



Sarah Huckabee Sanders
GOVERNOR

Hugh McDonald
SECRETARY OF COMMERCE

November 7, 2024

The Honorable Sarah Huckabee Sanders
Governor, State of Arkansas
500 Woodlane Street
Room 250, State Capitol
Little Rock, Arkansas 72201

RE: Disclosure of contracts between the Arkansas Development Finance Authority and business entities in which State Senator Jim Petty claims partial ownership

Dear Governor,

Please find attached board actions, staff recommendations and disclosure statements detailing agreements between the Arkansas Development Finance Authority (ADFA) and business entities owned partially by State Senator Jim Petty. Benefits were awarded or extended following the laws of the state of Arkansas, rules of ADFA and federal Internal Revenue Service requirements. Benefits were not awarded as a result of traditional competitive bidding or request for proposals.

Arkansas Code § 21-1-403 states, in part:

(a) No constitutional officer may enter into any lease agreement, contract, or grant with any state agency unless:

...

(2) If competitive bidding or a request for proposal was not required by law, the lease agreement, contract, or grant has received the prior approval of:

- (A) The Joint Budget Committee during legislative sessions or the Legislative Council between legislative sessions; and
- (B) The Governor.

And:

(b) No constitutional officer may receive any subgrant, subcontract, or assignment of any lease with a state agency unless the constitutional officer:

Arkansas Department of Commerce
1 Commerce Way, Suite 601 Little Rock, AR 72202
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...

(2) If competitive bidding or a request for proposal was not required by law, receives prior approval from:

(A) The Joint Budget Committee during legislative sessions or the Legislative Council between legislative sessions; and

(B) The Governor.

The proposed contracts between ADFA and entities owned in part by Sen. Petty include direct contracts and agreements in which an entity owned in part by Sen. Petty will serve as a subcontractor. The board of the Arkansas Development Finance Authority has approved the proposed contracts at its regularly scheduled meeting held October 31, 2024.

Specifically, the proposed projects include the following contracts between ADFA and a company owned in part by Senator Petty.

- The extension or "swap" of federal Low Income Housing Tax Credits for a multi-family project to be located in Fayetteville, Ark. (Cobblestone Farm).
- Approval of contracts for the construction of multi-family developments with various developers, each of whom proposes to subcontract with a company partially owned by Sen. Petty, Strategic Realty, Inc., which will serve as manager of the following proposed projects: McAuley Place (Phase II), Miller Cottages, Southern Heights and Walnut Commons.

Pursuant to the code sections stated herein, the attached documents and disclosure statement from Senator Petty are presented to you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allison Plowman Hatfield'.

Allison Plowman Hatfield
General Counsel



Sarah Huckabee Sanders
GOVERNOR

Hugh McDonald
SECRETARY OF COMMERCE

Approval


Governor's Signature

Arkansas Department of Commerce
1 Commerce Way, Suite 601 • Little Rock, AR 72202
ARKANSAS.GOV

**BOARD HOUSING REVIEW COMMITTEE
ACTION MEMORANDUM**

Board HRC Meeting: 10/31/2024

Prepared by: John Blackwell

HOUSING PARTNER	
Name of Entity:	Strategic Realty Advisors, Inc.
Address of Entity:	812 Main Street Van Buren, AR 72956
Contact Person:	Jim Petty/Brent Lacefield
Phone	479-262-6655
Email Address:	jim@thesrc.com brent@thesrc.com
DEVELOPMENT INFORMATION	
Name of Development:	Cobblestone Farm (2020 award) N. 54th Ave and W. Wedington Drive Fayetteville, AR 72704
ACTION REQUESTED	
<p>Strategic Realty is requesting to exchange the 2020, 2021, and 2022 9% LIHTC allocations totaling 1,865,100 awarded to Cobblestone Farm of Fayetteville for a 2024 9% re-issue of 1,865,100 for the same development. They are requesting this credit swap because the development will not be able to meet the IRS's extended deadline of December 31, 2024 to place the units in service. If approved, the new deadline to place the units in service will be December 31, 2025.</p>	
BACKGROUND INFORMATION	
<p>Cobblestone Farm was originally awarded 1,220,100 9% LIHTC in 2020. The development was awarded 285,000 9% LIHTC in 2021 as part of the 1st hard cost increase, and 360,000 in 2022 as part of the 2nd hard cost increase. The development also received \$450,000 NHTF and 1,600,000 HOME.</p> <p>Strategic Realty Advisors, Inc. previously requested and was granted credit swaps in October of 2023 for their 2019 awarded development, StoneRidge Duplexes in Bentonville, in April of 2024 for their 2020 awarded development, Patriot Park, and their 2022 awarded development Eastern Arkansas scattered site.</p>	
FINAL RECOMMENDATION OF BOARD HOUSING REVIEW COMMITTEE	

STAFF HOUSING REVIEW COMMITTEE ACTION MEMORANDUM

Staff HRC Meeting: October 17, 2024
Prepared By: Alisa Green

Presented By: Lori Brockway

HOUSING PARTNER	
Name of Entity:	Community Rescue Mission, Inc. (CRM)
Address of Entity:	310 North F. Street Fort Smith, AR 72901
Contact Person:	Heather Sanders, Executive Director
Phone	479-782-1443
Email Address:	heather@fscrm.org
DEVELOPMENT INFORMATION	
Name of Development:	Miller Cottages 501 N. 4 th Street, Fort Smith 72901 Sebastian County MITAS #5570
ACTION REQUESTED	
CRM is seeking \$341,585 in Affordable Housing Assistance Program (AHAP) funds to construct 6 two and three - bedroom units for transitional housing.	
BACKGROUND INFORMATION	
Amount Requested: ADFA AHAP: \$341,585 in the form of a forgivable loan.	
Developer in Compliance: There are no outstanding issues with monitoring results from other Federal or State Agencies.	
Background Information: Total development budget is \$962,710.00 for new construction of 3 duplexes, consisting of 6 transitional housing units with the following sources: ADFA AHAP \$341,585, Federal Home Loan Bank (FHLB) \$90,000, Mabee/Windgate Foundations \$360,000, Fields/First Pres/First United Methodist \$59,158, and CDBG \$146,125.	
<ul style="list-style-type: none">• Unit breakdown<ul style="list-style-type: none">- 4- Two - bedroom units.- 2- Three - bedroom units.• Unit sizes are 927 sq. ft. for the two - bedroom (A), 949 sq. ft. for the two - bedroom (B), and 1,133 sq. ft. for the three - bedroom,• Average cost per sq. ft. \$167.62• Average cost per unit \$168,118.33• There is no debt coverage ratio (DCR) on this project- funds are grants or forgivable loans.• Maximum Developer Fee is \$113, 784. The developer is requesting \$86,000 of the fee which will be paid by a source other than the AHAP funding.• Rent and Income limits will follow the FHLB guidelines.• Affordability period will be 20 years.	
FINAL RECOMMENDATION OF STAFF HOUSING REVIEW COMMITTEE	
Recommended for Approval. ADFA has received disclosure notices identifying Strategic Realty Management, Inc., as a subcontractor for this project. Strategic Realty is part owned by Jim Petty, who is a state senator. Pursuant to Arkansas Code Annotated Section 21-1-403(b), this project must therefore be approved by both the Governor and the Arkansas Legislative Council prior to execution.	

MEMORANDUM

To: ADFA Board Housing Review Committee

From: Lori Brockway, Federal Housing Programs Manager

Date: October 31, 2024

Subject: Southern Heights Apartments

Background:

Southern Heights Apartments- Phase II
New Construction of 45- 3- & 4-Bedroom single family units (multifamily rental)

- Approved for funding in July 2024.
- Initial award was approved contingent upon a wetland delineation. The wetland delineation (performed by Tioga) was provided, and based on the findings, there is no wetland on the site (though only the US Army Corps of Engineers ("USACE") can make that final determination) and there are two streams on site which would fall under the jurisdiction of the USACE (and may require permitting); therefore, after discussion with the USACE, ADFA has recommended that the developer apply to USACE for a permit and attach the delineation report so that USACE can understand what the project entails, determine what aspect(s) of the site fall under its jurisdiction, and evaluate what impacts may occur, what permits may be required, etc.

ADFA has received disclosure notices identifying Strategic Realty Management, Inc., as a subcontractor for this project. Strategic Realty is part owned by Jim Petty, who is a state senator. Pursuant to Arkansas Code Annotated Section 21-1-403(b), this project must therefore be approved by both the Governor and the Arkansas Legislative Council prior to execution.

MEMORANDUM

To: ADFA Board Housing Review Committee

From: Lori Brockway, Federal Housing Programs Manager

Date: October 31, 2024

Subject: McAuley Place Apartments-Phase II

Background:

McAuley Place Apartments- Phase II
New Construction of 60 units

- Approved for funding in July 2024.
- Initial award was approved contingent upon an acceptable legal description.

ADFA has received disclosure notices identifying Strategic Realty Management, Inc., as a subcontractor for this project. Strategic Realty is part owned by Jim Petty, who is a state senator. Pursuant to Arkansas Code Annotated Section 21-1-403(b), this project must therefore be approved by both the Governor and the Arkansas Legislative Council prior to execution.

STAFF HOUSING REVIEW COMMITTEE ACTION MEMORANDUM

Staff HRC Meeting: October 17, 2024
Prepared By: Carol Leek

Presented By: Lori Brockway

HOUSING PARTNER

Name of Entity:	Walnut Commons 2024, LP
Address of Entity:	5111 W. J B Hunt Drive, Suite 120 Rogers, AR 72758
Contact Person:	Susan Upchurch
Phone	479-263-0633
Email Address:	susan.upchurch@excelleratefoundation.com

DEVELOPMENT INFORMATION

Name of Development:	Walnut Commons 2660 W. Walnut St., Rogers, AR 72756 Benton County MITAS #5566
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ACTION REQUESTED

Developer is seeking \$2,554,000 in HOME funds to construct 60 one-, two-, and three-bedroom units for multifamily tenants.

BACKGROUND INFORMATION

Amount Requested:

ADFA HOME: \$2,000,000 @ 1% amortized over 30 years with a loan term of 30 years, and \$554,000 @ 2% amortized over 30 years with a loan term of 30 years.

Developer in Compliance: There are no outstanding compliance issues or fees due.

Background Information:

Total development budget is \$13,193,236 to construct 60 units, consisting of 1BR, 2BR, and 3BR units with the following sources: HOME \$2,554,000, Permanent Loan \$2,000,000, General Partner Equity \$100, and LIHTC Equity \$8,639,136.

- Unit breakdown
 - LIHTC Units will consist of 10-1BR, 26- 2BR, and 9- 3BR - 45 total LIHTC.
 - HOME units will consist of 2- 1BR, 10- 2BR and 3- 3BR - 15 total HOME.
- Unit sizes are 580 sq. ft. for the 1BR, 800 sq. ft. for the 2BR, and 1,000 sq ft. for the 3BR.
- Average cost per sq. ft is \$276.24.
- Average cost per unit is \$219,887.27.
- Debt coverage ratio ("DCR") ranges from 1.36 in year 1 to 1.16 in year 15, averaging 1.26.
- Maximum developer fee allowed is \$1,612,780. Developer requested \$0.

Note: Davis-Bacon requirements will apply.

FINAL RECOMMENDATION OF STAFF HOUSING REVIEW COMMITTEE

Recommended for Approval - Contingent upon receipt of eligible Match contribution - the developer has indicated off-site infrastructure by the City of Rogers valued at \$742,000 as match contribution, however, has not provided the city's budget and plans detailing how many housing units will be served and the timeframe will coincide with project. The cost of the infrastructure should be pro-rated according to CPD 97-03 HOME Program Match Guidance.

ADFA has received disclosure notices identifying Strategic Realty Management, Inc., as a subcontractor for this project. Strategic Realty is part owned by Jim Petty, who is a state senator. Pursuant to Arkansas Code Annotated Section 21-1-403(b), this project must therefore be approved by both the Governor and the Arkansas Legislative Council prior to execution.

ATTACHMENT F-2

CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

Check one and complete:

- ☐ Applicant
☐ Consultant
☐ Contractor
☐ Tax Attorney
☐ Accounting/CPA Consultant
☐ Application Preparer

- ☐ Developer
☐ Architect
☒ Management Company
☐ Bond Attorney
☐ Energy Consultant
☐ Nonprofit Sponsor
☐ Other: _____

Failure to complete all of the following information may result in a delay in obtaining a contract, lease, purchase agreement, grant award or other award from or with any Arkansas State Agency. You MUST complete all information requested OR you must indicate "none of the above applies."

SUBCONTRACTOR: SUBCONTRACTOR NAME:

☒ Yes ☐ No

IS THIS FOR:

TAXPAYER ID NAME: Strategic Realty Management, Inc.
Both?

☐ Goods? ☐ Services? ☒

YOUR LAST NAME:: Cook

FIRST NAME:Dawn

M.I.:M.

ADDRESS:812 Main Street

CITY:Van Buren
COUNTRY:USA

STATE:AR

ZIP CODE:72956

**AS A CONDITION OF OBTAINING, EXTENDING, AMENDING, OR RENEWING A CONTRACT, LEASE, PURCHASE AGREEMENT,
OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:**

For Individuals*

Indicate below if: you, your spouse or the brother, sister, parent, or child of you or your spouse is a current or former: member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee:

Position Held	Mark (√)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and how are they related to you? [i.e., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]	
	Curr ent	Form er		From MM/YY	To MM/YY	Person's Name(s)	Relation
General Assembly	<input type="checkbox"/>	<input type="checkbox"/>					
Constitutional Officer	<input type="checkbox"/>	<input type="checkbox"/>					
State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>					
State Employee	<input type="checkbox"/>	<input type="checkbox"/>					

☒ None of the above applies

F O R A V E N D O R (B U S I N E S S) *

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

Position Held	Mark (✓)		Name of Position of Job Held [senator, representative, name of board/commission, data entry, etc.]	For How Long?		What is the person(s) name and what is his/her % of ownership interest and/or what is his/her position of control?		
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Ownership Interest (%)	Position of Control
General Assembly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	State Senator	01/2023	Current	Jim C. Petty	50%	Owner
Constitutional Officer	<input type="checkbox"/>	<input type="checkbox"/>						
State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>						
State Employee	<input type="checkbox"/>	<input type="checkbox"/>						

☐ None of the above applies

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a state agency I agree as follows:

- Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.
- I will include the following language as a part of any agreement with a subcontractor:
Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.
- No later than ten (10) days after entering into any agreement with a subcontractor, whether prior or subsequent to the contract date, I will mail a copy of the CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM completed by the subcontractor and a statement containing the dollar amount of the subcontract to the state agency.

I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature Dawn M. Cook
Vendor Contact Person: Dawn M. Cook

Title: President
Title: President

Date: 10/17/2024
Phone No. 479/ 262-6655

Agency use only

Agency Agency

Agency

Contact

Contract

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Number_____ Name_____ Contact Person_____ Phone No._____ or Grant No._____

ATTACHMENT F-2

CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

Check one and complete:

- ☐ Applicant
☐ Consultant
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☐ Accounting/CPA Consultant
☐ Application Preparer

- ☐ Developer
☐ Architect
☒ Management Company
☐ Bond Attorney
☐ Energy Consultant
☐ Nonprofit Sponsor
☐ Other: _____

Failure to complete all of the following information may result in a delay in obtaining a contract, lease, purchase agreement, grant award or other award from or with any Arkansas State Agency. You MUST complete all information requested OR you must indicate "none of the above applies."

SUBCONTRACTOR: _____ SUBCONTRACTOR NAME: _____
☒ Yes ☐ No

TAXPAYER ID NAME: Strategic Realty Management, Inc. IS THIS FOR: ☐ Goods? ☐ Services? ☒ Both?

YOUR LAST NAME:: Cook FIRST NAME:Dawn M.I.:M.

ADDRESS:812 Main Street

CITY:Van Buren STATE:AR ZIP CODE:72956
COUNTRY:USA

AS A CONDITION OF OBTAINING, EXTENDING, AMENDING, OR RENEWING A CONTRACT, LEASE, PURCHASE AGREEMENT, OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:

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Indicate below if: you, your spouse or the brother, sister, parent, or child of you or your spouse is a current or former: member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee:

Position Held	Mark (√)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and how are they related to you? [i.e., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]	
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Relation
General Assembly	<input type="checkbox"/>	<input type="checkbox"/>					
Constitutional Officer	<input type="checkbox"/>	<input type="checkbox"/>					
State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>					
State Employee	<input type="checkbox"/>	<input type="checkbox"/>					

☒ None of the above applies

FOR A VENDOR (BUSINESS) *

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

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	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Ownership Interest (%)	Position of Control
General Assembly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	State Senator	01/2023	Current	Jim C. Petty	50%	Owner
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☐ None of the above applies

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a state agency I agree as follows:

1. Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.
2. I will include the following language as a part of any agreement with a subcontractor:
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I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature Dawn M. Cook

Vendor Contact Person: Dawn M. Cook

Title: President

Title: President

Date: 7/14/2024

Phone No. 479/ 262-6655

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Agency Agency

Agency

Contact

Contract

ATTACHMENT F-2

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State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>					
State Employee	<input type="checkbox"/>	<input type="checkbox"/>					

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F O R A V E N D O R (B U S I N E S S) *

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I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature Dawn M. Cook
Vendor Contact Person: Dawn M. Cook

Title: President
Title: President

Date: 10/17/2024
Phone No. 479/ 262-6655

Agency use only

Agency Agency

Agency

Contact

Contract

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Number_____	Name_____	Contact Person_____	Phone No._____	or Grant No._____
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ATTACHMENT F-2

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☐ Consultant
☐ Contractor
☐ Tax Attorney
☐ Accounting/CPA Consultant
☐ Application Preparer

- ☐ Developer
☐ Architect
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☐ Nonprofit Sponsor
☐ Other: _____

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☒ Yes ☐ No

IS THIS FOR:

TAXPAYER ID NAME: Strategic Realty Management, Inc.
Both?

☐ Goods? ☐ Services? ☒

YOUR LAST NAME:: Cook

FIRST NAME:Dawn

M.I.:M.

ADDRESS:812 Main Street

CITY:Van Buren
COUNTRY:USA

STATE:AR

ZIP CODE:72956

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OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:**

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Position Held	Mark (√)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and how are they related to you? [i.e., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]	
	Curr ent	Form er		From MM/YY	To MM/YY	Person's Name(s)	Relation
General Assembly	<input type="checkbox"/>	<input type="checkbox"/>					
Constitutional Officer	<input type="checkbox"/>	<input type="checkbox"/>					
State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>					
State Employee	<input type="checkbox"/>	<input type="checkbox"/>					

☒ None of the above applies

F O R A V E N D O R (B U S I N E S S) *

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

Position Held	Mark (✓)		Name of Position of Job Held [senator, representative, name of board/commission, data entry, etc.]	For How Long?		What is the person(s) name and what is his/her % of ownership interest and/or what is his/her position of control?		
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Ownership Interest (%)	Position of Control
General Assembly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	State Senator	01/2023	Current	Jim C. Petty	50%	Owner
Constitutional Officer	<input type="checkbox"/>	<input type="checkbox"/>						
State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>						
State Employee	<input type="checkbox"/>	<input type="checkbox"/>						

☐ None of the above applies

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a state agency I agree as follows:

- Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.
- I will include the following language as a part of any agreement with a subcontractor:
Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.
- No later than ten (10) days after entering into any agreement with a subcontractor, whether prior or subsequent to the contract date, I will mail a copy of the CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM completed by the subcontractor and a statement containing the dollar amount of the subcontract to the state agency.

I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature Dawn M. Cook
Vendor Contact Person: Dawn M. Cook

Title: President
Title: President

Date: 10/17/2024
Phone No. 479/ 262-6655

Agency use only

Agency Agency

Agency

Contact

Contract

Item G page 18

Number_____	Name_____	Contact Person_____	Phone No._____	or Grant No._____
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ATTACHMENT F-2

CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

Check one and complete:

- ☒ Applicant
☐ Consultant
☐ Contractor
☐ Tax Attorney
☐ Accounting/CPA Consultant
☐ Application Preparer

- ☐ Developer
☐ Architect
☐ Management Company
☐ Bond Attorney
☐ Energy Consultant
☐ Nonprofit Sponsor
☐ Other: _____

Failure to complete all of the following information may result in a delay in obtaining a contract, lease, purchase agreement, grant award or other award from or with any Arkansas State Agency. You MUST complete all information requested OR you must indicate "none of the above applies."

SUBCONTRACTOR: _____ SUBCONTRACTOR NAME: _____
☐ Yes ☒ No

TAXPAYER ID NAME: Fayetteville Housing Partners Limited Partnership
 Services? ☐ Yes ☒ Both? IS THIS FOR: ☐ Goods? ☐

YOUR LAST NAME:: Petty FIRST NAME: Jim M.I.: C.

ADDRESS: 812 Main Street

CITY: Van Buren STATE: AR ZIP CODE: 72956
 COUNTRY: USA

AS A CONDITION OF OBTAINING, EXTENDING, AMENDING, OR RENEWING A CONTRACT, LEASE, PURCHASE AGREEMENT, OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:

For Individuals*

Indicate below if: you, your spouse or the brother, sister, parent, or child of you or your spouse is a current or former: member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee:

Position Held	Mark (√)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and how are they related to you? [i.e., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]	
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Relation
General Assembly	<input type="checkbox"/>	<input type="checkbox"/>					
Constitutional Officer	<input type="checkbox"/>	<input type="checkbox"/>					
State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>					
State Employee	<input type="checkbox"/>	<input type="checkbox"/>					

☒ None of the above applies

F O R A V E N D O R (B U S I N E S S) *

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

Position Held	Mark (✓)		Name of Position of Job Held [senator, representative, name of board/commission, data entry, etc.]	For How Long?		What is the person(s) name and what is his/her % of ownership interest and/or what is his/her position of control?		
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Ownership Interest (%)	Position of Control
General Assembly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	State Senator	1/1/2023	Present	Jim C. Petty	50%	Owner
Constitutional Officer	<input type="checkbox"/>	<input type="checkbox"/>						
State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>						
State Employee	<input type="checkbox"/>	<input type="checkbox"/>						

☐ None of the above applies

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a state agency I agree as follows:

1. Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.
2. I will include the following language as a part of any agreement with a subcontractor:
Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.
3. No later than ten (10) days after entering into any agreement with a subcontractor, whether prior or subsequent to the contract date, I will mail a copy of the CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM completed by the subcontractor and a statement containing the dollar amount of the subcontract to the state agency.

I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature Jim C. Petty
Vendor Contact Person: Jim C. Petty

Title: Manager of General Partner
Title: Manager of General Partner

Date: 11-5-24
Phone No. 479/ 262-6655

Agency use only

Agency Agency

Agency

Contact

Contract Item G page 21

Number_____	Name_____	Contact Person_____	Phone No._____	or Grant No._____
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ARKANSAS DEVELOPMENT FINANCE AUTHORITY

BOARD OF DIRECTORS MEETING

OCTOBER 31, 2024

DIANA BANQUET ROOM

THE LODGE AT MOUNT MAGAZINE STATE PARK

577 LODGE DRIVE, PARIS, AR 72855

The Board of Directors of the Arkansas Development Finance Authority held its regular monthly Board Meeting at the annual ADFA Board of Directors Retreat on Thursday, October 31, 2024, at approximately 10:08 AM, Diana Banquet Room, The Lodge at Mount Magazine State Park.

ADFA Board Members Present: Carey Smith, Chairman; Rod Coleman, Vice-Chairman; Jon Chadwell; Alan McVey (Jim Hudson, Secretary, Department of Finance and Administration); Dr. Lee Lane; Seth Mims; Denise Sweat; Kirkley Thomas; and Larry Walther, Treasurer, Office of Treasurer of State of Arkansas.

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

ADFA Staff Present: Mark Conine, President, Arkansas Development Finance Authority; Robert "Ro" Arrington, Vice President, Homeownership and Public Finance; Jason Bays, HOME Program Coordinator; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel; Lori Brockway, Federal Housing Program Manager; Kristy Cunningham, Chief Financial Officer; Sean Doolin, Assistant Controller; Paula Farthing, Loan Servicing Manager; Susan Gardner, Assistant Federal Housing Program Manager and Software Coordinator; Alisa Green, HOME-ARP Program Specialist; Tracy Green, Assistant Controller; Lanita Hastings, HOME Program Coordinator; Kimmy Helble, Executive Assistant to President and Capital Access Program Administrator; Amanda Hill, HOME Program Coordinator; Carol Leek, HOME Program Coordinator; Hope Lewis, Controller; Drew Rogers, Attorney; Derrick Rose, Director of Outreach and Communication; Nick Sherwood, Compliance, HOME-ARP; Megan Summitt, Internal Auditor; Tammy White, Compliance Manager; Tony Williams, Director, Arkansas Student Loan Authority; and Birkett Wootton, Construction Inspector.

Others Present: Casey Kleinhenz, Community Development Corporation of Bentonville/Bella Vista, Inc; Tanya Mims, First National Bank of NWA; Ryan Crews, and Brian Ettehad, Frost, PLLC; Elston Blake Forte, Partners for Better Housing; Amanda Raible, PDC Companies; Kristina Knight, RichSmith Development; Jim Petty, Strategic Realty; and Nona McVay, The McVay Firm, PLLC.

Others Present VIA Phone or Video: Eric Munson, Arkansas State Treasurer's Office.

NEW BUSINESS
Minutes, Resolutions, Proposals and Appeals

Call to Order: Mr. Smith, Chairman of the Board, called the ADFA Board of Directors Meeting to order at approximately 10:08 AM.

Mr. Smith thanked ADFA Staff for their work and greeted attendees then announced that the Wi-Fi signal was not strong and that may cause the Zoom call to fail.

Mr. Smith then requested a roll call of Board Members.

President Remarks: Mr. Conine welcomed the ADFA Board, Staff, and guests to the Board of Directors meeting.

Mr. Conine stated that he was grateful for the ADFA Board and Staff, and the hard, sometimes even challenging, work that was accomplished with a comparably small group. Some states only had to focus on housing with a staff of 65 members or more, whereas ADFA had variety of divisions such as Public Finance, ANRC Bond Issues, Private Student Loans, Venture Capital, and Bond Guaranty, and each division was managed impressively well with a total of 45 staff members.

Mr. Conine concluded his remarks with the announcement that there would not be an ADFA Board meeting in November, the next scheduled ADFA Board meeting would convene on Thursday, December 5th at the Department of Commerce Building.

Update: StartSmart Homeownership - For Information Only: Mr. Smith invited Mr. Arrington and Mr. Rose to the floor to present the StartSmart Homeownership update.

Mr. Arrington stated that the StartSmart program was a bond program that the Board gave ADFA permission to open up and reinvent earlier in the year and has since done well.

As Mr. Arrington welcomed Mr. Rose to the floor, he continued that Mr. Rose was on the front lines of the StartSmart program, answering the lenders, speaking with realtors, and attending conferences throughout the state.

Mr. Rose began his presentation with a 60-second testimonial video of one of the new homebuyers that he met with. The homebuyer, Abraham, found out about the StartSmart program through his lender, and quickly decided that the program was an easy and obvious choice. Abraham stated he would not have been able to secure the mortgage without the Down Payment Assistance (DPA) even though the mortgage was within his budget. The lower interest rate made it more approachable, and Abraham was able to purchase the home he chose rather than settling for something else.

Mr. Rose continued that to-date, ADFA had provided \$64MM in loans with this program which is 375 home loans. In comparison, 1,108 Move-Up, or TBA loans have been made.

Mr. Rose further stated that ADFA was on track in 2024 to be equal to the largest amount of home loans in ADFA's history or may even exceed that amount. The average loan size was \$176,000 for StartSmart and \$188,000 for Move-Up. An average DPA is a little more than \$10,000 and close to 98% of ADFA's home loans have DPA associated with them.

Mr. Rose reiterated that he had been in contact with or presented to the Mortgage Bankers Association of NWA, the Board of Realtors in Harrison, and that ADFA's home loan programs were mentioned at the Mortgage Bankers of Arkansas Annual Meeting and that knowledge of the programs were being shared in-person and via social media.

Mr. Rose concluded his presentation with that the next Single Family Bond Issue may be brought before the Board at the beginning of 2025.

For information only. No action was necessary.

ADFA Board Minutes: Mr. Smith presented the ADFA Board of Directors minutes from the September 19, 2024, meeting and asked if any Board member had comments or revisions; being none, Mr. Smith sought a motion to approve.

Mr. Chadwell made a motion to approve the minutes from the September 19, 2024, ADFA Board meeting as presented.

Mr. McVey seconded the motion. The motion passed.

Other Business: Action Memo - Option to Purchase Real Property in Franklin County: Mr. Smith turned the meeting over to Mr. Conine, who then presented the Action Memo - Option to Purchase Real Property in Franklin County, which was provided to the Board as a handout at the beginning of the meeting.

Mr. Conine stated that the Action Memo was a proposal to approve the purchase of approximately 829 acres of land located in Franklin County, Arkansas, at \$2,950,000 or \$3,560/acre.

Mr. Conine clarified that statutorily, ADFA is permitted to purchase land, or hold land, if it is for a purpose to serve the state. Such purposes could be an economic development project, a correctional facility, an airport, or many other developments or projects so long as it serves the state. Over the years, ADFA has purchased land for various state projects.

Mr. Conine continued that ADFA sought the approval of the Board to execute its option. Thus far, ADFA had paid \$37,500 in earnest money to the proposed sellers of the land and associated costs for surveys and appraisals. Going forward, the ownership of the land would be transferred to a different state agency to be used for their purposes and ADFA would be reimbursed at the time that a project is completed upon the land and/or if ADFA issues bonds to aid in the finance of a project on the land.

Mr. Smith opened the floor to questions or discussion. Being none, a motion was entertained.

Mr. Walther made a motion that the Board of ADFA, give the authority to the Staff of ADFA to execute this Option and close on the property with the intent of transferring control over the property to another agency within the state, and that agency will be responsible for obtaining appropriate legislative approval to further the use of the property, and will be responsible for reimbursing the Authority in full, for all its costs associated with this transaction.

Mr. Thomas seconded the motion.

The motion passed.

ADFA Staff Board Reports: For information only. No action was taken.

OTHER BUSINESS **Committee Meetings and Reports to the Board**

Due to unforeseen circumstances, the Board necessitated to reorganize the arrangement of the Committees. The order of which the Committees convened is as follows:

Audit Committee:

Minutes: Ms. Sweat presented the Audit Committee minutes from the August 15, 2024, meeting.

Being no comments or questions were posed, Mr. Walther made a motion to approve the August 15, 2024, Audit Committee meeting minutes.

Mr. Smith seconded the motion.

The motion passed.

Presentations: Fiscal Year 2024 Audit Drafts: The Audit Drafts for Fiscal year 2024 were prepared by Frost, PLLC and presented by Frost representatives, Mr. Brian Ettehad, Audit Partner, and Mr. Ryan Crews, Audit Supervisor.

For clarification, Ms. Summitt stated that each audit would need to receive a separate vote.

Mr. Ettehad clarified that the Construction Assistance Revolving Loan Fund and the Safe Drinking Water Revolving Loan Fund were ANRC programs administered by ADFA and are part of a small group of programs that are subject to single audit within the state of Arkansas.

- **Arkansas Development Finance Authority:** Mr. Ettehad stated the Communication With Those Charged With Governance is a letter that is issued to the Board and Audit Committee which, as ADFA's auditor, had outlined the responsibilities, planned scope of timing, any risks that were identified, along with significant estimates or significant disclosures, etc.

Mr. Ettehad noted there had been no significant difficulties dealing with management related to the performance of the audit and commended Mr. Conine, Ms. Cunningham, and the ADFA team.

Mr. Ettehad continued that there were no corrected items, no uncorrected differences, and this was as clean of an audit as could be received.

Mr. Ettehad transitioned to the Opinion which regarded the financials and stated it was a Clean Opinion.

Mr. Ettehad highlighted the biggest changes for the year was an overall growth in cash and investments, and the revenue line showed an increase in terms of interest income.

Mr. Ettehad continued that each major program had a Clean Opinion, and the Schedule of Findings and Questioned Costs was best summarized by the audit itself having no material weaknesses, or significant deficiencies.

Mr. Ettehad stated that next year, the current Dollar Threshold of \$750,000 would change to \$1,000,000 on October 1, 2025.

After a brief discussion, Ms. Sweat entertained a motion to approve the Arkansas Development Finance Authority Audit Report for Fiscal Year 2024.

Mr. Smith made a motion to approve the Arkansas Development Finance Authority Audit Report for Fiscal Year 2024 as presented.

Mr. McVey seconded the motion. The motion passed.

- **Construction Assistance Revolving Loan Fund Program:** Mr. Ettehad stated that the Communication With Those Charged With Governance letter outlined the responsibilities expected of Frost, as auditors. Similar risks are identified, those are the kind of risks that we have to evaluate in conjunction with every audit.

Mr. Ettehad stated that there were no corrected or uncorrected misstatements. In the process there were no issues that were found, either material to the overall financial statements that had to be corrected or items that were large enough that needed to be communicated to management or to those charged with governance.

Mr. Ettehad continued that both audits, the Construction Assistance Revolving Loan Fund and the Safe Drinking Water Revolving Loan Program, had a Clean Opinion. The one item to highlight would be that both Programs had borrowed some money at the

end of the audits last year. So this would be a subsequent event for the last year's audit for this year.

Ms. Sweat entertained a motion to approve the Construction Assistance Revolving Loan Fund Program audit for Fiscal Year 2024.

Mr. Walther made a motion to approve the Construction Assistance Revolving Loan Fund Program audit for Fiscal Year 2024 as presented.

Mr. McVey seconded the motion. The motion passed.

- **Safe Drinking Water Revolving Loan Program:** Mr. Ettehad began with the Communication With Those Charged With Governance letter and noted that Frost was able to complete the audit underneath the planned scope and timing.

Mr. Ettehad stated that again, there were no significant difficulties, no corrected or uncorrected misstatements, and there were no disagreements with management as part of that process.

Mr. Ettehad continued that the one of the main reasons that the management team did not have disagreements, differences, or adjustments was that the management team was good at communication and would consult with Frost throughout the year, and would also perform research on their own, and give Frost an opportunity to weigh in; it was a collaborative effort of both parties.

Mr. Conine interjected that for the fiscal year 2024, in the administration of both, the Construction Assistance Revolving Loan Fund and the Safe Drinking Water Revolving Loan Program, ADFA closed forty-six (46) new loans, which totaled \$303MM, and had 253 disbursements for \$103MM; it took a lot of difficult, and dedicated work.

Mr. Smith concluded the discussion with the reminder that both, the Construction Assistance Revolving Loan Fund and the Safe Drinking Water Revolving Loan Program, were programs that belong to Arkansas Natural Resource Commission (ANRC), and that ADFA had been administering, managing, and distributing the funds on the behalf of ANRC and it added a lot of additional work to the ADFA Staff.

Being no further discussion, Ms. Sweat entertained a motion to approve the audit for the Safe Drinking Water Revolving Loan Program for Fiscal Year 2024.

Mr. Walther made a motion to approve the audit for the Safe Drinking Water Revolving Loan Program for Fiscal Year 2024 as presented.

Mr. McVey seconded the motion. The motion passed.

Asset Commitment Committee:

Minutes: Mr. Chadwell sought approval of the minutes of the September 19, 2024, Asset Commitment Committee meeting, whereas Ms. Sweat was Acting Committee Chair for the duration of the meeting.

Ms. Sweat made a motion to approve the September 19, 2024, Asset Commitment Committee meeting minutes as presented.

Mr. Thomas seconded the motion. The motion passed.

Action Memo: Arkansas Student Loan Authority - Fourth Modifying and Supplementing Resolution: Mr. Williams stated the action being requested was an increase in the Arkansas Student Loan Authority (ASLA) loan program cap.

Mr. Williams continued this cap was originally put in place in 2018 with a \$5MM cap, due to that in the past ASLA only made federal loans that were federally insured, but with these being private student loans with no insurance, and no collateral, it appeared that the Board thought to keep a cap on these loans for review and to evaluate as time progressed. In 2021, the cap was increased from \$5MM to \$10MM, and in 2023 the cap was increased from \$10MM to \$20MM, this year the request is for the cap to be increased from \$20MM to \$40MM.

Mr. Williams stated that last year, ASLA originated \$5.8MM in loans, the volume has doubled each year, and ASLA is set to double the volume again this year. After three months, ASLA had originated \$4MM, and after October, ASLA originated \$4.6MM for this fiscal year.

Mr. Williams further stated that by the end of January it is anticipated that ASLA will have originated \$20MM in loans, which is the reason for the request to increase the cap.

Mr. Williams noted there was a default rate of about half of 1%; within the \$14MM, there had only been \$76,000 in defaults.

Mr. Williams continued that the program covered its own costs for loan servicing, loan originations, and marketing, and had become a self-sustaining program with an ultimate goal to cover the salaries of the agency and become absolutely self-sustaining, not only supportive of direct costs, but also agency costs.

Mr. Williams stated ASLA was still able to offer interest rates with an average rate of 5.7%. ASLA compared a recent bond deal with their main competitor, Sally Mae, it had an average interest rate of 11.5%.

Being no further discussion, Mr. Chadwell entertained a motion to approve the Arkansas Student Loan Authority (ASLA) maximum loan cap to \$40MM.

Mr. Mims made a motion to approve the request as presented.

Ms. Sweat seconded the motion. The motion passed.

Action Item: Southern Bancorp Community Partners - SSBCI CDFI Participation

Program: Mr. Conine reminded the Board that in working with State Small Business Credit Initiative (SSBCI), the United States Department of Treasury had tasked ADFA with working with Community Development Financial Institutions (CDFI), which was a financial service provider that does not accept deposits yet focuses their services toward the underserved community. In working with CDFIs, ADFA must also loan money to certain subsets of the population.

Mr. Conine stated that ADFA had encouraged banks, such as Simmons Bank, to partner with CDFIs and work together to earn SSBCI funds.

Mr. Conine clarified that Simmons Bank, as with many banks, needed CRA credit and reinvestment credit and Southern Bancorp Community Partners (SBCP) which was the CDFI extension of Southern Bancorp served the underserved community; the plan was to request Simmons Bank invest \$1,000,000 at 2%, and ADFA would invest \$1,000,000 at 1%, the \$2,000,000 would go to SBCP, to which it would be repayable in ten years, interest only payments would be due quarterly for the ten-year period with the balance due at maturity. SBCP would be able to recycle the fund and loan the money out.

Mr. Conine confirmed that this would meet several conditions of the United States Treasury's SSBCI criteria to position ADFA closer to the receipt of the 2nd SSBCI tranche; ADFA would meet the conditions of funds disbursement, conducting business with CDFIs, and if the CDFI made loans to Socially, Economically, Disadvantaged Individuals (SEDI), which is their specific goal, from the funds, that also would match one of the conditions.

Mr. Conine stated his request was to seek the Board's approval to use \$1,000,000 to match the \$1,000,000 from Simmons Bank and loan it to SBCP for SSBCI purposes.

Being no further discussion, Mr. Chadwell entertained a motion to approve the request as presented.

Mr. Mims made a motion to approve the request as presented.

Ms. Sweat seconded the motion. The motion passed.

Confidential Reports: For information only. No action was taken.

Housing Review Committee:

Minutes: Mr. Coleman presented the minutes from the September 18, 2024, Housing Review Committee, Qualified Action Plan (QAP) meeting and asked if there were any questions or comments, being none, Mr. Coleman entertained a motion to approve.

Ms. Sweat made a motion to approve the minutes as presented.

Mr. Mims seconded the motion. The motion passed.

Mr. Coleman presented the minutes from the September 19, 2024, Housing Review Committee meeting, and asked if there were any questions or comments, being none, he sought a motion to approve the minutes.

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

Mr. Mims seconded the motion. The motion passed.

Report: Compliance Monitoring Activities: July through September 2024: Ms. White stated that she and her team continued to work on file audits and physical inspections. The physical inspections had been completed for the year. However, the team continued to perform follow-ups to ensure that compliance standards were being met and corrected.

Mr. Coleman stated out of the seventy-seven inspections, 60% of the monitors had scores of four or greater, and queried if that would be normal, or a little higher percentage to see.

Ms. White responded her team was hopeful that, with Covid being behind us, more improvements would be seen; there had also been discussion among her team about imposing an increase to penalties to encourage better care of the projects by the site managers.

After a brief discussion regarding an increase in penalties for the offenders of compliance standards, Mr. Conine commended Ms. White for the execution a tremendous job though Compliance was profoundly short staffed.

For information only. No action was taken.

Action Item: Final Draft - 2025 Qualified Action Plan (QAP): Mr. Blackwell presented the Final Draft of the 2025 Qualified Action Plan (QAP) and sought the approval of the Board.

Mr. Blackwell stated after the past several months that several meetings were convened to discuss and incorporate the changes that the Board requested, and there had been two Public Comment Meetings for additional input.

Mr. Coleman interjected that the vetting process of the 2025 QAP had been very stringent, and the Board decided it was necessary to not change the washer and dryer requirement. Mr. Coleman entertained a motion to approve the Final Draft of the 2025 QAP.

Mr. Mims made a motion to approve the Final Draft of the 2025 QAP as submitted.

Ms. Sweat seconded the motion. The motion passed.

Action Memos: New Applications: Ms. Brockway presented the 4th Street Cottages action memo with the request of \$600,000 in HOME funds to construct ten (10) one-bedroom units. They had also applied for and received Federal Home Loan Bank (FHLB) funds of \$1,100,000. ADFA would be in the first position and Staff recommended approval contingent upon a successful Phase II.

Mr. Chadwell moved for approval.

Ms. Sweat seconded the motion. The motion passed.

Ms. Brockway presented Miller Cottages on behalf of Community Rescue Mission (CRM) and stated that this was one of the projects that ADFA did not fund for Non-Congregate Shelter Housing. The Staff had been searching for a means to fund the project and found that there was Affordable Housing Assistance Program (AHAP) funds remaining that did not have any federal ties and appeared to be a good fit for this particular project.

Ms. Brockway continued that Miller Cottages would be transitional housing and sought \$341,585 in the form of a forgivable loan and the total development budget was \$962,710. There would be four (4) two-bedroom units, and two (2) three-bedroom units. There is no Debt Coverage Ratio (DCR) because the funds or grants are forgivable loans. The rent and income limits would follow the FHLB guidelines.

Ms. Brockway further continued ADFA Staff recommended Miller Cottages for approval but had also received disclosure notices identifying Strategic Realty Management as a subcontractor, which was part owned by state senator, Jim Petty, therefore the management company must be approved by both the Governor and the Arkansas Legislative Council prior to execution.

Ms. Brockway divulged since the preparation of the action memo, ADFA discovered that Heather Sanders, who was the Executive Director of CRM with her last day having been October 17th., with that ADFA Staff sought the approval contingent upon the assurance from the Nonprofit that they have the capacity to move the project forward to completion.

Mr. Coleman proposed a change to the action memo to state that the loan was forgivable at the end of the 20-year affordability period and to include the contingency that the nonprofit provide assurance that they have the capacity to move the project forward in the absence of the former Executive Director, Heather Sanders.

Mr. Coleman entertained a motion to approve the application with the contingency in regard to the assurance from Miller Cottages and change aforementioned.

Mr. Chadwell made a motion to approve the application with said changes.

Ms. Sweat seconded the motion. The motion passed.

Action Item: Previously Awarded Project Updates:

- **Southeast Estates:** Ms. Brockway stated ADFA had some previously awarded 90% LIHTC projects at the July meeting, two of which were in a floodplain. The Board stipulated that neither project would be allowed to build on a flood plain and a new site was required. The developer was able to find a new site for Southeast Estates and Southeast Estates Senior.

Ms. Brockway highlighted Southeast Estates new site increased the Total Development Cost (TDC) by \$395,927, whereas previously the city had donated the other site. The Total Development Budget (TDB) is \$11,023,297, with the average cost per square foot increased from \$207.48 to \$215.21, and the average cost per unit increased from \$177,122 to \$183,721, and the DCR is still good. ADFA Staff now recommended this for approval.

After additional discussion, Mr. Coleman entertained a motion to approve the recommendation of Southeast Estates.

Mr. Mims made a motion to approve.

Ms. Sweat seconded the motion. The motion passed.

- **Southeast Estates Senior:** Ms. Brockway stated that Southeast Estates Senior had the same situation, the new site, which is on the same site as Southeast Estates, increased the TDC by \$582,537. The average cost per square foot increased from \$223 to \$236, with an average cost per unit increased from \$169,164 to \$178,873, the DCR is acceptable, and they have provided their match. ADFA Staff now recommended this for approval.

Mr. Coleman entertained a motion to approve the recommendation of Southeast Estates Senior.

Ms. Sweat made a motion to approve.

Mr. Chadwell seconded the motion. The motion passed.

- **Southern Heights Apartments:** Ms. Brockway continued to Southern Heights Apartments memorandum that was in the first round of applications and approved for funding in July 2024 but needed a wetland delineation. Now that the wetland delineation had been received ADFA had recommended that the developer apply to USACE for a permit and attach the report so they have a better understanding of what the project entails and can determine what aspects of the site fall within its jurisdiction.

Ms. Brockway stated that the Southern Heights Apartments memorandum was only an update as Strategic Realty Management was the subcontractor, which was part owned by state senator, Jim Petty, and pursuant to the code, the management company must be approved by both the Governor and the Arkansas Legislative Council prior to execution.

Mr. Blackwell reiterated that the Southern Heights Apartments memorandum was an update only and no action was needed.

- **McAuley Place Apartments Phase II:** Ms. Brockway updated the Board that the McAuley Place Apartments Phase II was approved for funding in July 2024, and the initial award was approved contingent upon an acceptable legal description, which had not been received as of October 2024.

Ms. Brockway continued that as Strategic Realty Management was the subcontractor for that property, and pursuant to the code, the management company must be approved by both the Governor and the Arkansas Legislative Council prior to execution.

Ms. Brockway noted the fact that the ADFA Deed Restriction bound to the land whereas the LURA was bound to the building and that would be where the differences are between these programs and the importance of an acceptable legal description.

Ms. Brockway reminded the Board that the McAuley Place Apartments Phase II memorandum was an update only and no action was needed.

Action Items: 2024 LIHTC/HOME/NHTF Funding - Second Round: Mr. Blackwell apprised the Board that ADFA received five (5) applications with a total request of \$4.8MM in LIHTC, and with only \$4.2MM available, Staff would recommend the four highest scoring applications because at that point ADFA would need to forward allocate \$90,000 for the next year.

Mr. Blackwell stated that the four (4) applications (Walnut Commons, Harrison Estates, Harrison Estates Senior, and The Bluffs at Shackleford) brought before the Board were Staff recommended for approval. However, in regard to Walnut Commons, Staff recommended a condition that the receipt of an eligible Match contribution be to receive the HOME request and approval for LIHTC funding.

Mr. Coleman entertained a motion to approve the four (4) applications (Walnut Commons, Harrison Estates, Harrison Estates Senior, and The Bluffs at Shackleford) for funding of 2024 Tax Credits with a contingency for Walnut Commons to pledge an eligible Match for the funding, plus the approval of the forward allocation of 2025 Tax Credits in the amount of \$89,258.

Mr. Mims made a motion to approve the recommendation as entertained by Mr. Coleman and ADFA Staff.

Mr. Chadwell seconded the motion. The motion passed.

Action Memo: 9% LIHTC Credit Exchange – Cobblestone Farm: Mr. Blackwell presented the 9% LIHTC credit exchange on behalf of developers, Mr. Jim Petty, and Mr. Brent Lacefield of Strategic Realty Advisors.

Mr. Blackwell stated that the Cobblestone Farm development needed an extension of time. The request was for an exchange of 2020, 2021, and 2022 9% LIHTC allocations that totaled 1,865,100 for a re-issue of 2024 9% LIHTC in the exact amount due to the development would not be able to meet the IRS's extended deadline of December 31, 2024 to place the units in service. If the exchange is approved, the deadline to place the units in service would be moved from December 31, 2024 to December 31, 2025.

Mr. Blackwell reminded the Board that the development received Hard Cost Increases in 2021 and 2022 which is why there are Credits from three different years; the development also received more HOME funding with the HOME funding increase that was allowed in 2023.

Mr. Blackwell noted that Mr. Petty was in attendance for questions in regard to the development and/or delays, and that ADFA Staff had not made a recommendation.

As the discussion progressed, it was noted that the HOME funds committed to the project had different deadlines to meet than the LIHTC deadlines. When the request for an extension of time for the HOME deadline is made with HUD, there is no guarantee for the request to be granted.

Mr. Mims moved for approval of the Cobblestone Farm 9% LIHTC Credit Exchange action memo as presented by ADFA Staff.

Mr. Chadwell seconded the motion. The motion passed.

Action Memo: Federal Housing Programs Per Unit Subsidy Limit Increase: Ms. Brockway provided the current Federal Housing Programs Per Unit Subsidy Limit Increase and proposed a 10% increase then asked the Board to consider even more of an increase to match HUDs Per Unit Subsidy Limit so that it would be more beneficial for developers, and for ADFA to obtain HOME dollars.

Mr. Blackwell interjected that by using the HUD limits would allow LIHTC and HOME programs to work easier by being able to administer HOME dollars with the Tax Credit program and generate an easier process to give developers more HOME dollars without triggering Davis Bacon.

After some discussion, Mr. Chadwell made a motion to approve the Federal Housing Programs Per Unit Subsidy Limit Increase to 10% across the board.

Mr. Mims seconded the motion as proposed by Mr. Chadwell. The motion passed.

Update: Failed Projects Update:

- **Hickory View and Maple Place:** Ms. Brockway and Mr. Blackwell presented the update together due to the projects were funded with LIHTC and HOME funds.

Ms. Brockway stated that both projects, Hickory View and Maple Place, had been awarded LIHTC and approved for funding in January 2019.

Mr. Blackwell stated the original Capital Needs Assessment (CNA) that was provided to ADFA was not the CNA that was used for the projects, which is against the rules of the QAP, and due to this another CNA had been requested, which the developer was in the process of completing what had been identified on the current CNA.

Ms. Brockway continued, during the time that the developer was to complete the critical and non-critical needs of the CNA, the deadline for completion had expired to which Ms. Brockway had filed an extension request with HUD. The response from HUD, that was dated October 11, 2024, stated HUD agreed that these were failed projects and ADFA would need to repay the funds, which ADFA has done. ADFA had requested that the developer repay the HOME funds, to which the developer has made some payments to Loan Servicing which has offset total funds repaid to HUD.

Ms. Brockway provided HUD with corrective action on what ADFA would do to ensure that this would not be repeated. However, the project had been monitored more closely as the four year date approached, but ADFA was not receiving responses from the developer, so there was not much ADFA could do at that point other than to rely on the inspections of the property to which ADFA did not feel that it could be closed on in the condition that it was in.

Mr. Blackwell confirmed that the Form 8609 had not been issued and Tax Credits have not given, due to the Final Cost Certification was based on the original CNA, which the developer did not follow; the property was not repaired in accordance with the executed documents on file.

Mr. Blackwell continued that the original CNA could have been updated had the developer communicated with ADFA Staff so that a new CNA could have been approved, but that never happened.

Mr. Conine added that the unauthorized CNA had many items listed "As Needed", which changed the scope of the project and initiated ADFA to require a third CNA, at

which time ADFA still tried to collaborate with the developer for the completion of the project in accordance with the authorized CNA so that Form 8609 could be released. A few items had been completed, but the HOME funds were no longer an option due to the four year period had passed, and the HOME funds had expired.

After much discussion, Mr. Coleman asked Mr. Conine and ADFA Staff to consider the option to allow the Board to withdraw Form 8609 and to not pay the developer any Tax Credits and to bar this developer from ever working in Arkansas. Mr. Conine responded that it would be considered but asked to give the developer until the November 11th due date to complete repayment, after which time it would be open for further discussion at the December Board meeting.

For information only. No action was taken.

- **Habitat for Humanity of Washington County:** Ms. Brockway stated that the purchase price limit was over HUD's limit and Habitat for Humanity of Washington County had an obligation to sell the two homes at the appraised value which caused the projects to fail.

Ms. Brockway continued Washington County Habitat for Humanity repaid the funds to ADFA, and ADFA would move the funds into ADFA's Program Income account when the repayment notification was received from HUD.

For information only. No action needed.

Updates: HOME/HOME-ARP/NHTF:

- **HOME Open Activities Report:** Ms. Brockway presented the HOME Open Activities Report and explained that the report showed the project listing, how much of the HOME funds had been expended, how close to completion the project was, etc. Line items marked in red have expenditure deadlines of December 2024.

For information only. No action needed.

- **National Housing Trust Fund (NHTF) Activity Report:** Ms. Brockway noted the two projects at the top of the report, Patriot Park and Cobblestone Farm, had a four-year completion deadline of December 31, 2024. After visiting with Senator Petty, he thought the Cobblestone Farm project would reach the deadline.

Senator Petty interjected that Patriot Park would not be completed by December 31, 2024, but expected project completion by mid-2025. Ms. Brockway responded that she would research the option of an extension and if it was available.

Ms. Brockway continued to Sunset Terrace and stated that it was ready to close out; Rockridge Point needed to close out because it had been funded with three different

years and it had some 2016 funds in the project, but it looked to be on a path to close out.

For information only. No action needed.

- **HOME-ARP Activities Report:** Ms. Brockway stated the Operating Expense Assistance was at the top of the report and the funds were being expended quickly, which ADFA was happy to report.

Ms. Brockway noted Supportive Services had been moving very slow so Staff had been closely monitoring that, and there may be a possibility that some of the Supportive Services funds would be de-obligated at the January Board meeting if the nonprofits do not perform.

Ms. Brockway announced that Women and Children First had the groundbreaking.

Ms. Brockway continued as ADFA had taken over the Emergency Services Grant (ESG) program, her team learned that close to \$1MM of ESG funds had not been expended for each year, and the task now was to find a way to expend these funds within the program guidelines.

For information only. No action needed.

ADJOURNMENT

Adjournment: Being no further business, Mr. Smith adjourned the ADFA Board of Directors meeting at approximately 12:24 PM.

Minutes approved and signed this 31st day of October, 2024.

Mark Conine,
President/Secretary

Carey Smith,
Chairman of the Board