opinion of Counsel.

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

- (1) Bonds theretofore canceled by the Trustee or delivered to the Trustee canceled or for cancellation;
- (2) Bonds and portions of Bonds for whose payment or redemption moneys or Government Obligations shall have been theretofore deposited in trust with the Trustee for the owners of such Bonds; provided that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to the Indenture or irrevocable instructions to call the same for redemption at a stated redemption date shall have been given to the Trustee;
- (3) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to the Indenture.

"Owner" or "owner" or "Bondholder" or "Registered Owner" shall mean, with respect to Bonds, the registered owner of a bond registered as to principal, as established to the satisfaction of the Trustee.

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

"Paying Agent" shall mean the Trustee, or any successors, or a different entity specified in any supplemental indenture.

"Permitted Encumbrances" shall mean any Additional Bonds or Subordinate Bonds, and any other encumbrance required by law or expressly permitted by the Indenture.

"Permitted Investments" shall mean any of the following:

- (1) Government Obligations;
- (2) Evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated;
- (3) Pre-refunded municipal obligations which at the time of their purchase are rated in either of the two highest rating categories by S&P;
- (4) Securities eligible for "AAA" defeasance under then existing criteria of S&P;
- (5) Money market funds, whose shares at the time of their purchase are rated in either of the two highest rating categories by S&P;

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

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

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

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

(8) Repurchase agreements collateralized by Government Obligations, GNMA's, FNMA's or FHLMC's with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by S&P, provided:

- i. A master repurchase agreement or specific written repurchase agreement governs the transaction;
- ii. The securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and

undivided profits of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee;

- iii. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* in such securities is created for the benefit of the Trustee;
- iv. The repurchase agreement has a term of 180 days or less, and the Trustee or the Agent will value the collateral securities of no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and
- v. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.

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

(10) Investment Agreements, including guaranteed investment contracts, which will not adversely affect any rating on the Bonds;

(11) Commercial paper (having original maturities of not more than 270 days) which at the time of their purchase are rated in either of the two highest rating categories by S&P;

(12) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by S&P; or

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

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Pledged Revenues" means all Public Safety Charges Revenue deposited in the Arkansas Public Safety Trust Fund and statutorily mandated to be transferred to the Division pursuant to Arkansas Code Annotated Section 19-5-1152(e)(2).

"Principal Underwriter" shall mean Stephens Inc.

"Project" means the Series 2020 Project.

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

"Public Safety Charges" means all moneys authorized in and collected pursuant to Ark. Code Ann. Sections 12-10-318(b) and 12-10-326.

"Public Safety Charges Revenue" means all Public Safety Charges that the Division is entitled to receive and if the charges are modified or changed, all such charges levied or collected in replacement or substitution thereof.

"Public Safety Charges Revenue Fund" shall mean the fund created in Section 5.01 of the Indenture.

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

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

"S&P" shall mean S&P Global Ratings and its successors and assigns.

"Securities Depository" shall mean The Depository Trust Company, New York, New York, or its nominee and the successors and assigns of such nominee, or any successor appointed under Section 2.02 of the Indenture.

"Series 2020 Project" shall mean the design, acquisition, construction and equipping of additions to and enhancement of upgrades and maintenance of the Arkansas Wireless Information Network.

"State" shall mean the State of Arkansas.

"Subordinate Bonds" shall mean any bonds permitted to be issued by the Issuer in strict compliance with Article III of the Indenture and which are subordinate to the Bonds.

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

"Tax Regulatory Agreement" shall mean an agreement by and between the Issuer and the Trustee prescribing the procedures for compliance with Section 148 of the Code and the Regulations promulgated thereunder, which is applicable to the Bonds and the Indenture.

"Trustee" shall mean Regions Bank, an Alabama banking corporation organized and operating under the laws of Alabama and authorized to exercise corporate trust powers in the State of Arkansas, and being duly qualified to accept and administer the trusts hereby created, and having a corporate trust office located in Little Rock, Arkansas, or its successor trustee or successors from time to time under the Indenture.

"Trust Estate" shall have the meaning stated in the Granting Clauses of the Indenture.

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

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

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

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

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

"Written Request" with reference to Issuer, means a request in writing signed by an Authorized Issuer Representative and, with reference to the Division, means a request in writing signed by an Authorized Division Representative.

APPENDIX "B"

PROPOSED FORM OF OPINION OF BOND COUNSEL

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

Arkansas Development Finance Authority
Little Rock, Arkansas

Regions Bank
Little Rock, Arkansas

Re: \$85,810,000 Arkansas Development Finance Authority Public Safety
Charges Revenue Bonds (Arkansas Division of Emergency Management
Project) Series 2020 (the "Bonds")

Ladies and Gentlemen:

We have examined a certified copy of the proceedings of the Arkansas Development Finance Authority (the "Authority") and other documents pertaining to the issuance by the Authority of the Bonds for the benefit of the Department of Public Safety, Division of Emergency Management (the "Division").

Proceeds of the Bonds are to be used: (i) to finance the designing, acquisition, construction and equipping of additions to and enhancements of upgrades and maintenance of the Arkansas Wireless Information Network (the "Series 2020 Project"), (ii) to fund a debt service reserve fund, and (iii) to pay necessary expenses incidental to the sale and issuance of the Bonds. The Authority and the Division will execute a Loan Agreement dated as of December 29, 2020 (the "Loan Agreement"), pursuant to which the Authority will loan the proceeds of the Bonds to the Division (the "Loan") for the purposes described in the Indenture and the Loan Agreement.

The Bonds are issued under the Constitution and laws of the State of Arkansas, including particularly the Arkansas Development Finance Authority Act, constituting Arkansas Code Annotated §§ 15-5-101 *et seq.*, as amended (the "ADFA Act"), the Public Safety Act of 2019 (Act 660 of the Acts of 2019) ("Act 660"), and the Arkansas Emergency Services Act of 1973, codified at Ark. Code Ann. §§ 12-75-101 *et seq.* (the "ADEM Act"), and pursuant to the Trust Indenture dated as of December 29, 2020 (the "Indenture") between the Authority and Regions Bank, as Trustee (the "Trustee"). Words not otherwise defined herein shall have the meanings given to them in the Indenture.

The Bonds are being issued in the form of fully registered bonds, numbered from 1 upward. The Bonds are being issued in the denomination of \$5,000 each or any integral multiple of \$.01 in excess thereof. The Bonds are dated as of December 29, 2020. Interest on the Bonds is payable semiannually on the interest payment dates as set forth in the Indenture. The Bonds bear interest at the rate set forth in the Indenture.

The Bonds are special obligations of the Authority, and the Authority is obligated to pay the principal, premium, if any, and interest on the Bonds solely (i) from the Loan Payments made by the Division pursuant to the Loan Agreement between the Division and the Authority which shall be paid from Pledged Revenues and (ii) from other funds (except the Rebate Fund) of the Authority pledged under the terms of the Indenture. "Pledged Revenues" means all moneys authorized in and collected pursuant to Ark. Code Ann. Sections 12-10-318(b) and 12-10-326 (the "Public Safety Charges") that the Division is entitled to receive (and if the charges are modified or changed, all such charges levied or collected in replacement or substitution thereof) and are statutorily mandated to be transferred to the Division pursuant to Arkansas Code Annotated Section 19-5-1152(e)(2) that are deposited in the Arkansas Public Safety Trust Fund (being the fund by that name established by Arkansas Code Annotated Section 19-5-1152).

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

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

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

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

4. Under the Loan Agreement, the Division has agreed to make payments to the Authority sufficient for the Authority to pay when due the principal of and interest on the Bonds. Pursuant to the Indenture, the Pledged Revenues, including the rights of the Authority under the Loan Agreement (except certain rights to indemnification and reimbursement), have been duly and legally assigned and pledged by the Authority to the Trustee as security for the Bonds.

5. Under existing law, the interest on the Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the Division comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income

for federal income tax purposes. The Authority and the Division have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal income tax consequences relating to the Bonds.

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

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

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

Sincerely,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, P.L.L.C

APPENDIX "C"

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated December 29, 2020 (this "Agreement") is executed and delivered by the Department of Public Safety, Division of Emergency Management (the "Division"), the Arkansas Development Finance Authority (the "Authority," and collectively with the Division, the "Disclosing Parties") and Regions Bank, as Trustee (the "Trustee"), in connection with the issuance by the Authority of its \$85,810,000 Public Safety Charges Revenue Bonds (Arkansas Division of Emergency Management Project), Series 2020 (the "Bonds"). The Bonds are being issued pursuant to an authorizing resolution of the Authority and that certain Trust Indenture by and between the Authority and the Trustee, dated as of December 29, 2020 (the "Indenture"). The Disclosing Parties and Trustee covenant and agree as follows:

Section 1. Purpose of this Agreement. This Agreement is being executed and delivered by the Disclosing Parties and the Trustee for the benefit of the Beneficial Owners (as defined below) of the Bonds and in order to assist the Underwriter (as defined below) in complying with, and constitutes the written undertaking for the benefit of the Beneficial Owners of the Bonds required by, subsection (i) of the Rule (as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings.

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

"Beneficial Owner" of a Bond shall mean any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares (i) voting power which includes the power to vote, or to direct the voting of, a Bond and/or (ii) investment power which includes the power to dispose, or to direct the disposition of, a Bond.

"Business Day" shall mean any day on which banks located in the city in which the designated corporate trust office of the Trustee is located is open for business.

"Disclosure Representative" shall mean the Chief Financial Officer or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean the Authority, acting in its capacity as Dissemination Agent under this Agreement, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Audit" shall mean the Comprehensive Annual Financial Report of the State of Arkansas prepared by the Department of Finance and Administration, Office of Accounting.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation;

or (iii) guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB consistent with Rule 15c2-12.

"Listed Events" shall mean any of the events listed in Subsection 5(a).

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Underwriter" shall mean Stephens Inc.

Section 3. Provision of Annual Disclosure Statement.

- (a) The Authority, as Dissemination Agent, shall, or shall cause the Trustee to, not later than 240 days after the end of the State of Arkansas' fiscal year, commencing with the fiscal year ended June 30, 2021, provide to the MSRB through its continuing disclosure service portal which is provided through EMMA at <http://www.emma.msrb.org>, or any similar system acceptable to the Securities and Exchange Commission, its Annual Disclosure Statement that is consistent with the requirements of Subsection 4(a) of this Agreement and in the form attached hereto as Exhibit A. Not later than 30 days prior to said date, the Division shall provide the Annual Disclosure Statement to the Authority. Not later than 15 days prior to said date, the Authority shall provide the Annual Disclosure Statement to the Trustee, and if filed, proof of filing with the MSRB, or if not filed, with directions to the Trustee to file the Annual Disclosure Statement with the MSRB.
- (b) Each Annual Disclosure Statement shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Each Annual Disclosure Statement may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Agreement; provided that, any audited financial statements, or Financial Audit may be submitted separately from the balance of the Annual Disclosure Statement and later than the date required above for the filing of the Annual Disclosure Statement if they are not available by that date, but shall be submitted, when and if available, within 30 days of the Authority being informed or discovering that any audited financial statements, or Financial Audit is available.
- (c) If by 15 days prior to the date specified in Subsection 3(a) for providing the Annual Disclosure Statement to the MSRB, the Trustee has not received a copy of the Annual Disclosure Statement and proof of filing with the MSRB, the Trustee shall contact the appropriate Disclosure Representative to determine if the Authority and the Division are in compliance with Subsection 3(a).
- (d) If the Trustee is unable to verify that the Annual Disclosure Statement has been provided to the MSRB by the date required in Subsection 3(a), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit B.
- (e) On the effective date of this Agreement, the most recent fiscal year for which the Financial Audit was available was for the year ending June 30, 2019.

Section 4. Content of Annual Disclosure Statement.

- (a) The Disclosing Parties' Annual Disclosure Statement shall contain or incorporate by reference the following:
 - (i) Information relating to Public Safety Charges collected under Act 660 of the 2019 Arkansas General Assembly on a calendar year basis for the preceding five calendar years, if available.
 - (ii) If prepared and available, the Comprehensive Annual Financial Report (CAFR) of the State of Arkansas for the most recent fiscal year available.
- (b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Disclosing Parties or related public entities, which have been submitted to the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Disclosing Parties shall clearly identify each such other document incorporated by reference.

Section 5. Reporting of Significant Events.

- (a) This Section shall govern the giving of notices of the occurrence of any of the following events:
 - (i) Principal and interest payment delinquencies;
 - (ii) Non-payment related defaults, if material;
 - (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (v) Substitution of credit or liquidity providers, or their failure to perform;
 - (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (vii) Modifications to rights of security holders, if material;
 - (viii) Bond calls (other than mandatory sinking fund redemptions, if any), if material;
 - (ix) Defeasances and tender offers;
 - (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (xi) Rating changes;

- (xii) Bankruptcy, insolvency, receivership or similar event of the Department;
 - (xiii) The consummation of a merger, consolidation or acquisition involving the Division or the sale of all or substantially all of the assets of the Department, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (xv) Incurrence of a Financial Obligation of a Disclosing Party, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of a Disclosing Party, any of which may affect security holders, if material; and
 - (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of a Disclosing Party, any of which reflect financial difficulties.
- (b) If a Listed Event occurs while any Bonds are outstanding, the Authority or the Division, as appropriate, shall provide, or shall cause to be provided by the Trustee, a Listed Event Notice (the "Listed Event Notice"), in a timely manner within ten (10) Business Days after the occurrence of such Listed Event, to the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.msrb.emma.org> or any other similar system that is acceptable to the Securities and Exchange Commission. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.
- (c) Upon occurrence of a Listed Event, the Division agrees to report such occurrence to the Authority in a timely manner not in excess of two Business Days after the occurrence of such Listed Event. The Authority shall in a timely manner determine if a notice relating to such reported event must be filed and, if filing is required, file the Listed Event Notice in the time required by Section 5(b).
- (d) The Trustee shall promptly advise the Authority whenever, in the course of performing its duties as Trustee hereunder, the Trustee identifies an occurrence which may require the Authority to provide a Listed Event Notice; provided that, the failure of the Trustee so to advise the Authority shall not constitute a breach by the Trustee of any of its duties and responsibilities hereunder or under the Indenture.
- (e) If the Trustee has been instructed by the Authority to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the MSRB through EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (viii) and (ix) of the definition of "Listed Event" in Section 5(a) of this Agreement need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owners of affected Bonds pursuant to the Indenture.

- (f) Notwithstanding the above, the Trustee shall file a notice in accordance with subsection (d) above of Listed Events described in subsections (viii) and (ix) of the definition of "Listed Event" in Section 5(a) of this Agreement without direction from the Authority and without a determination by the Authority as whether such event must be filed pursuant to applicable federal securities laws.

Section 6. Termination of Reporting Obligation. The obligations of the Disclosing Parties under this Agreement shall terminate upon the defeasance, prior redemption, or payment in full of all of the Bonds.

Section 7. Additional Information. Nothing in this Agreement shall be deemed to prevent the Disclosing Parties from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Disclosure Statement or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Disclosing Parties choose to include any information in any Annual Disclosure Statement or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Disclosing Parties shall not have any obligation under this Agreement to update such information or include it in any future Annual Disclosure Statement or notice of occurrence of a Listed Event.

Section 8. Amendment and Waiver. Notwithstanding any other provision of this Agreement, the Disclosing Parties and the Trustee may amend this Agreement (and the Trustee shall agree to any amendment so requested by the Disclosing Parties so long as such amendment is not materially adverse to the Trustee), and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Disclosing Parties and the Trustee, to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Default.

- (a) In the event of a failure of the Disclosing Parties or the Trustee to comply with any provision of this Agreement, the Trustee may (and, at the request of any Underwriter or the Beneficial Owners of at least 25 percent aggregate principal amount of Outstanding Bonds, shall), or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Disclosing Parties or the Trustee, as the case may be, to comply with its obligations under this Agreement.
- (b) Notwithstanding the provisions of Subsection 9(a), no Beneficial Owner shall have any right to take any action to challenge the adequacy of the information provided in accordance with this Agreement unless the Beneficial Owners of at least 25 percent aggregate principal amount of Outstanding Bonds shall have made written request to the Trustee to take such action in its own name and shall have offered the Trustee reasonable indemnity, and the Trustee for 60 days after its receipt of notice, request, and offer of indemnity has failed to institute any such action.
- (c) A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Disclosing Parties or the Trustee to comply with this Agreement shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Trustee. The Trustee shall have only such duties as are specifically set forth in this Agreement, and the Disclosing Parties agree to indemnify and save the Trustee, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. The obligations of the Disclosing Parties under this Section shall survive resignation or removal of the Trustee and payment of the Bonds.

Section 11. Beneficiaries. This Agreement shall inure solely to the benefit of the Disclosing Parties, the Trustee, the Underwriter and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

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

**ARKANSAS DEVELOPMENT FINANCE
AUTHORITY**

By: _____
Bryan Scoggins, President

**ARKANSAS DEPARTMENT OF PUBLIC
SAFETY, DIVISION OF EMERGENCY
MANAGEMENT**

By: _____
Name: _____
Title: _____

REGIONS BANK

By: _____
Name: _____
Title: _____

EXHIBIT A

ANNUAL DISCLOSURE STATEMENT

Name of Issuer: Arkansas Development Finance Authority

Name of Obligated Party: Arkansas Department of Public Safety, Division of Emergency Management

Name of Bond Issue: \$85,810,000 Arkansas Development Finance Authority Public Safety Charges Revenue Bonds (Arkansas Division of Emergency Management Project), Series 2020, dated December 29, 2020

Filing Date: _____

CUSIP Nos: _____

Part I

Annual information of the type set forth in the Official Statement dated December 29, 2020 describing the Bonds under the caption **Historical Public Safety Charges-Act 660 Collections** for the first available calendar year preceding the date of filing and to the extent available, for the four calendar years preceding. See Section 4(a)(i) of the Continuing Disclosure Agreement dated December 29, 2020.

Part II

If prepared and available, the Comprehensive Annual Financial Report (CAFR) of the State of Arkansas for the most recent fiscal year available. See Section 4(a)(iii) of the Continuing Disclosure Agreement dated December 29, 2020.

The Comprehensive Annual Financial Report (CAFR) of the State of Arkansas for the fiscal year ended June 30, 20__ [is attached hereto and made a part hereof] [has not been provided to the Disclosing Parties as of the date of this filing].

Part III

As of the date of this filing, the rating assigned to the Bonds by _____ is "___."

EXHIBIT B

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

Name of Issuer: Arkansas Development Finance Authority

Name of Obligated Party: Arkansas Department of Public Service, Division of Emergency Management

Name of Bond Issue: \$85,810,000 Arkansas Development Finance Authority Public Safety Charges Revenue Bonds (Arkansas Division of Emergency Management Project), Series 2020, dated December 29, 2020

Dated Date: December 29, 2020

NOTICE IS HEREBY GIVEN that the Disclosing Parties have not provided an Annual Disclosure Statement with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of December 29 2020 between the Disclosing Parties and Regions Bank, as Trustee. [The Disclosing Parties anticipate that the Annual Disclosure Statement will be filed by _____.]

Dated: _____

Regions Bank, as Trustee

cc: Arkansas Development Finance Authority
#1 Commerce Way, Suite 602
Little Rock, AR 72202
Attn: Chief Financial Officer