

Plan of Reallocation of Recovery Zone Volume Cap

For

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
(ADFA)



In consultation with the
ARKANSAS ECONOMIC DEVELOPMENT
COMMISSION (AEDC)

423 Main Street, Suite 500

Little Rock, AR 72201

Telephone: 501-682-5900

The requirements of Executive Order (EO) 09-13 issued October 13, 2009:

“TO ESTABLISH PROCEDURES FOR IMPLEMENTING THE REALLOCATION OF RECOVERY ZONE BOND AUTHORITY UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009”

EO 013- orders the Arkansas Development Finance Authority (“ADFA”) with the assistance, and in consultation with the Arkansas Economic Development Commission (“AEDC”), to develop a plan to implement the reallocation of the Recovery Zone (RZ) volume cap as authorized in Section 1400U-1(a)(3)(A) of the American Recovery and Reinvestment Act of 2009 (“the Act”).

Vision Statement

To see Recovery Zone Bond Authority fully utilized in Arkansas.

Goal 1: Establishment of an equitable and reasonable method for the Reallocation RZ Volume Cap Authority.

Strategy 1.1: In the absence of state legislation, utilize EO 09-13.

Objective 1.1.1: RZ bond authority expires on December 31, 2010. Arkansas cannot wait till the 2011 Legislative Session to pass legislation reallocating RZ Volume Cap.

Strategy 1.2: Utilize language in the “Act” that allows for the establishment of a reasonable method of reallocation determined in good faith at our discretion.

Objective 1.2.1: Timely implementation of a federal law that has a short time frame of operation.

Strategy 1.3: Develop processes and procedures for making reallocations.

Objective 1.3.1: Create a legally accepted manner in which bonds can be issued, legal opinions rendered and municipal securities can be sold and traded in the marketplace.

Action Item: Set a schedule of dates or a period for voluntary waiver of existing allocations under The Act by counties and large cities (beginning 11/30/09 for voluntary waiver, setting 6/30/10 as the date for automatic waiver).

Action Item: Develop forms, notices and other materials.

Action Item: Obtain bond counsel review and approval.

Action Item: Determine who authorizes the waiver, County Judge as chief administrator or the Quorum Court by resolution.

Objective 1.3.2: Provide a low cost source of financing for governmental and ED projects

Objective 1.3.3: Utilize new federal bonding authority

Objective 1.3.4: Create or save jobs in Recovery Zones in Arkansas

Objective 1.3.5: Grow or stabilize the Arkansas tax base

Goal 2: Contact governmental officials to educate them about this new bonding authority, the federal exemption on interest rates, regionalism, and possible bond structures.

Strategy 2.1: Utilize contacts at Arkansas Association of Counties, Arkansas Municipal League, Arkansas Economic Developers and municipal finance professionals.

Objective 2.1.1: Expedite the use of RZ bonds, to eliminate confusion, promote understanding and professional development.

Action Items: Phone calls, group meetings, presentations, email, face-to-face meetings.

Action Items: Identify and establish recovery zones, explain law.

Action Items: Explain how ADFA as issuer brings value.

Goal 3: Promote regionalism

Strategy 3.1: Identify contacts at regional consortiums (13 separate regional partnerships representing 59 of the 70 counties).

NWA Council, Missouri/Arkansas Partnership, North Central Arkansas Economic Development, Buffalo Island Partnership, Greater Fort Smith Initiative, Arkansas River Valley Economic Development Compact, Metro Little Rock Alliance, Crossroads Coalition, Memphis Regional Economic Development Council, Texarkana Regional Initiative, Golden Triangle Economic Development, Mayoral Alliance, Southeast Arkansas Cornerstone Coalition

Objective 3.1.1: Increase support for reallocation by explaining how pooling allocations into a regional composite could boost projects in the region.

Action Item: Cross reference county and municipal allocations by regions to demonstrate regionally pooled numbers.

Strategy 3.2: Identify and target the eight PDDs in Arkansas.

NW Arkansas, North Central Arkansas, NE Arkansas, West Arkansas, West Central Arkansas, Central Arkansas, South Arkansas and SE Arkansas.

Objective 3.2.1: Fully explain concept of regional pooling of volume cap to the District Directors.

Action Item: Cross reference county and municipal allocations by PDDs to demonstrate regionally pooled numbers.

Goal 4: Publicize the availability of the Recovery Zone Bond Program.

Strategy 4.1: Incorporate web page, use newsletters, encourage articles, provide interviews, and promote results of real deals.

Objective 4.1.1: Continue to build support for waivers and pooling.

Action Item: AEDC and ADFA to coordinate press releases and PR strategy.

Goal 5: Develop and implement a strategy and a system for deal sourcing.

Strategy 5.1: Leave the original designations in control of the counties until 6/1/10 at which time, the volume cap will be deemed waived unless the county files a notice of intent to issue RZ bonds.

Objective 5.1.1: Maintain local control over the volume cap authority until mid 2010.

Objective 5.1.2: Encourages regions, counties, and cities to pool resources and work together.

Strategy 5.2: For projects located in political subdivisions in original designee counties, encourage those counties to work together.

Strategy 5.3: For projects located in regional consortiums and Development Districts, encourage those districts and regional alliances to work together.

Strategy 5.4: After 6/1/10, the remaining unused and unclaimed allocations will be available on a first-come first-served basis, and necessary decisions will be made by the Volume Cap Review Committee consisting of the President of ADFA, the Executive Director of AEDC and the Director of DFA.

Goal 6: ADFA to develop a tracking and reporting system.

Strategy 6.1: ADFA already administers private activity volume cap, these new duties will not create an unreasonable administrative burden for the two administering state agencies.