

**PRELIMINARY OFFICIAL STATEMENT**  
**\_\_\_\_\_, 2022**

**NEW ISSUE**

**Rating (Standard & Poor's): "A+" (Stable)**  
**(See "RATINGS" herein.)**

*In the opinion of Bond Counsel, the interest on the Series A Bonds is included in gross income under existing law. The interest on the Series A Bonds is exempt from all present State, county and municipal taxation in the State of Arkansas. See "TAXATION" herein.*

**\$11,000,000\***  
**CITY OF JONESBORO, ARKANSAS**  
**TAXABLE ECONOMIC DEVELOPMENT REVENUE BONDS**  
**(ADFA/AEDC GUARANTY PROGRAMS)**  
**(COLSON CASTER PROJECT)**  
**SERIES 2022A**

**Dated: Date of Delivery**

**Due: \_\_\_ 1, as shown on the inside cover**

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series A Bonds. Purchases will be made in book-entry form through DTC Participants and no physical delivery of the Series A Bonds will be made to purchasers of the Series A Bonds, except as described herein. Payment of principal and interest will be made to purchasers by DTC through its participants.

The Bonds are issued by and are special obligations of the City of Jonesboro, Arkansas (the "Issuer"), secured by the Issuer's pledge of all amounts realized by the Issuer under the Lease Agreement relating to the Project financed or refinanced with the proceeds of the Series A Bonds. See "THE BONDS – Security" herein. The Bonds are payable (except to the extent paid out of money attributable to Bond proceeds, insurance proceeds or otherwise as described herein) from amounts realized by the Issuer under the Lease Agreement relating to the Project financed or refinanced with the proceeds of the Series A Bonds. The payment of the principal of and interest on the \$6,000,000 aggregate principal amount of the Series A Bonds (the "ADFA Guaranteed Bonds") is guaranteed (to the extent set forth herein) by the Arkansas Development Finance Authority (the "Authority") pursuant to the ADFA Guaranty, as described herein. The payment of the principal and interest on the \$5,000,000 aggregate principal amount of the Series A Bonds (the "AEDC Guaranteed Bonds") is guaranteed (to the extent set forth herein) by the Arkansas Economic Development Commission (the "Commission") pursuant to the AEDC Guaranty, as described herein. THE BONDS DO NOT CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF ARKANSAS OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. THE AUTHORITY HAS NO TAXING POWER. NO BONDHOLDER WILL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF TAXING POWER BY THE ISSUER TO PAY THE SERIES A BONDS.

The Bonds are issuable in book-entry form only in the denomination of \$5,000 or any integral multiple thereof, interchangeable as more fully described herein. Semiannual interest (payable \_\_\_ 1, 20\_\_\_, and each \_\_\_ 1 and \_\_\_ 1 thereafter) on the Series A Bonds shall be paid by check or draft by \_\_\_\_\_ Bank (the "Trustee"), to the registered owners of the Series A Bonds as of the record date for such payment as shown on the bond registration books of the Issuer maintained by the Trustee. Principal of the Series A Bonds is payable at the principal corporate trust office of the Trustee. The Bonds will be subject to redemption prior to maturity as set forth herein. The Bonds will mature on \_\_\_ 1 of the years set forth in the maturity schedules on the inside front cover of this Preliminary Official Statement.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval of legality by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Bond Counsel, Little Rock, Arkansas, and certain other conditions. It is expected that the Series A Bonds in definitive form will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2022, in New York, New York.



\* Preliminary, subject to change.

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITY SCHEDULES**

**\$11,000,000\***  
**CITY OF JONESBORO, ARKANSAS**  
**TAXABLE ECONOMIC DEVELOPMENT REVENUE BONDS**  
**(ADFA/AEDC GUARANTY PROGRAMS)**  
**(COLSON CASTER PROJECT)**  
**SERIES 2022A**

**SERIAL BONDS**

<b>MATURITY (____ 1)</b>	<b>PRINCIPAL AMOUNT</b>	<b>INTEREST RATE</b>	<b>YIELD</b>	<b>CUSIP<sup>□</sup></b>
20__	\$	%	%	
20__		%	%	
20__		%	%	
20__		%	%	
20__		%	%	
20__		%	%	
20__		%	%	
20__		%	%	
20__		%	%	
20__		%	%	

**TERM BONDS**

\$ \_\_\_\_\_ % Term Bonds Due \_\_\_\_ 1, 20\_\_, priced to yield \_\_\_\_ %<sup>†</sup> - CUSIP \_\_\_\_\_  
 \$ \_\_\_\_\_ % Term Bonds Due \_\_\_\_ 1, 20\_\_, priced to yield \_\_\_\_ %<sup>†</sup> - CUSIP \_\_\_\_\_

† Priced to the first optional call date

\* Preliminary, subject to change.

± CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Board and are included solely for the convenience of the registered owners of the Series A Bonds. The Board and the Underwriters are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the Board on the Series A Bonds and by the Underwriters on the Series A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series A Bonds.

**THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.**

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

**NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOARD TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION WITH RESPECT TO THE BONDS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.**

**NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT, NOR ANY SALES HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOARD SINCE THE DATE HEREOF.**

**CERTAIN OF THE INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE.**

**THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.**

**THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE TRUST INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939. THESE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.**

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY, OR DETERMINED THE ADEQUACY, OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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No registration statement relating to the Series A Bonds has been filed with the Securities and Exchange Commission. The Bonds have not been approved or disapproved by the Securities and Exchange Commission nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this Preliminary Official Statement.

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**PRELIMINARY OFFICIAL STATEMENT**

**\$11,000,000\***  
**CITY OF JONESBORO, ARKANSAS**  
**TAXABLE ECONOMIC DEVELOPMENT REVENUE BONDS**  
**(ADFA/AEDC GUARANTY PROGRAMS)**  
**(COLSON CASTER PROJECT)**  
**SERIES 2022A**

**INTRODUCTORY STATEMENT**

The purpose of this Preliminary Official Statement is to furnish certain information in connection with the sale by the City of Jonesboro, Arkansas (the “Issuer”) of its \$11,000,000\* Taxable Economic Development Revenue Bonds, (ADFA/AEDC Guaranty Programs), (Colson Caster Project), Series 2022A (the “Series A Bonds”). The Series A Bonds will be issued pursuant to a Trust Indenture (the “Series A Indenture” or “Indenture”), dated \_\_\_\_\_, 2022, between the Issuer and \_\_\_\_\_ Bank, an Arkansas state bank (together with any successors and assigns and any surviving, resulting or transferee entity, the “Trustee”).

The Bonds are being issued by the Issuer to finance or refinance the costs of acquiring, constructing and equipping an industrial facility for the manufacture of casters and wheels and related warehousing and distribution to be located in the Issuer’s jurisdiction and related equipment (the “Project”). The Issuer will enter into a Lease Agreement dated as of \_\_\_\_\_, 2022 (the “Lease Agreement”) with Colson Caster, LLC, a Delaware limited liability company (the “Lessee”), pursuant to which the Project will be leased to the Lessee by the Issuer.

The Bonds are special obligations of the Issuer payable solely from payments under the Lease Agreement (except to the extent paid out of moneys attributable to Bond proceeds, investment income, or the ADFA Guaranty or AEDC Guaranty (both as defined and described herein)), do not constitute a debt or pledge of the faith and credit, within the meaning of any constitutional or statutory limitation, of the Issuer, the State of Arkansas or any political subdivision or agency thereof, and no bondholder will ever have the right to compel any exercise of taxing power by the Issuer to pay the Series A Bonds.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas, particularly Title 14, Chapter 164, Subchapter 2 of the Arkansas Code of 1987 Annotated, as amended (the “Act”), and pursuant to an ordinance of the City Council of the Issuer approving and authorizing the issuance of the Series A Bonds and the execution and delivery of the Lease Agreement and the Indenture (the “Authorizing Ordinance”).

The proceeds to be received by the Issuer from the sale of the Series A Bonds will be loaned to or expended on behalf of the Lessee to: (i) finance or refinance the costs of acquiring, constructing and equipping an industrial facility for the manufacture of casters and wheels and related warehousing and distribution and equipment to be located at 2121 Barnhill Road, Jonesboro, Arkansas 72401 (the “Series A Project”), to be owned by the Issuer and leased to the Lessee, (ii) pay bond guaranty fees associated with the ADFA Guaranty and the AEDC Guaranty, (iii) establish a reserve fund with respect to the Series A Bonds, and (iv) pay a portion of the expenses incurred in connection with the issuance of the Series A Bonds.

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\* Preliminary, subject to change.

## **The Series B Bonds**

Simultaneously with the issuance of the Series A Bonds, the Issuer will also issue its Taxable Economic Development Revenue Bonds (Colson Caster Project) Series 2022B (the “Series B Bonds”). The Series B Bonds will be issued under the Indenture and will be secured by and payable from the amounts realized by the Issuer under the Lease Agreement, on a parity basis with respect to the Series A Bonds. It is anticipated that the Series B Bonds will be issued in the approximate principal amount of \$4,000,000 and the proceeds of the Series B Bonds will be loaned by the Issuer to the Lessee to: (i) finance or refinance a portion of the costs of acquiring and installing equipment for the manufacture of casters and wheels in connection with the Series A Project (the “Series B Project,” and together with the Series A Project, the “Project”), to be owned by the Issuer and leased to the Lessee pursuant to the terms of the Lease Agreement, (ii) establish a reserve fund with respect to the Series B Bonds, and (iii) pay a portion of the expenses incurred in connection with the issuance of the Series B Bonds. The Series B Bonds will be offered and sold only to “Qualified Institutional Buyers” and that term is defined in Rule 144A of the Securities and Exchange Commission, or to “Accredited Investors” as that term is defined in Rule 501(a) of Regulation D of the Securities and Exchange Commission, each as promulgated under the Securities Act.

## **The Series C Bonds**

Simultaneously with the issuance of the Series A Bonds and the Series B Bonds, the Issuer will also issue its Taxable Economic Development Revenue Bonds (Colson Caster Project) Series 2022C (the “Series C Bonds”). The Series C Bonds will be issued under a separate indenture from the Indenture and will be secured by and payable solely from the amounts realized by the Issuer under the Lease Agreement, on a subordinate basis with respect to the Series A Bonds and the Series B Bonds. It is anticipated that the Series C Bonds will be issued in the approximate principal amount of \$9,000,000 and the proceeds of the Series C Bonds will be loaned by the Issuer to the Lessee for application by the Lessee toward costs of the Project. The Series C Bonds will be privately placed with an affiliate of the Lessee. In connection with the Series C Bonds, the Lessee will enter into a Payment in Lieu of Taxes Agreement (the “PILOT Agreement”) with the Issuer and will make payments in lieu of taxes equal to no less than 35% of the property taxes that would have been owed on the Series A Project.

## **Lease Agreement**

Pursuant to a Lease Agreement between the Issuer and the Lessee (the “Lease Agreement”), the Issuer will lease the Project to the Lessee and the Lessee will agree to make rent payments sufficient to pay when due the principal of and premium, if any, and interest on the Series A Bonds, the Series B Bonds and the Series C Bonds. The Series A Bonds and Series B Bonds are secured and payable from the amounts realized by the Issuer under the Lease Agreement on a parity basis. The Series C Bonds are secured and payable solely from the amounts realized by the Issuer under the Lease Agreement on a subordinate basis with respect to the Series A Bonds and the Series B Bonds.

## **The Series A Bonds and the ADFA Guaranty and the AEDC Guaranty**

The Series B Bonds and the Series C Bonds are **NOT** guaranteed in any way by the ADFA Guaranty or the AEDC Guaranty, and are payable solely from the amounts realized by the Issuer under the Lease Agreement. The ADFA Guaranty and the AEDC Guaranty apply only to the Series A Bonds.

Payment of debt service (principal and interest only) sufficient to amortize the indebtedness of a portion of the Series A Bonds, in an aggregate principal amount of \$6,000,000 (the “ADFA Guaranteed Bonds”), will be guaranteed (to the extent described herein and as further described under the heading “THE GUARANTIES - The ADFA Guaranty”) by the Arkansas Development Finance Authority (the

“Authority”) pursuant to Act No. 505 of the Acts of Arkansas of 1985, as amended (“Act 505”), pursuant to a guaranty agreement from the Authority to the Trustee (the “ADFA Guaranty”). The obligations of the Authority as guarantor are limited to available moneys in the Revenue Bond Guaranty Reserve Account (the “ADFA Guaranty Reserve Account”) created and being maintained pursuant to the authority conferred in Act 505.

As of December 31, 2021, there were funds on deposit in the ADFA Guaranty Reserve Account totaling \$19,475,628. Upon the issuance of the ADFA Guaranteed Bonds, the Authority will have approximately \$58,300,487 in outstanding bond and loan guarantees (principal amount). The Authority is required to issue its own bonds in sufficient amounts to ensure that there will be available at all times in the ADFA Guaranty Reserve Account the necessary funds as required by Act 505. Bonds issued by the Authority to fund its guaranty obligations are secured by earnings derived by the State Board of Finance from investments of the State of Arkansas (the “State”) daily Treasury balance. For additional information concerning the limited obligations of the Authority with respect to the ADFA Guaranty and security for guaranty bonds, see “THE GUARANTIES - The ADFA Guaranty” herein.

Payment of debt service (principal and interest only) sufficient to amortize the indebtedness of a portion of the Series A Bonds in an aggregate principal amount of \$5,000,000 (the “AEDC Guaranteed Bonds”), will be guaranteed (to the extent described under “THE GUARANTIES - The AEDC Guaranty” herein) by the Arkansas Economic Development Commission (the “Commission”) pursuant to Act No. 173 of the Acts of Arkansas of 1967, as amended (the “Act 173”), pursuant to a guaranty agreement from the Arkansas Economic Development Commission (the “Commission”) to the Trustee (the “AEDC Guaranty”). The obligations of the Commission as guarantor are limited to available moneys in the Revenue Bond Guaranty Reserve Account (the “AEDC Guaranty Reserve Account”) created and being maintained pursuant to the authority conferred in Act 173.

As of December 31, 2021, there were funds on deposit in the AEDC Guaranty Reserve Account totaling \$11,300,131. Upon the issuance of the AEDC Guaranteed Bonds, the Commission will have approximately \$12,412,481 in outstanding bond guarantees (principal amount). The Commission is required to issue its own bonds in sufficient amounts to ensure that there will be available at all times in the AEDC Guaranty Reserve Account the necessary funds as required by Act 173. Bonds issued by the Commission to fund its guaranty obligations are secured by earnings derived by the State Board of Finance from investments of the State daily Treasury balance. For additional information concerning the limited obligations of the Commission with respect to the AEDC Guaranty and security for guaranty bonds, see “THE AEDC GUARANTY” herein.

The Guaranties are secured by (i) a valid first priority mortgage on various parcels of land and improvements thereon that constitute the Project (the “Mortgaged Property”), (ii) a valid first priority leasehold mortgage on Lessee’s leasehold interest in the Mortgaged Property, (iii) a valid first priority security interest in all machinery, equipment, furnishings and personal property included within the Project and that are refinanced or financed with the proceeds of the Series A Bonds and the Series B Bonds and any other existing machinery, equipment, furnishings and personal property specifically pledged as collateral for the Guaranties (collectively, the “Equipment”), and (iv) an assignment of any and all rents and leases on the property associated with the Series A Project (collectively, the “Guaranties Collateral”). The Guaranties and the Series B Bonds are guaranteed by the Lessee’s parent company, Colson Group Holdings, LLC (the “Parent Guaranty”). The Guaranties and the Series B Bonds are secured by the Guaranties Collateral on a parity basis, and the Authority, the Commission, the trustee for the Series B Bonds and the owner of the Series B Bonds will enter into an intercreditor agreement pursuant to which the Authority, the Commission and the owner of the Series B Bonds will share on a ratable basis the Guaranties Collateral as pledged on a parity basis for the Guaranties and the Series B Bonds and a collateral agent will

be appointed to act on behalf of the Authority, the Commission, the trustee for the Series B Bonds and the owner of the Series B Bonds.

The Authority has guaranteed and there remain outstanding the following Economic Development Revenue Bonds, bond anticipation notes and State Agencies Facilities Bonds (the “Previous Issues”) to finance industrial development and governmental activities in the State:

Name	Dated Date	Issued	Outstanding As of 12/31/2021
1. 2003 – Venture Capital Program <sup>†</sup>	12/31/2003	\$10,000,000	\$10,000,000
2. 2008 City of Little Rock (Sage V) – Series A	11/07/2008	4,455,000	500,000
3. 2008 Series A & C	12/17/2008	5,260,000	265,000
4. 2010 Series A & B	04/28/2010	6,737,500	305,000
5. 2010 Q Little Scholars of Arkansas Foundation	12/15/2010	5,500,000	5,500,000
6. 2012 Horner Holding (guaranteed loan)	08/24/2012	460,000	35,138
7. 2012 A Jacksonville Lighthouse Charter School	10/30/2012	4,500,000	3,555,000
8. 2012 Series A - Taxable	11/28/2012	7,555,000	642,500
9. 2013 Series A – Taxable	09/26/2013	9,750,000	3,045,000
10. 2013 Series C Refunding	10/22/2013	2,390,000	770,000
11. 2013 A City of Little Rock (Sage V)	11/05/2013	1,675,000	875,000
12. 2013 Series D	12/18/2013	4,165,000	890,000
13. 2014 Interim Loan – Southwind	06/11/2014	345,625	131,267
14. 2015 Academics Plus Refunding (MF)	03/17/2015	6,135,000	4,995,000
15. Series 2015	10/21/2015	8,700,000	4,973,637
16. 2016 Alvar Resins Inc.	11/15/2016	2,715,000	1,355,000
17. 2018 Am Vegetable & Soybean (guaranteed loan)	01/29/2018	770,000	309,366
18. 2018 Sage V Foods Little Rock (guaranteed loan)	04/05/2019	1,600,000	1,085,982
19. 2018 HIA Holdings (guaranteed loan)	07/10/2018	1,650,000	1,258,810
20. Aristotle Unified Communication	06/18/2019	3,750,000	3,750,000
21. Series 2019 Guaranteed Bonds - Taxable	06/27/2019	6,645,000	6,045,000
22. 2019 Series A & B Methodist Refunding	10/31/2019	<u>3,435,100</u>	<u>3,150,000</u>
<b>Total</b>		\$98,193,225	\$53,436,700

<sup>†</sup>Maximum amount authorized to be guaranteed under the Venture Capital Program.

The Previous Issues and other Economic Development Revenue Bonds that are no longer outstanding were used to finance 185 industrial projects located in Arkansas for 148 separate borrowers. In addition, after the date of issuance of the Series A Bonds, the Authority expects to issue additional bonds for additional facilities under its ADFA Guaranty Program, which is the program under which the ADFA Guaranteed Bonds are guaranteed by the Authority. The bonds of previously issued bonds are, and any additional bonds will be, separately secured, and the pledges of mortgaged property, if any, securing such bonds do not and will not secure the Series A Bonds. However, the bonds previously issued under the ADFA Guaranty Program are guaranteed by the Authority from moneys in the ADFA Guaranty Reserve Account, and the Authority anticipates that additional bonds, if any, will also be guaranteed pari passu by the Authority from the ADFA Guaranty Reserve Account.

The Authority, the Commission, the Lessee and the Lessee’s parent company, Colson Group Holdings, LLC, have entered into a Guaranty Agreement for Reimbursement of Advanced Funds (the “Guaranty Agreement”). The Guaranty Agreement contains certain financial and other representations,

warranties, and covenants, the breach of which may, at the option of either the Authority or the Commission, result in the occurrence of an “Event of Default” under the Lease Agreement (see “THE LEASE AGREEMENT – Events of Default and Remedies”).

### THE ISSUER

The Issuer is a duly created and existing political subdivision of the State of Arkansas (a city of the first class) under the Constitution and laws of the State of Arkansas. The Issuer is authorized and empowered under the provisions of the Act to issue revenue bonds for the financing of lands, buildings or facilities which can be used in securing or developing industry.

### THE BONDS

**General.** The Bonds will be dated the date of delivery, and bear interest from such date, payable semiannually on \_\_\_\_ 1 and \_\_\_\_ 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_\_\_, at the rates set forth on the inside front cover page hereof. The Bonds mature on \_\_\_\_\_ 1 in the years and in the principal amounts set forth on the inside front cover page hereof. Each Bond shall be dated as of the date on which it is authenticated or if it is authenticated prior to a date on which interest is paid, it shall be dated \_\_\_\_\_ 1, 20\_\_\_\_.

The Bonds will be registered with DTC (as defined below) in the denomination of \$5,000 each or any integral multiple thereof interchangeable in accordance with the provisions of the Indenture. In the event any Bond is mutilated, lost or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond in accordance with the provisions therefor in the Indenture.

In any case where the date of maturity of interest on or principal of the Series A Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday or Sunday or a legal holiday or a day which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

**Book-Entry Only System.** The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2022 Bonds. The ownership of one fully registered Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the “DTC Participants”) and to facilitate the clearance and settlement of securities transactions among DTC Participants through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representative) own DTC. Access to the DTC system is also available to other such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the “Indirect Participant”).

Purchases of Series A Bonds under the book-entry system may be made through brokers and dealers who are, or act through, DTC Participants. The DTC Participants shall receive a credit balance in the

records of DTC. The ownership interest of the actual purchaser of each Bond (the “Beneficial Owner”) is to be recorded on the records of the DTC Participant. Beneficial Owners are to receive a written confirmation of their purchase with details of the Series A Bonds acquired. Transfers of ownership interests in Bonds are to be accomplished by book entries made by DTC and by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interest therein, except as specially provided in the applicable Indenture. Interest and principal is to be paid to DTC, or its nominee, when due, and then is to be paid by DTC to the DTC Participants and thereafter is to be paid by the DTC Participants to the Beneficial Owners.

NEITHER THE ISSUER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE PERSON FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

Beneficial Owners of the Series A Bonds or those possessing interest in the Series A Bonds will not receive or have the right to receive physical delivery of such Bonds, and will not be or be considered to be owners thereof under the Indenture. So long as Cede & Co. is the Owner of the Series A Bonds, as nominee of DTC, references herein to Owners of the Series A Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners thereof.

For every transfer and exchange of the Series A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue services with respect to the Series A Bonds or any Series of Bonds at any time by giving notice to the Issuer and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Trustee may make arrangements with a successor securities depository that operates upon reasonable and customary terms. If no such arrangements are made, Bonds are required to be delivered as described in the Indenture. The Beneficial Owner, upon registration of the bonds held in the Beneficial Owner’s name, shall become the Owner thereof under the Indenture.

The Issuer may determine to discontinue the system of book-entry transfers through DTC (or a successor securities depository). In such event, the Series A Bonds are to be delivered as described in the Indenture. The Trustee is entitled to rely on information provided by DTC and the DTC Participants as to the names and principal amounts in which the Series A Bonds are to be registered.

When referring to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to the action by such Beneficial Owner or those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

Principal and interest payments on the Series A Bonds are to be made to DTC or its nominee, Cede & Co., as Registered Owner of the Series A Bonds. Upon receipt of moneys, DTC’s current practice is to immediately credit the accounts of the DTC Participants according to their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners are to be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in “street name,” subject to any statutory and regulatory requirements as may be in effect from time to time, and would be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Trustee or the Issuer.

The Trustee and the Issuer, so long as a book-entry system is used for a series of Bonds, are to send any notice of redemption or other notices required to be sent to Owners of such Series, only to DTC. Any

failure by DTC to advise any DTC Participant, or by any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect shall not affect the validity of the redemption of the Series A Bonds of the series called for redemption or of any other action premised on such notice.

The Issuer and the Trustee have no responsibility or obligation to Direct Participants, Indirect Participants, or Beneficial Owners with respect to: (a) the payment by DTC, Direct Participants or Indirect Participants of the principal of or interest on the Series A Bonds; (b) the providing of notice to Direct Participants, Indirect Participants, or Beneficial Owners; or (c) the accuracy of any records maintained by DTC, Direct Participants, or Indirect Participants.

**Security.** The Series A Bonds are special obligations of the Issuer payable solely, except as otherwise set forth in this Official Statement, from moneys derived from payments by the Lessee to the Issuer pursuant to the Lease Agreement and any payments made under the Guaranties. The Series A Bonds and interest thereon are obligations only of the Issuer and in no event shall the Series A Bonds or interest thereon constitute an indebtedness of 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. No bondholder will ever have the right to compel any exercise of taxing power by the Issuer to pay the Series A Bonds

As security for the Series A Bonds, the Issuer will assign and pledge to the Trustee in the Indenture all of its rights (other than certain rights and interests relating primarily to indemnification and payment of fees and expenses) to receive revenues under and pursuant to the Lease Agreement. The Lease Agreement provides that the Lessee shall be obligated to make payments sufficient in the aggregate to pay when due the principal of and premium, if any, and interest on the Series A Bonds, the Series B Bonds and the Series C Bonds.

Debt Service Reserve Fund. There is created with the Trustee special fund to be designated “City of Jonesboro, Arkansas Economic Development Debt Service Reserve Fund (2022 Series A)” or “Series A Debt Service Reserve Fund,” which shall be used and applied as specified below.

There shall be deposited into the Series A Debt Service Reserve Fund an amount equal to the Required Reserve pursuant to the delivery instructions received by the Trustee at the bond closing. The Required Reserve with respect to the Series A Bonds is an amount equal to two months’ maximum debt service on the Series A Bonds (the “Series A Required Reserve”). The funds held in the Series A Debt Service Reserve Funds may be invested as provided in the Indenture, and any earnings from the investment of such funds shall be deposited into the Series A Account of the Bond Fund. Each month as long as any of the Series A Bonds are outstanding, the Trustee shall transfer from the Series A Debt Service Reserve Fund to the Series A Account of the Bond Fund any amounts in that fund that are in excess of the Required Reserve.

One day prior to each Interest Payment Date or any date on which Series A Bonds are due as a result of a call for redemption or maturity or as a result of the occurrence of an Event of Default, the Trustee shall determine if sufficient funds will be available in the Series A Account of the Bond Fund to pay in full the principal, if any, and interest on the Series A Bonds due on the next day. If sufficient funds will not be available in the Series A Account of the Bond Fund, the Trustee shall immediately transfer an amount equal to the amount of such deficiency from the Series A Debt Service Reserve Fund to the Bond Fund. Any funds remaining in the Series A Debt Service Reserve Fund immediately prior to the payment of all the Series A Bonds then outstanding (whether at stated maturity or upon optional or mandatory redemption or as a result of acceleration), shall be transferred into the Series A Account of the Bond Fund.

### The Guaranties.

The payment of principal of and interest on the ADFA Guaranteed Bonds is guaranteed by the Authority under the ADFA Guaranty, all as described herein. See “THE GUARANTIES – The ADFA Guaranty.”

The payment of principal of and interest on the AEDC Guaranteed Bonds is guaranteed by the Commission under the AEDC Guaranty, all as described herein. See “THE GUARANTIES – The AEDC Guaranty.”

The Series B Bonds and the Series C Bonds are NOT secured by the ADFA Guaranty or the AEDC Guaranty.

**Redemption.** The Bonds are subject to redemption prior to maturity as follows:

### **Special Redemption.**

Damage, Destruction or Legal Curtailment. On any interest payment date, the Series A Bonds shall be redeemed in whole or in part, at the option of the Issuer at the direction of the Lessee, from the proceeds of insurance in the event of major damage or destruction of the Project pursuant to the provisions of the Lease Agreement, or from legal curtailment of the use and occupancy of all or substantially all of such Project for any reason other than condemnation. If called for redemption upon the occurrence of any of the events described in the preceding sentence, the Bond shall be redeemed in whole, in the manner provided in the Bond and the Indenture, at one hundred percent (100%) of the principal amount thereof, plus accrued interest to the date of redemption. (See “THE LEASE AGREEMENT – Optional Prepayment” herein).

Event of Default under the Lease Agreement. At any time, the Series A Bonds shall be redeemed in whole or in part, at the option of the Issuer, if the Issuer notifies the Trustee in writing that an Event of Default has occurred under the Lease Agreement and that it requests a redemption of such Bonds at a redemption price equal to one hundred percent (100%) of the principal amount of such Bonds being redeemed plus accrued interest to the redemption date.

Condemnation. On any interest payment date, the Bond shall be redeemed in whole or in part from the proceeds of condemnation of all or substantially all of the Project at a redemption price equal to one hundred percent (100%) of the principal amount of such Bonds being redeemed plus accrued interest to the redemption date.

Unspent Proceeds. At any time, the Series A Bonds shall be redeemed in whole or in part, at the option of the Issuer, from Bond proceeds not needed for construction or completion of the Project, upon notice to the Trustee at a redemption price equal to one hundred percent (100%) of the principal amount of such Bonds being redeemed plus accrued interest to the redemption date.

**Optional Redemption.** The Bonds maturing \_\_\_\_\_ 1, 20\_\_ and thereafter (or any portion thereof in \$5,000 multiples) will be subject to redemption prior to maturity, at the option of the Issuer upon the direction of such Lessee, in whole or in part, on any date on or after \_\_\_\_\_ 1, 20\_\_ (and by lot within a maturity in such manner as the Trustee may determine) at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption.

In the case any outstanding Bond is in a denomination greater than \$5,000, each \$5,000 of face value of such Bond shall be treated as a separate Bond of the denomination of \$5,000.

**Mandatory Sinking Fund Redemption.** The Series A Bonds maturing \_\_\_\_\_ 1 in the years 20\_\_ and 20\_\_ are subject to mandatory sinking fund redemption prior to maturity in part, with the Series A Bonds to be redeemed being selected by lot by Trustee in such manner as Trustee may determine, at the redemption price of one hundred percent (100%) of the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium, in the amounts, and on the dates as follows:

<b>SERIES A BONDS</b>	
\$ _____	<b>Term Bonds Maturing _____ 1, 20__</b>
Year	
( _____ 1)	Principal Amount
	\$
	*

\*Final Maturity

\$ _____	<b>Term Bonds Maturing _____ 1, 20__</b>
Year	
( _____ 1)	Principal Amount
	\$
	*

\*Final Maturity

**Notice of Redemption.** Notice of the call for any redemption, identifying the Series A Bonds or portions thereof (which shall be \$5,000 or a multiple thereof) being called and the date on which they shall be presented for payment, shall be mailed by the Trustee by first class mail or by other acceptable standard, including facsimile, to the registered owner of each such Bond to be redeemed addressed to such registered owner at his registered address and placed in the mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure or defect has occurred.

Any notice as provided above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

While the Series A Bonds are being held by DTC under the book-entry system, notice of redemption will be sent only to DTC. See “THE BONDS – Book-Entry Only System” herein.

**Selection of Bonds to be Redeemed.** For the purposes of selecting Bonds or portions thereof of like maturity for redemption, if the Series A Bonds are not held by DTC under the book-entry system, the Trustee shall select such Bonds by lot in such manner as the Trustee deems fair. Bonds (or portions thereof) may be redeemed only in a principal amount equal to \$5,000 or any integral multiple thereof, with each \$5,000 of principal amount to be redeemed considered as one Bond; provided, however, that the portion of a Bond remaining outstanding shall not be less than an Authorized Denomination.

If the Series A Bonds are being held by DTC under the book-entry system and less than all of such Bonds within a maturity are being redeemed, DTC’s current practice is to determine by lot the amount of the interest of each DTC Participant (as hereinafter defined) in such maturity to be called for redemption,

and each DTC Participant is to then select by lot the ownership interest in such maturity to be redeemed. See “THE BONDS--Book-Entry Only System” herein.

## THE GUARANTIES

**NOTE:** The Series B Bonds and the Series C Bonds are **NOT** guaranteed in any way by the ADFA Guaranty or the AEDC Guaranty, and are payable solely from the amounts realized by the Issuer under the Lease Agreement. The ADFA Guaranty and the AEDC Guaranty apply only to the Series A Bonds.

### The ADFA Guaranty.

**General.** The payment of the principal of and interest on a portion of the Series A Bonds (the “ADFA Guaranteed Bonds,” having an aggregate principal amount of \$6,000,000), is guaranteed by the Authority pursuant to the authority conferred by, and subject to the conditions specified in, Act 505 (the “ADFA Guaranty Act”), also known as “The Arkansas Development Finance Authority Bond Guaranty Act” (the “ADFA Guaranty”).

**Limited Obligations.** The obligations of the Authority as guarantor are limited to available moneys in the ADFA Guaranty Reserve Account created and being maintained pursuant to the authority conferred in the ADFA Guaranty Act. The moneys in that account stand behind all guaranties of the Authority, including the ADFA Guaranty with respect to the ADFA Guaranteed Bonds. The Authority is authorized to guarantee any of its bonds issued under the Act, including bonds for industrial enterprises, governmental capital improvements, educational facilities, health care facilities and housing developments. A ten-year history of bonds guaranteed by the Authority and balances in the ADFA Guaranty Reserve Account is as follows:

As of December 31	Cumulative Outstanding Principal Balance of ADFA Guaranteed Bonds	Balance in ADFA Guaranty Reserve Account
2012	98,830,828	19,030,939
2013	105,147,635	19,118,401
2014	86,067,814	17,219,306
2015	81,948,078	17,670,907
2016	68,899,502	18,627,593
2017	60,050,265	17,288,098
2018	62,587,142	17,398,083
2019	65,160,873	17,741,819
2020	57,305,480	16,125,485
2021	52,065,700	19,475,628

As of December 31, 2021, the debt service on three (3) loans guaranteed by the Authority in the total outstanding principal amount of \$3,438,767 was in default under the related repayment agreements, and the Authority is pursuing work-out arrangements, proceeding with foreclosure or liquidating collateral on these issues. Scheduled debt service and accelerated principal payment on those loans for the past year was \$316,560 in principal and interest, which has been paid by the Authority. The amount paid was funded in part from recoveries from sales of related collateral, work-out agreements, and other remedial action, in the amount of \$184,637. In cases of default on an underlying repayment agreement, the Authority may pay debt service on the related guaranteed bonds as the same becomes due, or may cause the maturity of such

bonds to be accelerated or cause such bonds to be redeemed. There can be no assurance as to how the Authority may proceed with respect to any future default.

The Authority is required under its outstanding guaranties and by the ADFA Guaranty Act to keep on deposit in the ADFA Guaranty Reserve Account sufficient funds to enable it to make when due all debt service payments guaranteed by it. If necessary to discharge its obligations under such covenant, the Authority is required to issue its own bonds (the “Authority Bonds”) from time to time under Act 505 in sufficient amounts to insure that there will be available at all times in the ADFA Guaranty Reserve Account the necessary funds.

Any Authority Bonds issued to fund such guaranty obligations as aforesaid are payable from earnings derived by the State Board of Finance from investments of the State of Arkansas’s daily treasury balances (“Treasury Earnings”). See “THE GUARANTIES – Treasury Earnings” for a discussion of the amount of Treasury Earnings, other pledges of Treasury Earnings, portions of Treasury Earnings that are unavailable to be pledged to secure any Authority Bonds, and related matters.

In the event the Authority issues any Authority Bonds, it is required by law to notify the State Board of Finance as to the amount that will be needed each month to provide for the payment of the principal of and interest on such Authority Bonds, and the State Board of Finance is required to set aside the required amount from Treasury Earnings and to pay that amount to the Authority for deposit in a special account of the Authority in a bank or trust company, to be used solely for paying debt service on the Authority Bonds. Such amounts so set aside are expressly declared to be cash funds and are not to be deposited in the State Treasury; therefore, no appropriation is required for their payment. The Authority has not to date issued any Authority Bonds.

There can be no assurance that under then prevailing market conditions future Authority Bonds can be sold and issued at such times required to provide the necessary funds to satisfy the Authority’s guaranty obligations.

**Aggregate Guaranty Limit.** Under Act 505, the total principal amount of all outstanding bonds, which may be guaranteed by the Authority, is the lesser of (1) \$150,000,000, or (2) an amount equal to ten times the amount currently on deposit in the ADFA Guaranty Reserve Account. Upon the issuance of the ADFA Guaranteed Bonds, the Authority will have approximately \$58,300,487 in outstanding bond guarantees.

**Authority Approvals.** The Authority has issued its bond guaranty approval pursuant to which the ADFA Guaranty will be issued, which approval has been agreed to and acknowledged by the Lessee (the “ADFA Approval”). The ADFA Approval contains certain financial and other representations, warranties and covenants from the Lessee. All of such representations, warranties and covenants are for the benefit of the Authority only and can be waived, amended or modified by the Lessee and the Authority.

### **The AEDC Guaranty.**

**General.** The payment of the principal of and interest on \$5,000,000 aggregate principal amount of the Series A Bonds (the “AEDC Guaranteed Bonds”) is guaranteed by the Commission pursuant to the authority conferred by, and subject to the conditions specified in, Act 173 (the “AEDC Guaranty Act”), also known as “The Industrial Revenue Bond Guaranty Law” (the “AEDC Guaranty”)

**Limited Obligations.** The obligations of the Commission as guarantor are limited to available moneys in the AEDC Guaranty Reserve Account created and being maintained pursuant to the authority conferred in the AEDC Guaranty Act. The moneys in that account stand behind all guaranties of the

Commission, including the AEDC Guaranty with respect to the AEDC Guaranteed Bonds. Although the Commission has thus far limited the use of its guaranty to projects to finance industrial facilities, the Commission is authorized to guarantee any Act 9 bonds (local industrial development bonds) and any bonds issued under the Act, including bonds for governmental capital improvements, educational facilities, health care facilities and housing developments. A ten-year history of bonds guaranteed by the Commission and balances in the AEDC Guaranty Reserve Account is as follows:

<b>AS OF DECEMBER 31</b>	<b>CUMULATIVE OUTSTANDING PRINCIPAL BALANCE OF AEDC GUARANTEED BONDS</b>	<b>BALANCE IN AEDC GUARANTY RESERVE ACCOUNT</b>
2012	57,664,806	17,217,374
2013	60,169,713	15,354,766
2014	46,231,397	15,697,365
2015	43,460,381	15,490,454
2016	32,113,709	15,519,531
2017	24,889,031	15,777,080
2018	20,749,920	14,014,800
2019	20,716,073	14,140,504
2020	11,832,043	11,410,059
2021	7,851,723	11,300,131

As of December 31, 2021, there were outstanding guaranties on nine (9) bond issues and interim loans aggregating approximately \$7,857,723 in outstanding principal amount. As of December 31, 2021, two (2) loans underlying these issues were in default. The aggregate principal amount outstanding under such agreements on such date was \$741,629. During the calendar year 2021, the AEDC did not disburse any funds from the AEDC Guaranty Reserve Account to pay debt service on AEDC-guaranteed bonds relating to any of these defaulted agreements. In cases of default on an underlying loan, it historically has been the AEDC's general practice to pay debt service on the related guaranteed bonds as the same becomes due. The AEDC has on occasion caused the maturity of such bonds to be accelerated and may do so again in the future with respect to any bonds it has guaranteed, including the AEDC Guaranteed Bonds.

The Commission is required under its outstanding guaranties and by the AEDC Guaranty Act to keep on deposit in the AEDC Guaranty Reserve Account sufficient funds to enable it to make when due all debt service payments guaranteed by it. If necessary to discharge its obligations under such covenant, the Commission is required to issue its own bonds (the "AEDC Bonds") from time to time under Act 397, also known as the Industrial Development Guaranty Bond Act, in sufficient amounts to insure that there will be available at all times in the AEDC Guaranty Reserve Account the necessary funds. Any AEDC Bonds issued to fund such guaranty obligations as aforesaid are payable from Treasury Earnings. See "THE GUARANTIES – Treasury Earnings" for a discussion of the amount of Treasury Earnings, other pledges of Treasury Earnings, portions of Treasury Earnings that are unavailable to be pledged to secure any Authority or AEDC Bonds, and related matters.

In the event the Commission issues any AEDC Bonds, it is required by law to notify the State Board of Finance as to the amount that will be needed each month to provide for the payment of the principal of and interest on such AEDC Bonds, and the State Board of Finance is required to set aside the required amount from Treasury Earnings and to pay that amount to the Commission for deposit in a special account of the Commission in a bank or trust company, to be used solely for paying debt service on the AEDC Bonds. Such amounts so set aside are expressly declared to be cash funds and are not to be deposited in the State Treasury; therefore, no appropriation is required for their payment. In April 1990, the Commission

issued \$5,300,000 of AEDC Bonds with a term of ten years for the purpose of replenishing the AEDC Guaranty Reserve Account. Such AEDC Bonds have now been fully paid.

There can be no assurance that under then prevailing market conditions future AEDC Bonds can be sold and issued at such times required to provide the necessary funds to satisfy the Commission's guaranty obligations.

**Aggregate Guaranty Limit.** Under the AEDC Guaranty Acts, the total principal amount of all outstanding bonds, which may be guaranteed by the AEDC, is \$100,000,000. Upon the issuance of the AEDC Guaranteed Bonds, the AEDC will have approximately \$12,412,481 in outstanding bond guaranties.

**Commission Approval.** The Commission has issued its bond guaranty approval pursuant to which the AEDC Guaranty will be issued, which approval has been agreed to and acknowledged by the Lessee (the "AEDC Approval"). The AEDC Approval contains certain financial and other representations, warranties and covenants from the Lessee. All of such representations, warranties and covenants are for the benefit of the Commission only and can be waived, amended or modified by the Lessee and the Commission.

### Treasury Earnings.

**Amounts.** Treasury Earnings for the periods specified are as follows:

7/1/07 – 6/30/08	\$115,650,293
7/1/08 – 6/30/09	\$ 72,616,343
7/1/09 – 6/30/10	\$ 36,059,429
7/1/10 – 6/30/11	\$ 27,285,478
7/1/11 – 6/30/12	\$ 23,446,124
7/1/12 – 6/30/13	\$ 18,184,730
7/1/13 – 6/30/14	\$ 20,390,739
7/1/14 – 6/30/15	\$ 22,331,183
7/1/15 – 6/30/16	\$ 48,984,128
7/1/16 – 6/30/17	\$ 57,549,048
7/1/17 – 6/30/18	\$ 77,229,189
7/1/18 – 6/30/19	\$116,946,167
7/1/19 – 6/30/20	\$ 80,729,275
7/1/21 – 6/30/21	\$ 35,438,898

Source: Chief Financial Officer, Arkansas State Treasury

**Amounts Unavailable.** Certain portions of the Treasury Earnings set forth above are related to specific trust funds of the State of Arkansas and are unavailable to be pledged to secure any Authority Bonds or AEDC Bonds. For the fiscal years ending June 30, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021 such trust fund earnings amounts were \$6,954,417, \$1,259,727, \$931,934, \$922,579, \$817,834, \$1,405,864, \$1,913,276, \$2,098,556, \$3,082,131, \$2,273,658 and \$1,496,275 respectively. See the caption "Other Pledges; Priority" below for a discussion of other amounts of Treasury Earnings which may be unavailable to be pledged to secure any Authority Bonds or AEDC Bonds.

**Other Pledges; Priority.** There is no legislation specifically covering the priority of pledges of Treasury Earnings in favor of bonds issued by the Authority and the Commission, and the matter has not

been litigated. The priority of pledges could be ranked and determined on the basis of outstanding principal amount and chronological order of issuance of such bonds or on some other basis, or such pledges could be deemed to be on a parity of priority.

**Special Revenue Uses of Treasury Earnings.** Act No. 438 of 1979, as amended, and Act No. 327 of 1983, as amended, classified interest income earned on the gasoline tax of the Arkansas Highway and Transportation Department and on the license fees of the Arkansas Game and Fish Commission as special revenues. These special revenues are direct deductions from the Treasury Earnings and are, therefore, not available for pledge to secure any Authority Bonds or AEDC Bonds. The interest income associated with these special revenues for the last ten fiscal years is as follows:

2012	\$5,106,702	2017	\$17,088,064
2013	\$4,807,877	2018	\$21,124,739
2014	\$5,807,875	2019	\$32,069,850
2015	\$6,801,087	2020	\$22,455,330
2016	\$13,876,417	2021	\$ 7,738,140

Source: Chief Financial Officer, Arkansas State Treasury

Act No. 202 of 1989, as amended, established the Arkansas Child Care Facilities Loan Guarantee Trust Fund (the “Child Care Fund”) which is being funded from the first available Treasury Earnings in each fiscal year after the payment to the Correctional Facility Fund. The yearly payment to the Child Care Fund is \$100,000 until the Fund reaches a balance of \$350,000. In the event that the Child Care Fund balance subsequently falls below \$100,000, the annual deposits of Treasury Earnings will be resumed until the Child Care Fund reaches \$350,000.

**There can be no assurance that the Arkansas General Assembly will not in the future approve additional special uses for Treasury Earnings which may further reduce the amount of Treasury Earnings available to amortize any Authority Bonds or AEDC Bonds and thus affect the ability of the Authority and the Commission to issue Authority Bonds or AEDC Bonds to meet their obligations under the ADFA Guaranty and the AEDC Guaranty.**

#### **Security for the Guaranties.**

The Guaranties are secured by (i) a valid first priority mortgage on various parcels of land and improvements thereon that constitute the Project (the “Mortgaged Property”), (ii) a valid first priority leasehold mortgage on Lessee’s leasehold interest in the Mortgaged Property, (iii) a valid first priority security interest in all machinery, equipment, furnishings and personal property included within the Project and that are refinanced or financed with the proceeds of the Series A Bonds and the Series B Bonds and any other existing machinery, equipment, furnishings and personal property specifically pledged as collateral for the Guaranties (collectively, the “Equipment”), and (iv) an assignment of any and all rents and leases on the property associated with the Series A Project (collectively, the “Guaranties Collateral”). The Guaranties and the Series B Bonds are guaranteed by the Lessee’s parent company, Colson Group Holdings, LLC (the “Parent Guaranty”). The Guaranties and the Series B Bonds are secured by the Guaranties Collateral on a parity basis, and the Authority, the Commission, the trustee for the Series B Bonds and the owner of the Series B Bonds will enter into an intercreditor agreement pursuant to which the Authority, the Commission and the owner of the Series B Bonds will share on a ratable basis the Guaranties Collateral as pledged on a parity basis for the Guaranties and the Series B Bonds and a collateral agent will be appointed to act on behalf of the Authority, the Commission, the trustee for the Series B Bonds and the owner of the Series B Bonds.

**The Series B Bonds and the Series C Bonds are NOT guaranteed in any way by the ADFA Guaranty or the AEDC Guaranty, and are payable solely from the amounts realized by the Issuer under the Lease Agreement and with respect to the Series B Bonds only, the Guaranties Collateral and the Parent Guaranty. The ADFA Guaranty and the AEDC Guaranty apply only to the Series A Bonds.**

### **SOURCES AND USES OF FUNDS**

The proceeds of the Series A Bonds, exclusive of costs of issuance, will be deposited into the Funds established under the Indenture.

An amount equal to the Required Reserve will be deposited in the Series A Debt Service Reserve Fund. The Required Reserve with respect to the Series A Bonds is an amount equal to two months' maximum debt service on the Series A Bonds (the "Required Reserve").

The remainder of such proceeds of the Series A Bonds will be deposited in the Loan Fund. The sources and uses of funds are expected to be supplied and applied approximately as follows:

**Sources of Funds:**

Par Amount of Bonds	\$
Total Sources:	\$

**Uses of Funds**

Deposit to Series A Account of the Loan Fund	\$
Deposit to Series A Account of the Costs of Issuance Fund	
Deposit to Series A Account of the Debt Service Reserve Fund	
Total Uses:	\$

### **THE PROJECT**

The proceeds to be received by the Issuer from the sale of the Series A Bonds will be loaned to or expended on behalf of Colson Caster, LLC (the "Lessee") to: (i) finance or refinance a portion of the costs of acquiring, constructing and equipping an industrial facility for the manufacture of casters and wheels and related warehousing and distribution to be located at 2121 Barnhill Road, Jonesboro, Arkansas 72401 (the "Series A Project"), to be owned by the Issuer and leased to the Lessee, (ii) pay bond guaranty fees associated with the ADFA Guaranty and the AEDC Guaranty, (iii) establish a reserve fund with respect to the Series A Bonds, and (iv) pay a portion of the expenses incurred in connection with the issuance of the Series A Bonds.

**Project Overview**

The Lessee is the largest manufacturer and distributor of caster and wheel products for geographic regions across the globe and its US operations are headquartered in Illinois. The proceeds from the Series A Bonds will be loaned by the Issuer to the Lessee to be used by the Lessee to construct a manufacturing facility in Jonesboro, Arkansas on 24 acres which will replace the Lessee's manufacturing facility located at 3700 Airport Road, Jonesboro, Arkansas. The facility will contain approximately 146,640 square feet and will feature the latest in manufacturing technology, including new stamping presses, new robotic welding machinery, a new zinc plating line and many other enhancements that will drive efficiencies in the

Lessee's US operations and expand its global capabilities. A majority of the equipment located in Lessee's existing facility in Jonesboro will be transferred to the new facility. The Project includes the acquisition and installation of additional equipment in the new facility.

Additional information regarding the Lessee and its parent company, Colson Group Holdings, LLC, is included in APPENDIX A, hereto.

### **The Authority's Development Finance Loan Policy**

The Project is eligible to be financed as an "industrial facility" pursuant to the Act. In addition, the loan to the Lessee to be financed with proceeds of the Series A Bonds meets or exceeds the Authority's Development Finance Loan Policy, adopted by the Authority's Board of Directors in August 2003 and summarized as follows:

Standard credit policies include requirements that each applicant comply with state and federal law; demonstrate and document that the project to be financed will have a positive impact on employment or actively assist in the economic development of the State; and demonstrate reasonable assurance that the loan will be repaid. For existing businesses, loan may not exceed 90% of the appraised market value or cost, whichever is less, of the facilities financed. For new businesses, 70% is the maximum loan-to-value-or-cost ratio. Financial projections, completed according to specified rules, must demonstrate cash flow at least equal to outstanding and projected debt. Appraisals are required where proceeds are to be used to acquire (or where collateral includes) existing real estate or used equipment. All collateral must be appropriately insured and pledged to the Authority on a first mortgage or first security interest basis, as applicable. The Authority requires personal guaranties from each owner of 10% or more of the borrower and may require guaranties from affiliated companies. The term of a loan may not exceed the expected useful economic life of the assets being financed. The Authority may require key person life insurance. Phase one environmental assessments are required where real estate is included in collateral. The Authority requires annual audited financial statements from borrowers whose debt to the Authority exceeds \$1,000,000 and financial statements reviewed by an independent certified public accountant from other borrowers.

The Authority's Development Finance Loan Policy contains procedures for initial and periodic loan review, initial and periodic credit quality ratings, and initial and annual site inspections. Quality ratings are: Class I (Highest Quality); Class II (Good Quality); Class III (Satisfactory Quality); Class IV (Below Average Quality); Class V (Poor Quality); and Class VI (Poorest Quality). All loans are reviewed at least semi-annually; loans rated below Class III are reviewed monthly.

The foregoing does not purport to summarize all the provisions of the Authority's Development Finance Loan Policy. Interested persons may obtain copies of the Policy by contacting the Authority.

The Authority is subject to annual examination by the Arkansas State Bank Department with respect to its development finance loans and certain other loans.

### **TAXATION**

**Federal Income Taxes.** In the opinion of Bond Counsel, the interest on the Series A Bonds is included in gross income for federal income tax purposes under existing law.

**State Taxation.** In the opinion of Bond Counsel, under existing statutes, the Series A Bonds and any income derived therefrom, including any sale, exchange, or transfer of the Series A Bonds, are exempt from Arkansas state income taxation under laws now in force on Bonds owned by residents of the State.

**Changes in Federal and State Tax Law.** From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series A Bonds.

## **RATING**

Standard & Poor's Corporation has assigned a rating of \_\_\_\_ to the Series A Bonds on the basis of the ADFA Guaranty and the AEDC Guaranty. Any rating issued reflects only the view of the rating agency. Any explanation of the significance of such rating may only be obtained from the rating agency. There is no assurance that any such rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Neither the Issuer, the Authority, the Commission nor the Underwriter undertake any responsibility either to bring to the attention of the owners of the Series A Bonds downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Series A Bonds.

## **UNDERWRITER**

Crews & Associates, Inc. (the "Underwriter") has agreed to purchase, and the Issuer has agreed to sell to it, the Series A Bonds at an aggregate purchase price of \$\_\_\_\_\_ (aggregate purchase price less/plus original issue discount/premium of \$\_\_\_\_\_), pursuant to a Bond Purchase Agreement between the Underwriter and the Issuer (the "Bond Purchase Agreement").

The Bonds are being purchased by the Underwriter for reoffering in the normal course of the Underwriter's business activities. The Underwriter may offer to sell the Series A Bonds to certain dealers and others at prices lower than the initial offering prices. The offering prices may be changed from time to time by the Underwriter. The Underwriter makes no representations or warranties as to the accuracy of the information set forth in this Official Statement.

## **SECONDARY MARKET DISCLOSURE**

There will be a Continuing Disclosure Agreement dated as of \_\_\_\_\_, 2022 between the Issuer, the Trustee, the Authority and the Commission (the "Continuing Disclosure Agreement"). The parties have covenanted for the benefit of Beneficial Owners of the Series A Bonds to provide certain financial information, if and when available, and operating data relating to the Authority's Bond Guaranty Program, certain financial information, if and when available, and operating data relating to the Commission's Bond Guaranty Program by not later than 240 days after the end of its fiscal years, commencing with the fiscal year ended June 30, 2022 (the "Annual Disclosure Statement"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Disclosure Statement will be filed 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 parties 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 D.

The Rule requires that an issuer disclose in its official statement any instances in the previous five 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 and implemented policies and procedures to facilitate on-going compliance. The Authority has 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 “Wastewater 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.

With respect to the State Facilities Program, the Conduit Issuer Program, the Wastewater 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 a few days to a few months late, but in some unusual situations, the delay was up to five (5) years late. With respect to information or data that was not included with the initial filing, most of these omissions were discovered in connection with the Authority’s May 2014 comprehensive review of its obligations with respect to its Undertakings. Supplemental filings for the necessary years were made by the Authority and are continuing to be made by other obligated parties. As noted below, 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. In connection with annual reports for the June 30, 2014 and June 30, 2015 fiscal years, most of the information required by the Undertakings was filed timely, but not in the annual report format. Actuarial information relating to pension obligations and the per capita general obligation debt calculation were filed late in June 2016. Substantially all filings in the annual report

format for the June 30, 2014 and June 30, 2015 fiscal years were filed by July 2016. In connection with some Undertakings for the State Facilities Program, the audited financial statements for certain state agencies for the fiscal year ending June 30, 2018 are not yet available. In some instances, the Failure to File Notices have not been filed or were filed late. 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. With respect to bonds guaranteed by AEDC, the Undertakings relating to bonds issued prior to 2014 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. Beginning in 2013, the Authority, in consultation with AEDC, began filing the State CAFR to satisfy this term of the Undertakings and continues to file the State CAFR for the purpose of satisfying the referenced provision of the applicable Undertakings. With respect to some Undertakings, there were a few instances in which the required disclosure information was not associated with all of the CUSIPs for a bond issue at the time the financial information and operating data were initially filed. These occurrences, though infrequent, were most common in connection with the Local Bond Guaranty Program, and necessary filings have been made for previously skipped CUSIPs.

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 of 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

on-going 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, 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.

The Rule also requires that an obligated party disclose in an official statement related to its debt obligations any instances in the previous five years in which such obligated party 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. The Issuer is not an obligated party under the Rule and does not have any prior undertakings.

### **LEGAL MATTERS**

The validity of the Series A Bonds will be passed upon by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel, and the Underwriter's obligation to purchase the Series A Bonds is subject to the issuance of Bond Counsel's opinion with respect thereto.

### **LITIGATION**

The Issuer has represented that, except as disclosed in this Official Statement, there is no litigation pending or, to the best of its knowledge, threatened, which, among other things, questions the powers of the Issuer to issue the Series A Bonds and enter into and perform its agreements relating to the Series A Bonds or the validity of the Issuer's proceedings in connection with the Series A Bonds, or wherein an unfavorable decision could materially adversely affect the transactions or documents relating to the Series A Bonds, or which could adversely affect the validity or enforceability of certain documents relating to the Series A Bonds.

### **ENFORCEABILITY OF REMEDIES**

Enforcement of the remedies available under the Lease Agreement, the Series A Bonds, the ADFA Guaranty, the AEDC Guaranty, the Indenture and the ordinance authorizing the Series A Bonds may depend on judicial action and may be subject to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Lease Agreement, the Series A Bonds, the Indenture, the ADFA Guaranty, the AEDC Guaranty, or the ordinance authorizing the Series A Bonds resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

### **MISCELLANEOUS**

The foregoing summaries do not purport to be complete and are expressly made subject to the provisions of the complete documents. For details of all terms and conditions, prospective purchasers are referred to the Lease Agreement, the ADFA Guaranty, the AEDC Guaranty, and the Indenture. Copies of

those documents and additional information may be obtained from the Issuer, the City of Jonesboro, Arkansas (telephone number 870-932-1052).

This Official Statement has been duly authorized by the Issuer.

**CITY OF JONESBORO, ARKANSAS**

By:           /s/ Harold Copenhaver            
Harold Copenhaver, Mayor

## APPENDIX A

### DESCRIPTION OF THE LESSEE

The Colson Group of companies (“Colson”), including the Lessee, Colson Castor, LLC and its parent company, Colson Group Holdings, LLC, (the “Colson Holdings”) has over 350+ combined years of developing, manufacturing and distributing caster and wheel products worldwide. In March, 2021 Colson Group was acquired by Blue Wolf Capital Partners LLC, a New York-based private equity firm from its prior owner Sentinel Capital Partners. Sentinel Capital Partners acquiring Colson Group in 2012. Prior to Sentinel Capital Partners, the company was held by Robert Pritzker who acquired the Colson caster brand in 1953 and built it into the worldwide caster leader that is now Colson Group.

The Lessee was incorporated as a corporation in Delaware on October 23, 1979 and was converted to a limited liability company on December 31, 2013. Colson Holding’s corporate office is located at 1815 Meyers Road, Suite 750, Oakbrook Terrace, Illinois 60181. Presently Colson Group has over 1,600 employees across 30 global facilities including \_\_\_ employees at its Illinois headquarters and 87 employees at the existing Jonesboro production facility. The company expects to employ approximately 22 additional employees in Jonesboro and approximately 79 additional employees overall in connection with the Project.

Colson Group provides the most complete caster and wheel production offering in the world including light duty to heavy duty single wheel caster to injection molded medical casters. The Colson Group brands provide over 350 years of market-proven experience and expertise for every industry and application. Growth and acquisitions have enabled Colson Group to create a proprietary value chain that services nearly every industry with innovative product solutions, leading technical support and trusted service capabilities. Its innovations have led to some of the most trusted, highest quality and advanced mobility solutions today with dynamic load capabilities ranging from 40 pounds (18 kilograms) to 100,000 pounds (45,000 kilograms). Loyal customers, long-standing original equipment manufacturer (OEM) relationships and strong new business development initiatives help maintain growth and relevancy. Colson Group ships over 192,000 products per day globally, and has approximately a 30% share of the US market.

Colson Group’s maintains relationships with suppliers of various materials used in the production of its casters and wheels including steel, polyurethane and resin. These major suppliers include but are not limited to Magic Steel with manufacturing locations in Michigan and Alabama, Gallagher located in Illinois and Enpol Engineering Resins with its headquarters in Georgia. Major customers of Colson Group include but are not limited to McMaster-Carr, Amazon Robotics and Snap-On Tools.

[INSERT ADDITIONAL INFORMATION]

## APPENDIX B

### DEFINITIONS

“Act” means Title 14, Chapter 164, Subchapter 2 of the Arkansas Codes of 1987 Annotated, as amended, which authorizes the issuance of bonds by the Issuer for the purposes provided in the Indenture.

“ADFA” or “Authority” means the Arkansas Development Finance Authority.

“ADFA Guaranty” means the Guaranty Agreement for Payment of Economic Development Revenue Bonds dated \_\_\_\_\_, 2022, executed by ADFA in favor of the Trustee, pursuant to which ADFA guarantees payment of the principal and interest on the ADFA Guaranteed Bonds.

“ADFA Guaranteed Bonds” means the aggregate principal amount of \$6,000,000 of the Series A Bonds the payment of which are guaranteed by ADFA pursuant to the ADFA Guaranty.

“ADFA Guaranteed Bonds” means the aggregate principal amount of \$5,000,000 of the Series A Bonds the payment of which are guaranteed by AEDC pursuant to the AEDC Guaranty.

“AEDC” or “Commission” means the Arkansas Economic Development Commission.

“AEDC Guaranty” means the Guaranty Agreement for Payment of Economic Development Revenue Bonds, dated \_\_\_\_\_, 2022, executed by the AEDC in favor of the Trustee, pursuant to which the AEDC guarantees payment of the principal and interest on the AEDC Guaranteed Bonds.

“Authorized Denomination” means minimum aggregate principal amounts of \$5,000 and integral multiples of \$5,000 in excess thereof.

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

“Bond Counsel” means with respect to the Bonds, Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, or any other nationally recognized bond counsel selected by the Issuer or the Trustee, as applicable.

“Bond Fund” means the fund and accounts therein of the Issuer created by Section 5.01 of the Indenture into which the funds specified in Article V are to be deposited and out of which disbursements are to be made as expressly authorized and directed by the Indenture.

“Bonds” or “bonds” mean collectively, the City of Jonesboro, Arkansas Taxable Economic Development Revenue Bonds (ADFA/AEDC Guaranty Programs) (Colson Caster Project), Series 2022A issued under and secured by the Indenture, in the principal amount of \$11,000,000 and the City of Jonesboro, Arkansas Taxable Economic Development Revenue Bonds (Colson Caster Project), Series 2022B issued under and secured by the Indenture, in the principal amount of \$4,000,000.

“Book Entry Bonds” means Bonds for which a securities depository or its nominee is the Bondholder.

“City Clerk” means the person holding the office and performing the duties of City Clerk of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, of the United States of America.

“Date of Delivery” means \_\_\_\_\_, 2022.

“Delivery Instructions” means the written request and authorization given by the Issuer in accordance with Section 5.01(b) of the Indenture on the date of the bond closing directing the use and deposit of the proceeds of the Bonds.

“Guaranties” mean collectively the ADFA Guaranty and the AEDC Guaranty.

“Guaranty Payments” means all amounts payable under the Guaranties.

“Indenture” means the Trust Indenture with all indentures supplemental hereto.

“Issuer” means the City of Jonesboro, Arkansas, a city of the first class and a political subdivision of the State of Arkansas.

“Lease Agreement” means the Lease Agreement between the Issuer and the Lessee, providing for a loan to the Lessee for payment of the Project costs.

“Lessee” means Colson Caster, LLC, a Delaware limited liability company.

“Loan” means the loan from the Issuer to the Lessee evidenced and governed by the Lease Agreement.

“Loan Fund” means the fund and accounts therein created by Section 5.01 of the Indenture into which the portion of the proceeds of the sale of the Series A Bonds specified in Section 5.06 is to be deposited and out of which disbursements are to be made in the manner and for the purposes specified in Article V of the Indenture.

“Mayor” means the Mayor of the Issuer.

“Outstanding” means all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore canceled by Trustee or delivered to Trustee for cancellation;

(b) Bonds for the payment or redemption of which cash funds (or Federal Securities, to the extent permitted in Section 12.01 of the Indenture) have been deposited with the Trustee; *provided, that*, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to Trustee shall have been made therefor, or waiver of such notice satisfactory in form to Trustee shall have been filed with Trustee, and provided further that prior to such redemption or payment, the Bonds to be paid or redeemed shall be deemed to be Outstanding for the purpose of replacement under Section 2.07 of the Indenture and transfer and exchange under Section 2.08 of the Indenture;

(c) Bonds issued under the Indenture, to the extent that such Bonds are no longer deemed to be Outstanding under the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated under Section 2.08 of the Indenture.

“Owner” or “Bondowner” or “owner of the bonds” or “Bondholder” means the Person who owns a Bond, provided that, pursuant to Section 2.09 of the Indenture, the Person in whose name a Bond is registered in the bond register shall be regarded for all purposes as such owner.

“Paying Agent” means the bank or trust company named by the Issuer as the place at which the principal of and interest on the Bonds is payable. The original Paying Agent is the Trustee. References to Paying Agent include any alternate Paying Agent.

“Person” includes natural persons, firms, associations, corporations and public bodies.

“Pledged Property” means the properties, interests and rights set forth in the granting clauses of the Indenture.

“Project” means collectively, the Series A Project and the Series B Project.

“Purchasers” means the original purchasers of the Bonds.

“Record Date” means the fifteenth calendar day of the month preceding the month in which the interest payment date occurs.

“Registrar” means the registrar, initially the Trustee, appointed by Issuer at the direction of the Lessee, and any successor registrar appointed under the Indenture.

“Reimbursement Agreement” means the Guaranty Agreement for Reimbursement of Advanced Funds between AEDC, ADFa and the Lessee under which the Lessee agrees to reimburse ADFa and/or AEDC for payments made pursuant to the Guaranties.

“Required Reserves” means collectively, the Series A Required Reserve and the Series B Required Reserve.

“Revenues” means the income, including penalties and interest, derived by the Issuer under the Lease Agreement.

“Securities Depository” means a person that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of the Securities Exchange Act of 1934 for the purposes of Section 17A thereof.

“Series A Bonds” means the City of Jonesboro, Arkansas Taxable Industrial Development Revenue Bonds (ADFA/AEDC Guaranty Programs) (Colson Caster Project) Series 2022A.

“Series A Project” means the land, improvements and facilities being financed out of the proceeds of the Series A Bonds, together with other expenses in connection therewith, including architectural and engineering fees, ADFa’s and AEDC’s Guaranty Fees, and the costs of the issuance of the Series A Bonds.

“Series A Required Reserve” means an amount equal to two months’ maximum debt service on the Series A Bonds.

“Series B Bonds” means the City of Jonesboro, Arkansas Taxable Industrial Development Revenue Bonds (Colson Caster Project) Series 2022B.

“Series B Project” means the acquisition and installation of equipment being financed out of the proceeds of the Series B Bonds, together with other expenses in connection therewith, including architectural and engineering fees, if any, and the costs of the issuance of the Series B Bonds.

“Series B Required Reserve” means an amount equal to two months’ maximum debt service on the Series B Bonds.

“State” means the State of Arkansas.

“Temporary Bonds” means bonds issued pursuant to Section 2.13 of the Indenture if definitive bonds are not available upon the initial delivery of the Bonds to the Purchasers.

“Trust Estate” means the Trust Estate set forth and defined in the granting clauses of the Indenture, including all the “Pledged Property.”

“Trustee” means the Trustee for the time being, whether original or successor, with the original Trustee being \_\_\_\_\_ Bank, an Arkansas banking corporation organized and operating under the laws of Arkansas and authorized to exercise corporate trust powers in the State of Arkansas, and being duly qualified to accept and administer the trusts created by the Indenture, and having a corporate trust office located in Little Rock, Arkansas. The Trustee is also a Paying Agent and Registrar.

## APPENDIX C

### SUMMARY OF PRINCIPAL DOCUMENTS

#### THE LEASE AGREEMENT

The following is a summary of certain provisions of the Lease Agreement and does not purport to be comprehensive or complete. Reference is made to the Lease Agreement for its complete provisions.

##### **Lease of Project and Term of Lease Agreement.**

The Issuer (as lessor under the Lease Agreement) agrees under the terms of the Lease Agreement to lease to the Lessee (as lessee under the Lease Agreement) the lands and/or the improvements described in the Lease Agreement (the Project), which includes the real property and equipment encompassed by the Project with respect to the Series A Bonds, the Series B Bonds and the Series C Bonds (referred to in this Appendix C as the “Series 2022 Bonds”).

The term of the Lease Agreement begins as of \_\_\_\_\_, 2022, and continues until \_\_\_\_\_, 20\_\_ and as long thereafter as any of the Series 2022 Bonds remain outstanding under the Indenture and the Trust Indenture between the Issuer and a trustee for the Series C Bonds (collectively referred to in this Appendix C as, the “Indentures”).

##### **Rent Payment Requirements.**

###### Basic Rent.

(a) The Lessee is required to pay to the Issuer Basic Rent monthly in the amounts necessary to pay interest, premium, if any, and principal of all outstanding Series 2022 Bonds as the same become due under the provisions of the Indentures. Basic Rent is payable monthly commencing \_\_\_\_\_, 20\_\_ (which payments shall include interest as well from \_\_\_\_\_, 20\_\_) through \_\_\_\_\_, 20\_\_, and shall continue on the same day of each month thereafter until the principal of, premium, if any, and interest on the Series 2022 Bonds shall have been fully paid, or the required provision made for the payment thereof in accordance with the provisions of the Indentures. In the event Lessee is late on any payment, Lessee shall be allowed an additional five (5) day grace period from the due date thereon to make such payment, before such event shall constitute an Event of Default hereunder.

(b) If, during any year while any of the Series 2022 Bonds are outstanding, the Basic Rent is insufficient to pay the principal of, premium, if any, and interest on the Series 2022 Bonds as the same become due, the amount of the insufficiency shall be paid by the Lessee as additional Basic Rent. If at any time the amount in the Bond Funds under the respective Indentures are sufficient to pay in full the principal of, premium, if any, interest on, and, if redemption is involved, redemption expenses in connection with, all of the outstanding Series 2022 Bonds, then no further Basic Rent shall be payable. If any moneys remain in the Bond Funds of the respective Indentures after payment or the making or provision for payment in accordance with the provisions of Article V of the Indentures, of the principal of, premium, if any, interest on, and, if redemption is involved, redemption expenses in connection with, all outstanding Series 2022 Bonds, such remaining moneys shall be refunded to the Lessee as excess Basic Rent.

Additional Rent. During the term of the Lease Agreement, the Lessee shall pay as Additional Rent payable to the Issuer, any expenses which are required to be incurred by the Issuer pursuant to the provisions of the Lease Agreement or the Indentures the payment of which is not otherwise provided for by applicable

provisions of the Lease Agreement or the Indentures, and all impositions (such as taxes and assessments), expenses, liabilities, obligations and other payments of whatever nature which the Lessee has agreed to pay or assume under the provisions of the Lease Agreement. If at any time any amounts paid by the Lessee as Additional Rent are or become in excess of the amounts required for the purposes for which they were paid, such excess amounts shall be refunded to the Lessee.

The Lessee shall be required to pay to ADFa an annual administrative fee equal to \_\_\_\_ percent (.\_\_%) of the principal amount of its applicable portion of Series A Bonds Outstanding on December 31 of each year while the Series A Bonds are Outstanding commencing December 31, 2022. The first calculation of the administrative fee should be calculated pro-rata based on number of months outstanding (July – December or 6 months). Under the terms of the Indenture for the Series A Bonds, the Trustee is required to calculate the amount of the annual administrative fee annually and give notice to the ADFa and Lessee of the amounts due to be paid on or before January 31 of each year and the amount of the final administrative fee and give notice to ADFa and Lessee of the amounts due to be paid on or before maturity of the Series A Bonds. The Trustee is also responsible for collecting the annual administrative fee and remitting it to ADFa. A final administrative fee to ADFa shall be payable upon final maturity of the Series A Bonds in an amount equal to \_\_% (0.\_\_%) 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.

The Lessee shall be required to pay to AEDC an annual administrative fee equal to \_\_\_\_ percent (.\_\_%) of the principal amount of its applicable portion of Series A Bonds Outstanding on December 31 of each year while the Series A Bonds are Outstanding commencing December 31, 2022. The first calculation of the administrative fee should be calculated pro-rata based on number of months outstanding (July – December or 6 months). Under the terms of the Indenture for the Series A Bonds, the Trustee is required to calculate the amount of the annual administrative fee annually and give notice to the AEDC and Lessee of the amounts due to be paid on or before January 31 of each year and the amount of the final administrative fee and give notice to AEDC and Lessee of the amounts due to be paid on or before maturity of the Series A Bonds. The Trustee is also responsible for collecting the annual administrative fee and remitting it to AEDC. A final administrative fee to AEDC shall be payable upon final maturity of the Series A Bonds in an amount equal to \_\_% (0.\_\_%) 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.

Payment. Until the principal of, premium, if any, and interest on the Series 2022 Bonds shall have been paid or provision for such payment shall have been made in accordance with the provisions of the Indenture, the Lessee's obligation to pay Basic Rent and Additional Rent shall be absolute and unconditional and the Basic Rent and the Additional Rent shall be payable on the dates or at the times specified, and without abatement or set-off, and regardless of any contingencies whatsoever, and notwithstanding any circumstances or occurrences that may now exist or that may hereafter arise or take place.

The Lessee covenants that it will not enter into any contract, indenture or agreement of any nature whatsoever which shall in any way limit, restrict or prevent the Lessee from performing any of its obligations under the Lease Agreement.

Method of Payment of Basic Rent and Additional Rent. Payments of Basic Rent shall be made to the Issuer by the Lessee remitting the same directly to the Trustee, for the account of the Issuer, and shall be deposited by the Trustee in the respective Bond Fund provided for in the Indentures, to be used by the

Trustee as provided in the Indentures. Additional Rent shall be paid by the Lessee remitting the same directly to the Issuer, in the case of the Issuer's expenses and charges, and either making direct payment in the case of impositions and other costs, expenses, liabilities and payments assumed and agreed to be paid by the Lessee under the Lease Agreement, or reimbursing the Issuer, if, pursuant to the provisions of the Lease Agreement, Trustee shall make payment thereof.

## **Insurance**

The Lessee shall, at Lessee's sole cost and expense, keep the Leased Premises insured:

(a) Against the perils of fire and the hazards ordinarily included under broad form extended coverage endorsements in amounts necessary to prevent the application of the coinsurance provisions of the applicable policies but not less than \_\_\_% of the full insurable value thereof within the terms of applicable policies; and

(b) If there are boiler or pressure vessels, from boiler or pressure vessel explosion in an amount customarily carried in the case of similar industrial operations.

The term "full insurable value" means such value as shall be determined from time to time at the request of the Lessee or the Issuer (but not more frequently than once in every forty-eight (48) months) by one of the insurers selected by the Lessee.

At all times during the term of the Lease Agreement, the Lessee shall, at no cost or expense to the Issuer, maintain or cause to be maintained:

(a) General Public Liability insurance against claims for bodily injury or death occurring upon, in or about the Leased Premises, with such insurance to afford protection to the limits of not less than \$\_\_\_\_\_ in respect of bodily injury or death to any one person and to the limit of not less than \$\_\_\_\_\_ in respect of any one accident; and

(b) Property damage insurance against claims for damage to property occurring upon, in or about the Leased Premises with such insurance to afford protection to the limit of not less than \$\_\_\_\_\_ in respect of damages to the property of any one owner.

## **Events of Default and Remedies**

Events of Default. Any one of the following is an "Event of Default" under the Lease Agreement:

(a) Failure by the Lessee to pay the rents or any part thereof when due so as to prevent timely payment on the Bonds.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this section, (i) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee by the Issuer unless the Issuer shall agree in writing to an extension of such time prior to its expiration or (ii) for such longer period as may be reasonably necessary to remedy such default provided that the Lessee is proceeding with reasonable diligence, to remedy the same.

(c) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Leased Premises, or the

commission by the Lessee of any act of bankruptcy, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under similar act which may hereafter be enacted.

(d) With respect to the Series A Bonds, receipt by the Issuer and the Trustee of notices from ADFA or AEDC of a failure by the Lessee to comply with the terms and conditions set forth in the Guaranty Commitment or the Reimbursement Agreement.

Remedies. Whenever any Event of Default shall happen and then be continuing for a period of not less than thirty (30) days, the Issuer may take any of the following remedial steps:

(a) The Issuer, with the prior written consent of ADFA and AEDC may, at its option, declare all installments of rent payable for the remainder of the term to be immediately due and payable, whereupon the same shall become immediately due.

(b) The Issuer, with the prior written consent of ADFA and AEDC may re-enter and take possession of the Leased Premises without terminating the Lease Agreement, and sublease the Leased Premises for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by the Lessee under the Lease Agreement.

(c) The Issuer, with the prior written consent of ADFA and AEDC may terminate the term, exclude the Lessee from possession of the Leased Premises and use its best efforts to lease the Leased Premises to another for the account of the Lessee, holding the Lessee liable for all rent and other payments due up to the effective date of any such leasing.

(d) Upon reasonable notice to Lessee, the Issuer, ADFA and AEDC shall have access to inspect, examine and make copies of the books and records relating to the Leased Premises.

(e) The Issuer, with the prior written consent of ADFA and AEDC may take whatever action at law or in equity may appear necessary or desirable to collect the rent and any other amounts payable by the Lessee hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under the Lease Agreement.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indentures.

Notwithstanding (a), (b) or (c), above, before exercising any remedy granted therein, the Issuer shall by written notice, grant the Lessee the option to cure any default for a period of thirty (30) days.

### **Lessee's Purchase Options**

The Lessee shall have the right and option to purchase the Leased Premises at any time if:

(a) The Leased Premises sustain major damage or destruction; or

(b) Title to all or substantially all of the Leased Premises is condemned; or

(c) As a result of changes in the Constitution of the United States or of the State, or of legislative action, or by the final decree, judgment or order of any court or administrative body entered after

the Lessee's contest thereof in good faith, or change in the Issuer's legal organization or status, the Lease Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Lease Agreement, or unreasonable burdens or excessive liabilities are imposed upon either party to it; or

(d) There is legal curtailment of the Lessee's use and occupancy of all or substantially all of the Leased Premises for any reason other than condemnation.

The term "major damage or destruction" means any damage or injury to or destruction of the Leased Premises or any part thereof (whether or not resulting from an insured peril) such that the Leased Premises cannot reasonably be restored to its condition immediately preceding such damage, injury or destruction within a period of at least six (6) months, or which would prevent the Lessee from carrying on its manufacturing operations therein for a period of at least six (6) months or the restoration cost of which would exceed the total amount of insurance carried on the Leased Premises, or such that it would not be economically feasible for the Lessee to repair the Leased Premises, as determined by the Lessee in its discretion.

At any time after \_\_\_\_\_, 20\_\_\_\_, and at any time following redemption of the Series A Bonds, if the purchase options described above have not been exercised, the Lessee shall have the further unconditional right and option to purchase the Leased Premises.

The purchase price payable if the Lessee exercises its option to purchase the Leased Premises shall be the full amount necessary under the provisions of the Indentures to pay or redeem (on the first date thereafter on which all outstanding Series 2022 Bonds may be paid and redeemed after giving the necessary notice) all Series 2022 Bonds outstanding under the Indentures (including, without limitation, principal, interest, redemption premium, if any, and expenses of redemption), but after deduction of any amount then in the respective Bond Fund and available for such payment and redemption. In any case, if no Series 2022 Bonds shall be outstanding under the Indentures at the time of purchase, the purchase price of the Leased Premises shall be One Hundred Dollars (\$100.00).

In addition, if the Lease Agreement is terminated as a result of a default, the Lessee shall have the right and option to purchase the Leased Premises at any time during the period ending six months after the effective date of such termination, in which event the Purchase Price payable shall include all expenses and reasonable attorney's fees of the Issuer, ADFA and AEDC in connection with such termination.

### **Additional Facilities and Sale of Land**

The progress of the Lessee's business may justify an expansion of the Project or the construction, acquisition and installation of additional industrial facilities and equipment (herein referred to as additional facilities) beyond those that can be financed out of the proceeds of the Series A Bonds and the Series B Bonds. Therefore, under the terms of the Lease Agreement:

(a) If the Lessee desires to construct additional facilities and wishes to finance these by the issuance of economic development revenue bonds, it shall notify the Issuer, ADFA and AEDC and the Issuer agrees to proceed to issue additional bonds, otherwise than under the Indenture, subject to the requirements of law to finance such additional facilities. In that event, the Issuer and the Lessee agree to execute a separate loan agreement or lease agreement covering the financing of such additional facilities upon similar terms and conditions as set forth in the Lease Agreement, subject to any changes or additions that may then be agreed upon by the Issuer and the Lessee, but there must be included provision for note payments in the amount necessary to provide for the payment of the principal of and interest on any such additional bonds, and the land involved in such expansion program shall automatically be withdrawn from

the Lease Agreement upon becoming subject to a separate loan or lease agreement between the Issuer and the Lessee.

(b) If for any reason the additional facilities cannot be financed under Arkansas bond statutes, or any then existing similar law, as provided in subparagraph (a) above, or if for any reasons the Lessee does not desire to so proceed, the Lessee shall have the right, upon notice to the Issuer, the Authority and the Commission, to require the Issuer, the Authority and the Commission to the extent described under the heading "Lands that May be Included in Expansion," below, to release the land to be involved in said expansion program from the Lease Agreement free and clear of all encumbrances except those to which title was subject when encumbered by the Issuer.

#### **No Diminution in Lessee's Obligation.**

The fact that the land involved in such expansion program shall cease to be subject to the Lease Agreement by virtue of becoming subject to a separate loan agreement shall not relieve, and shall not result in the relieving of the Lessee of its obligations to pay Lease payments or any of the other covenants and obligations on the part of the Lessee to be performed under the Lease Agreement, or result in any diminution thereof.

#### **Lands That May be Included in Expansion.**

The Lessee's expansion program and the land subject to a separate mortgage may include only such portion of the land originally included in the Project as shall not at such time be improved with a building or buildings or other structure or structures or be necessary for adequate ingress and egress to and from said buildings and structures plus such additional land adjacent to said buildings and structures, as may be reasonably necessary for the proper and efficient use of such buildings and structures.

### **THE INDENTURE**

The following, in addition to information contained above under the headings INTRODUCTION and THE BONDS, is a summary of certain provisions of the Indenture for the Series A Bonds and the Series B Bonds. Reference is made to the Indenture for their complete provisions. This summary does not contain a summary of certain provisions of the trust indenture for the Series C Bonds.

**Creation of Funds; Deposit of Bond Proceeds.** (a) There is created and established as trust funds and accounts to be held by the Trustee the following:

- (i) Cost of Issuance Fund, and therein a Series A Account and a Series B Account therein;
- (ii) Bond Fund, and therein a Series A Account and a Series B Account;
- (iii) Debt Service Reserve Fund, and therein a Series A Account and a Series B Account; and
- (iv) Loan Fund, and therein a Series A Account and a Series B Account.

Trustee may also create such other Funds or Accounts as it deems necessary or desirable in the administration of the Indenture.

(b) The proceeds of the Series A Bonds shall be deposited into the Series A Account of the Costs of Issuance Fund, the Series A Account in the Bond Fund and the Series A Account in the Debt Service Reserve Fund and the balance of such proceeds shall be deposited in the Series A Account in the

Loan Fund all as set out in the Delivery Instructions. The proceeds of the Series B Bonds shall be deposited into the Series B Account of the Costs of Issuance Fund, the Series B Account in the Bond Fund and the Series B Account in the Debt Service Reserve Fund and the balance of such proceeds shall be deposited in the Series B Account in the Loan Fund all as set out in the Delivery Instructions.

(c) The Bonds and all payments by the Issuer under the Indenture are not and shall never become general obligations of the Issuer, but are special and limited obligations payable solely from the Trust Estate and other payments made by the Lessee under the Lease Agreement. Payments made pursuant to the Lease Agreement by the Lessee are to be made directly to the Trustee for the account of the Issuer and shall be deposited pursuant to the provisions of Section 3.03 of the Lease Agreement.

**Cost of Issuance Fund.** Trustee shall deposit into the Costs of Issuance Fund that portion of the Bonds required to be deposited therein pursuant to the Indenture. Moneys deposited into the Costs of Issuance Fund shall be expended to pay the Issuance Costs of said Bonds: (i) upon receipt by Trustee of requisitions signed by an Authorized Lessee Representative for any Issuance Costs not set forth in the Delivery Instructions or (ii) in accordance with the directions contained in the Delivery Instructions. Any funds remaining in the accounts in the Costs of Issuance Fund two (2) months after having been deposited therein shall be transferred to the respective account in the Bond Fund.

The Trustee shall use moneys in the accounts in the Cost of Issuance Fund to pay costs associated with the issuance of the respective Bonds or to reimburse the Issuer to the extent of payments made for such expenses previously paid. Before any payment shall be made for such expenses, there shall be filed with the Trustee a written request of the Issuer, stating:

- (i) The name of the person, firm or corporation to whom the payment is due;
- (ii) The amount to be paid;
- (iii) The purpose for which the expense was incurred; and
- (iv) That such person, firm or corporation has not previously been paid for such expense.

The Delivery Instructions executed contemporaneously with the Indenture shall constitute a “written request” of the Issuer in compliance with this section.

**Bond Fund.** There shall be deposited into the Series A Account of the Bond Fund as and when received:

- (a) The proceeds of the sale of the Series A Bonds less amounts set forth in Article V of the Indenture with respect to the Series A Bonds;
- (b) The payments and other moneys paid by the Lessee, pursuant to the Lease Agreement with respect to the Series A Bonds;
- (c) All amounts paid under the ADFA Guaranty or AEDC Guaranty;
- (d) All amounts paid under a Reimbursement Agreement which are not amounts paid to the Issuer as reimbursement for amounts paid under the ADFA Guaranty or AEDC Guaranty;
- (e) Amounts transferred to the Series A Account of the Bond Fund for redemption of the Bonds; and
- (g) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture which are not directed to be paid in a fund other than the Series A Account of the Bond Fund.

There shall be deposited into the Series B Bond Account of the Bond Fund as and when received:

- (i) The proceeds of the sale of the Series B Bonds less amounts set forth in Article V of the Indenture with respect to the Series B Bonds;
- (ii) The payments and other moneys paid by the Lessee, pursuant to the Lease Agreement with respect to the Series B Bonds;
- (iii) Amounts transferred to the Series B Account of the Bond Fund pursuant to the provisions of Article V with respect to the Series B Bonds; and
- (iv) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture which are not directed to be paid in a fund other than the Series B Account in the Bond Fund.

Moneys in the respective accounts of the Bond Fund will be used solely for the payment of the principal of and premium, if any, and interest on the Series A Bonds and Series B Bonds, respectively either at maturity or at redemption prior to maturity.

**Debt Service Reserve Funds.** There shall be deposited into the Series A Account in the Debt Service Reserve Fund by the Trustee an amount equal to the Series A Required Reserve pursuant to the Delivery Instructions received by the Trustee at the bond closing. There shall be deposited into the Series B Account of the Debt Service Reserve Fund by the Trustee an amount equal to the Series B Required Reserve pursuant to the Delivery Instructions received by the Trustee at the bond closing. The funds held in the accounts in the Debt Service Reserve Fund may be invested as provided in Section 7.01(b) of the Indenture, and any earnings from the investment of such accounts shall be deposited into the respective accounts in the Bond Fund. Each month as long as any of the Bonds are outstanding, the Trustee shall transfer from the respective accounts in the Debt Service Reserve Fund to the respective accounts in the Bond Fund any amounts that are in excess of the Required Reserves.

**Withdrawals from Debt Service Reserve Fund.** One day prior to each Interest Payment Date or any date on which Series A Bonds are due as a result of a call for redemption or maturity or as a result of the occurrence of an Event of Default, the Trustee shall determine if sufficient funds will be available in the Series A Bond Account in the Bond Fund to pay in full the principal, if any, and interest on the Series A Bonds due on the next day. One day prior to each Interest Payment Date or any date on which Series B Bonds are due as a result of a call for redemption or maturity or as a result of the occurrence of an Event of Default, the Trustee shall determine if sufficient funds will be available in the Series B Bond Account in the Bond Fund to pay in full the principal, if any, and interest on the Series B Bonds due on the next day. If sufficient funds will not be available in the respective accounts in the Bond Fund, the Trustee shall immediately transfer an amount equal to the amount of such deficiency from the respective accounts of the Debt Service Reserve Fund to the respective accounts in the Bond Fund. Any funds remaining in the accounts in the Debt Service Reserve Fund immediately prior to the payment of all the Bonds then Outstanding (whether at stated maturity or upon optional or mandatory redemption or as a result of acceleration), shall be transferred into the respective account in the Bond Fund and used as herein provided.

**Loan Fund.** Moneys in the Series A Account in the Loan Fund shall be disbursed to the Lessee or paid directly to vendors to pay Series A Project costs related to the Series A Bonds which shall include costs of acquisition, costs of construction, architect's and engineer's fees, payment of interim indebtedness of the Lessee incurred for Series A Project costs, and all other necessary expenses incidental to the completion of the Series A Project if approved by the Issuer. Moneys in the Series B Account of the Loan

Fund shall be disbursed to the Lessee or paid directly to vendors to pay Series B Project costs related to the Series B Bonds which shall include costs of acquisition and installation of equipment, engineer's fees, payment of interim indebtedness of the Lessee incurred for Series B Project costs, and all other necessary expenses incidental to the acquisition and installation of equipment for the Series B Project if approved by the Issuer. Such expenditures shall be paid in accordance with and pursuant to written draw requests which shall be signed by the Authorized Lessee Representative and approved by the Issuer. In addition to the requirements of **Section 8.01** of the Lease Agreement, draw requests shall be in substantially the form attached to the Lease Agreement as Exhibit C. Upon receipt of each draw request the Trustee shall issue its check upon the appropriate account in the Loan Fund payable to the person, firm or corporation designated in the draw request.

**Transfer to Bond Fund.** Whenever the Issuer shall notify the Trustee in writing that any balance remaining in the Series A Account of the Loan Fund will not be needed for completion of the Series A Project, the remaining balance (if the balance is at least \$5,000) shall be deposited into the Series A Account in the Bond Fund and used to redeem Series A Bonds on the first Interest Payment Date following notification. If the balance is less than \$5,000, it shall be transferred to the Series A Account in the Bond Fund and applied as a credit against a subsequent payment. Whenever the Issuer shall notify the Trustee in writing that any balance remaining in the Series B Account in the Loan Fund will not be needed for completion of the Series B Project, the remaining balance (if the balance is at least \$5,000) shall be deposited into the Series B Account in the Bond Fund and used to redeem Series B Bonds on the first Interest Payment Date following notification. If the balance is less than \$5,000, it shall be transferred to the Series B Account in the Bond Fund and applied as a credit against a subsequent payment.

**Fees Payable to ADFA and AEDC.** Pursuant to the terms of the Lease Agreement, the Lessee is required to pay to ADFA and AEDC its annual administrative fee for the ADFA Guaranty and the AEDC Guaranty, respectively. The Trustee shall calculate the amount of such administrative fee annually and give notice to ADFA, AEDC and the Lessee of the amounts due to be paid on or before January 31 of each year. The Trustee shall be responsible for collecting the annual administrative fee and remitting it to ADFA and AEDC, respectively. The Lessee is required to pay to ADFA and AEDC a final administrative fee upon final maturity of the Bonds. The Trustee shall calculate the amount of such final administration fee and give notice to ADFA, AEDC and the Lessee or amounts to be paid on or before the maturity of the Bonds. The amount of ADFA's annual administrative fee is equal to \_\_\_\_\_ percent (\_\_\_\_%) of the principal amount of the ADFA Guaranteed Bonds Outstanding each year and the amount of ADFA's final administrative fee is equal to \_\_\_\_ percent (\_\_\_\_%) of the principal amount of the ADFA Guaranteed 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. The amount of AEDC's annual administrative fee is equal to \_\_\_\_\_ percent (\_\_\_\_%) of the principal amount of the AEDC Guaranteed Bonds Outstanding each year and the amount of AEDC's final administrative fee is equal to \_\_\_\_\_ percent (\_\_\_\_%) of the principal amount of the AEDC Guaranteed 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.

**Investment of Moneys in Funds.** Subject to the restrictions of Section 4.11 of the Indenture, moneys on deposit with the Trustee shall be invested at the direction of the Issuer as follows:

- (a) The following obligations to be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below, or
- (2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America (“Government Securities”).

(b) The following shall be “Permitted Investments” for all purposes other than defeasance investments in refunding escrow accounts:

- (1) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
  - Farm Credit System
  - Small Business Administration
  - Government National Mortgage Association (GNMA)
  - U.S. Department of Housing & Urban Development (PHA’s)
  - Federal Housing Administration;
- (2) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
  - Senior debt obligations rated “Aaa” by Moody’s and “AA+” by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
  - Obligations of the Resolution Funding Corporation (REFCORP)
  - Senior debt obligations of the Federal Home Loan Bank System;
- (3) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (4) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s and which matures not more than 360 days after the date of purchase;
- (5) investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P and/or rated in the highest rating category for this type of investment by Moody’s at the time of purchase;
- (6) pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable on table or convertible at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

- (A) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P and Moody’s or any successors thereto; or
- (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Securities, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; Pre-refunded Municipal Obligations meeting the requirements of the subsection 6(B) may not be used as Permitted Investments for annual appropriation lease transaction without the prior written approval of S&P.
- (7) general obligations of states with a rating of at least “A2/A” or higher by both Moody’s and S&P.
- (c) The value of the above investment shall be determined as follows:

“Value,” which shall be determined as the end of each month, means that the value of any investments shall be calculated as follows:

- (1) the value of securities is computed on the basis of the closing bid price quoted by Interactive Data Systems or any other commercially reasonable provider commonly used in the industry; or
- (2) the valuation of the securities is performed by a nationally recognized and accepted pricing service whose valuation method consists of the composite average of various bid price quotes on the valuation date; or
- (3) the valuation of the collateral is based on the lower of two dealer binds on the valuation date. The dealers or their parent holding companies must be rated at least investment grade by S&P and Moody’s. In addition, the dealers must be market makers in the securities being value.
- (4) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (5) as to any investment not specified above: the value thereof established by prior agreement between the Issuer and the Trustee.

**Events of Default and Remedies.** Any of the following events is defined as and declared to be an “Event of Default” under the Indenture:

- (a) Default in the due and punctual payment of any interest on any Series A Bond or Series B Bond;

(b) Default in the due and punctual payment of the principal of, and premium, if any, on any Series A Bond or Series B Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(c) Default in the performance or observance of covenants, agreements or conditions on the Issuer's part to be performed in the Indenture, or in the Series A Bonds or Series B Bonds, and the continuance thereof for a period of fifteen (15) days after written notice to the Issuer by the Trustee or by the owners of not less than ten percent (10%) in aggregate principal amount of the Bonds outstanding.

(d) The occurrence of an "event of default" under the Lease Agreement.

(e) With respect to the Series A Bonds, failure at any time by ADFA or AEDC to honor any request for payment made in compliance with the provisions of the ADFA Guaranty or the AEDC Guaranty.

Upon the occurrence of an Event of Default, the Trustee may and upon the written request of the owners of twenty-five percent (25%) in aggregate principal amount of Bonds outstanding, shall, by notice in writing delivered to the Issuer, the Lessee (and with respect to the Series A Bonds, ADFA and AEDC), declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable and such principal and interest shall thereupon become and be immediately due and payable.

With respect to the Series A Bonds, upon the occurrence of an Event of Default described in clause (a), (b), (c), or (d) above, the Trustee shall, upon the written request of ADFA and AEDC, by notice in writing delivered to the Issuer and the Lessee, declare the principal of all Series A Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable from payments made under the ADFA Guaranty and the AEDC Guaranty.

The Trustee may in its discretion waive any Event of Default and its consequences and rescind any declaration of maturity of principal, and shall do so upon the written request of the owners of (i) 50% in aggregate principal amount of all the Bonds outstanding in respect of which default in the payment of principal and/or interest exists, or (ii) 50% in principal amount of all the Bonds outstanding in the case of any other default, provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal of any Bonds issued and outstanding at the date of maturity specified therein or (b) any default in the payment of the interest or of Bond Funds moneys, unless prior to such waiver or rescission all arrears of interest, with interest at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of Bond Funds payments, as the case may be, and all expenses of the Trustee and Paying Agent, shall have been paid or provided for, and in case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, Trustee and the bondowners shall be restored to their former positions and rights thereunder respectively; but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

**Discharge of Lien.** If the Issuer shall pay or cause to be paid to the owners of the Bonds the principal and interest to become due thereon at the times and in the manner stipulated therein, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it on its part, then these presents and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien thereof, and reconvey to the Issuer the estate conveyed by the Indenture,

and assign and deliver to the Issuer the estate conveyed by the Indenture, and assign and deliver to the Issuer and property at the time subject to the lien of the Indenture which may then be in its possession, including trust funds, except funds held by it for the payment of the principal of and interest on the Bonds.

Any Bond shall be deemed to be paid when payment of the principal of and premium, if any, and interest on such Bond (whether at maturity or upon redemption or otherwise), either shall have been made or caused to be made in accordance with the terms of the Indenture, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Securities, maturing as to principal and interest in such amount and at such times as will provide sufficient moneys to make such payments, and all necessary and proper fees, compensation and expenses of the Trustee and any paying agent pertaining to the Bonds with respect to which such deposit is made and all other liabilities of the Lessee under the Agreement shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

The Issuer may at any time surrender to the Trustee for cancellation by it any bonds previously authenticated and delivered hereunder, which the Issuer may have acquired in any manner whatsoever, and such Bonds upon such surrender and cancellation, shall be deemed to be paid and retired.

**Supplemental Indenture.** The Trustee may enter into a supplemental indenture without the approval of the holders of the Bonds as follows:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (b) to grant to or confer to impose upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed;
- (c) to add to the covenants and agreements of, and limitations and restrictions upon, the Issuer in the Indenture other covenants, agreements, limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture;
- (d) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by the Indenture, of the revenues of the Issuer from the Lease Agreement or of any other moneys, securities or funds;
- (e) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended; or
- (f) to authorize the issuance and sale of one or more series of Additional Bonds; or
- (g) to modify, alter, amend or supplement the Indenture in any other respect which, in the opinion of Bond Counsel, is not materially adverse to the Bondowners which in the judgment of the Trustee in reliance on an opinion of Bond Counsel, is not to the prejudice of the Trustee, and which does not involve a change described in clause (a), (b), (c), (d) or (e) of Section 11.02 of the Indenture.

Subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the

Indenture or in any supplemental indenture; provided, however, that without the consent of all of the holders of all of the Bonds then Outstanding under the Indenture, nothing in the Indenture contained shall permit or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond issued under the Indenture, or (b) a reduction in the principal amount of any Bond or redemption premium or the rate of interest thereon, or (c) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate, except as expressly permitted in the Indenture, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture. Nothing contained in the Indenture, however, shall be construed as making necessary the approval of Bondowners of the execution of any supplemental indenture as provided in Section 11.01 of the Indenture.

**Amendments to Lease Agreement.** The Indenture provides that the Trustee may consent to any amendment, change or modification of Lease Agreement to cure any ambiguity or formal defect or omission or to make any other change, which in the reasonable judgment of the Trustee, in reliance on an opinion of Bond Counsel, is not to the prejudice of the Trustee or the bondholders. The Trustee shall not consent to any other amendment, change or modification of the Lease Agreement without the approval or consent of the Issuer and holders of not less than two-thirds in the aggregate principal amount of the Bonds at the time Outstanding under such Indenture.

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

[TO BE INSERTED]