



PROGRAM FACT SHEET IN ACCORDANCE WITH
A.C.A. § 15-5-212(b)
FOR LEGISLATIVE COUNCIL REVIEW

CY2014DF004
State of Arkansas
General Obligation Amendment 82 Bonds
Series 2014
Big River Steel
\$75,000,000 Series 2014A
\$50,000,000 Series 2014B
Total \$125,000,000

Closing Date:	<i>June 30, 2014</i>	Dated Date:	<i>June 30, 2014</i>
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Fees:	<i>\$5,000,000 – including Costs of Issuance, Fees payable to Underwriters and expenses to the state</i>
Interest Rate on Bonds:	<i>Series A Serial Bonds: 0.457% - 3.129% Series A Term Bonds: 3.429% - 4.111% Series B Term Bonds: 4.161%</i>
Average Life:	
Final Maturity Date:	<i>Series A Serial Bonds: July 1, 2024 Series A Term Bonds: July 1, 2034 Series B Term Bonds: July 1, 2034</i>

Program Officers:	<i>Gene Eagle, ADFA President Brad Henry, Vice President for Development Finance Authority</i>
Issuer:	<i>State of Arkansas, Arkansas Development Finance Authority</i>

Professionals:	
Trustee:	<i>Simmons First Trust Company, N.A.</i>
Bond Counsel:	<i>Friday, Eldredge & Clark, Little Rock, AR</i>
Underwriters:	<i>Crews & Associates, Stephens, Inc.; Raymond James; and Loop Capital Markets</i>
Underwriter's Counsel:	<i>Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, AR</i>
Issuer's Counsel:	<i>Kutak Rock</i>

Authority for Bonds:	<i>The Bonds are issued by the Arkansas Development Finance Authority on behalf of the State pursuant to Amendment No. 82 to the Constitution of the State of Arkansas ("Amendment 82"), Act No. 1981 of 2005, as amended, Act No. 1084 of 2013 and the Amendment 82 Agreement.</i>
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Use of Funds:	<i>Bonds are issued to provide funds to finance certain costs of a mini mill steel manufacturing facility, including buildings and infrastructure in Mississippi County, Arkansas; expenses of issuing the Bonds and expenses of the State in connection with the Project.</i>
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Other Comments:

This transaction was the first Amendment 82 bond issue for Arkansas. There are lessons we learned from this experience. There are a few recommendations we would suggest that be considered on any new Amendment 82 projects.

1. The Big River Steel Amendment 82 Agreement (Companion Acts 1084 and 1476 of 2014) had a hard termination date of 6/30/14. Future amendment 82 Agreements should also contain termination dates but they should also contain easily understood extension provisions. This is where we saw a conflict between the Amendment 82 authorizing legislation in 15-14-3201 and Companion Acts 1084 and 1476 of 2014.
2. The Big River Steel Amendment 82 Agreement required specific security for the \$50MM Incentive Loan that will be repaid by the company. If collateralized loans are to be used in future transactions, the Amendment 82 Agreement needs to contain more flexibility that that would allow for shared or pari passu collateral positions. This language is needed for the negotiation of a more traditional and acceptable intercreditor agreement with senior lenders. The specific defined collateral language resulted in a more expensive transaction to negotiate and to document.
3. The Arkansas Development Finance Authority and hired bond issuance professionals should be required to participate in the negotiation and drafting of future Amendment 82 Agreements. For example, bonds should be allowed to be issued at a premium or a discount. This provision was left out of the 2013 Acts. More involvement by bond professionals will result in better legislation.

Submitted to:	Marty Garrity, Bureau of Legislative Research Roger Norman, Division of Legislative Audit
	cc: Brenda Horner, Arkansas Department of Finance & Administration, Brenda.Horner@dfa.arkansas.gov
Submitted by:	Judy Brummett, Research Manager Arkansas Development Finance Authority 501-682-5917 Judy.Brummett@adfa.arkansas.gov
cc:	<i>Gene Eagle</i> <i>Brad Henry</i>

In accordance with A.C.A. § 25-1-118, all Act 36 reports are to be posted to ADFA's website.