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ARKANSAS SECURITIES DEPT.

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-12-0263**

IN THE MATTER OF:

**ARKANSAS DEVELOPMENT
FINANCE AUTHORITY,
PETITIONER**

ORDER NO. S-12-0263-12-OR01

**ORDER DECLARING THE PETITIONER AN INSTITUTIONAL BUYER
FOR A TRANSACTIONAL EXEMPTION PURSUANT TO
ARK. CODE ANN. § 23-42-504(a)(8)**

This Order is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509 (“Act”), the Rules of the Arkansas Securities Commissioner (“Rules”) promulgated under the Act, and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219.

FINDINGS OF FACT

1. Arkansas Development Finance Authority (“ADFA”) submitted a petition to be declared an institutional buyer for a transactional exemption pursuant to Ark. Code Ann. § 23-42-504(a)(8).
2. ADFA was created by Act 1062 of 1985, the Arkansas Development Finance Authority Act.
3. A Board of Directors governs ADFA and is composed of the State Treasurer, Director of the Department of Finance and Administration, and eleven public members whom the governor appoints.
4. ADFA employs a permanent full-time staff of professionals who, together, provide expertise in all areas of banking, finance, mortgage lending, and accounting.

5. ADFA is authorized and empowered to issue bonds and various other debt instruments for the purpose of financing qualified agricultural business enterprises, capital improvement facilities, educational facilities, health care facilities, housing developments, and industrial enterprises.

6. ADFA is well qualified to evaluate and to fund the purchase and is frequently involved in this type of bond transaction.

7. If deemed an institutional buyer, ADFA will purchase a bond from Old Bella Vista Property Owners Association, Inc. for the principal amount of \$600,000 with a closing date of November 28, 2012.

8. The bond is being issued for the purpose of financing the costs of constructing extensions, betterments, and improvements to the Issuer's water system, including a new water supply connection to the City of Bentonville.

9. So long as the Issuer complies with the federal requirements associated with the Bond, the principal of the Bond will be forgiven.

10. The transaction is not a public offering and not the type of transaction that the Arkansas Securities Act was designed to protect against by requiring registration.

11. ADFA is a state agency and is the sole purchaser of the Bond.

CONCLUSIONS OF LAW

12. The Commissioner may declare a person an institutional buyer for the purposes of a transactional exemption pursuant to Ark. Code Ann. § 23-42-504(a)(8) based upon the basis of knowledge, experience, volume, and number of transactions, and other securities background.

13. Based upon the representations made by ADFA in its petition, it is appropriate to issue an order declaring ADFA an institutional buyer for the purpose of the specific transaction outlined in paragraphs seven through eleven.

ORDER

IT IS THEREFORE ORDERED that the Arkansas Development Finance Authority be declared an institutional buyer for a transactional exemption pursuant to Ark. Code Ann. § 23-42-504(a)(8).

DATED this 20th day of November, 2012.

A handwritten signature in blue ink that reads "A. Heath Abshire". The signature is written in a cursive style with a long horizontal flourish extending to the right.

A. Heath Abshire
Arkansas Securities Commissioner