



Sarah Huckabee Sanders  
GOVERNOR

Hugh McDonald  
SECRETARY OF COMMERCE

G

July 7, 2023

Marty Garrity, Executive Director  
Arkansas Bureau of Legislative Research  
One Capitol Mall  
Little Rock, Arkansas 72201

RE: Actions of the Board of the Arkansas Development Finance Authority awarding additional funding and benefits to entities owned in part by Senator Jim Petty

Dear Mrs. Garrity,

As you are aware, Arkansas Code § 21-1-403 provides certain limitations on state agencies wishing to enter into contracts with certain constitutional officers. Specifically, the code states:

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

...

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

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

(B) The Governor.

In March 2023, the board of the Arkansas Development Finance Authority voted to award certain benefits to a company owned in part by a member of the Arkansas General Assembly, Senator Jim Petty. Formal competitive bidding was not required by law prior to the awarding of these benefits. Therefore, in the interest of transparency and full compliance with the law, the decision to award these benefits has been determined to be a contract for purposes of Arkansas Code § 21-1-403. Therefore, please find enclosed copies of the following documents:

- Action memos presented to the board of the Arkansas Development Finance Authority (ADFA) during the March monthly meeting which detail requests for additional funding which were made by Strategic Realty Advisors, Inc.



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- Minutes of the ADFA board showing their approval of the request to award benefits to Strategic Realty Advisors, Inc.
- Documents submitted by Senator Jim Petty disclosing his partial ownership interest in Realty Advisors, Inc.
- The approval of Governor Sarah Huckabee Sanders for ADFA to enter into these contracts with Strategic Realty Advisors, Inc.

Pursuant to Ark. Code Ann. § 21-1-403, the attached documents are presented to you for review by the Arkansas Legislative Council. Should you have any questions, please do not hesitate to contact me. Thank you in advance for your work on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allison Hatfield', written in a cursive style.

Allison Plowman Hatfield  
General Counsel

**STAFF HOUSING REVIEW COMMITTEE  
ACTION MEMORANDUM**

Staff HRC Meeting: March 7, 2023

Prepared By: Lori Brockway

<b>HOUSING PARTNER</b>																												
<b>Name of Entity:</b>	<b>Strategic Realty Advisors, Inc.</b>																											
<b>Address of Entity:</b>	<b>812 Main Street Van Buren, AR 72956</b>																											
<b>Contact Person:</b>	<b>Jim Petty</b>																											
<b>Phone</b>	<b>479-262-6655</b>																											
<b>Email Address:</b>	<b><a href="mailto:jim@thesrc.com">jim@thesrc.com</a></b>																											
<b>DEVELOPMENT INFORMATION</b>																												
<b>Name of Development:</b>	<b>Cobblestone Farm Community Approximately-N. 54<sup>th</sup> Avenue W. Wedington Drive Fayetteville, AR 72704 MITAS: #5110</b>																											
<b>ACTION REQUESTED</b>																												
<ul style="list-style-type: none"> <li>Developer is seeking HOME funding of \$1,600,000. The request revision is due to eliminating/replacing the external first mortgage loan with HOME funding.</li> </ul>																												
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ADFA HOME: \$1,600,000 @ 1% amortized over 35 years with a loan term of 35 years. HOME Loan will be in a first position.																												
Developer was previously awarded \$450,000 in NHTF funding. The NHTF funding will be \$450,000 @ 0% amortized over 30 years with a loan term of 30 years. The Total Residential Sq. ft. increased from 98,627 Sq. ft. to 101,067 Sq. ft. due to the city and county building codes.																												
<b>Developer in Compliance:</b> Yes																												
<b>Background Information:</b> Cobblestone was approved for \$1,220,100 in 9% LIHTC in 2020, along with \$450,000 in NHTF funding for 5 NHTF units. This project is new construction of 89 units in Fayetteville. Additionally, in 2021 the applicant was approved for an increase in LIHTC for hard costs only (\$285,000) which resulted in an annual allocation of \$1,505,100. In 2022, the applicant received another hard cost increase in the amount of \$360,000, resulting in an annual allocation of \$1,865,100.																												
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<b>Sources of Funds:</b>																												
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<b>Recommended for Approval</b>																												

**STAFF HOUSING REVIEW COMMITTEE  
ACTION MEMORANDUM**

Staff HRC Meeting: March 7, 2023

Prepared By: Lori Brockway

<b>HOUSING PARTNER</b>		
<b>Name of Entity:</b>	<b>Strategic Realty Advisors, Inc.</b>	
<b>Address of Entity:</b>	<b>812 Main Street Van Buren, AR 72956</b>	
<b>Contact Person:</b>	<b>Jim Petty</b>	
<b>Phone</b>	<b>479-262-6655</b>	
<b>Email Address:</b>	<b><a href="mailto:jim@thesrc.com">jim@thesrc.com</a></b>	
<b>DEVELOPMENT INFORMATION</b>		
<b>Name of Development:</b>	<b>StoneRidge Duplexes of Bentonville Approximately-3500 South Main Street Bentonville, AR 72712 MITAS #5051</b>	
<b>ACTION REQUESTED</b>		
<ul style="list-style-type: none"> <li>Developer is seeking to increase the HOME funding to \$1,800,000. This is \$1,350,000 increase from the original request of \$450,000 in HOME funding. Developer is also seeking \$1,125,000 in NHTF funding. The request revision is due to eliminating/replacing the external loan with HOME/NHTF funding.</li> </ul>		
<b>BACKGROUND INFORMATION</b>		
<b>Amount Requested:</b>		
ADFA HOME: \$1,800,000 @ 1% amortized over 35 years with a loan term of 35 years. HOME Loan will be in a first position.		
ADFA NHTF: \$1,125,000 @ 0% amortized over 30 years. NHTF Loan will be in 2 <sup>nd</sup> position. Waiver request is needed as request exceeds maximum award amount of \$1,000,000.		
<b>Developer in Compliance:</b> Yes		
<b>Background Information:</b> StoneRidge Duplexes of Bentonville was approved for \$1,326,780 in 9% LIHTC in 2019, along with \$450,000 in HOME funding for 5 HOME units. This project is new construction of 100 units in Bentonville. Additionally, in 2021 the applicant was approved for an increase in LIHTC for hard costs only (\$465,000) which resulted in an annual allocation of \$1,791,780.		
<b>Original      #1 Hard Cost      #2 Hard Cost      HOME/NHTF Request Revision</b>		
<b>Total development budget:</b> \$14,354,010      \$18,387,885      0      \$18,662,885		
<b>Number of units:</b> 100 units consisting of 100- 4 BR units		
<b>Sources of Funds:</b>		
<b>Original</b>		
<b>HOME/NHTF Request Revision</b>		
-Bank Loan:	\$2,200,000 x 6.5%	\$0
-Deferred Developer Fee:	\$361,078	\$361,708
-HOME:	\$450,000 x 1%	\$1,800,000 x 1%
-NHTF:	\$0	\$1,125,000 x 0%
-General Partner Equity:	\$100	\$100
-LIHTC Equity	\$11,342,832	\$15,376,707
<b>Unit breakdown:</b>		
<b>Original</b>		
<b>HOME Request Revision</b>		
-Tax Credit Units:	95- 4 BR	83- 4 BR (83 LIHTC)
-HOME:	5- 4 BR	10- 4 BR (10 HM)
-NHTF:		7- 4BR (7 NHTF)
-Average Cost per sq. foot:	\$107	\$139.20
-Average Cost per Unit:	\$143,540	\$186,661.28
-DCR:	1.2614	1.5173
-HOME Match:	\$112,500	\$450,000
<b>Recommended for Approval</b>		

**STAFF HOUSING REVIEW COMMITTEE  
ACTION MEMORANDUM**

Staff HRC Meeting: March 7, 2023

Prepared By: Lori Brockway

<b>HOUSING PARTNER</b>		
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<b>Email Address:</b>	<b><a href="mailto:jim@thesrc.com">jim@thesrc.com</a></b>	
<b>DEVELOPMENT INFORMATION</b>		
<b>Name of Development:</b>	<b>StoneRidge Duplexes of Bentonville- Phase II Approximately-3500 Ginn Bentonville, AR 72712 MITAS: #5107</b>	
<b>ACTION REQUESTED</b>		
<ul style="list-style-type: none"> <li>Developer is seeking to increase the HOME funding to \$1,575,000. This is \$1,125,000 increase from the original request of \$450,000 in HOME funding. The request revision is due to eliminating/replacing the external loan with HOME funding.</li> </ul>		
<b>BACKGROUND INFORMATION</b>		
<b>Amount Requested:</b>		
ADFA HOME: \$1,575,000 @ 1% amortized over 35 years with a loan term of 35 years. HOME Loan will be in a first position.		
<b>Developer in Compliance:</b> Yes		
<b>Background Information:</b>		
StoneRidge Duplexes of Bentonville Phase II was approved for 9% LIHTC in 2020, along with \$450,000 in HOME funding for 5 HOME units. This project is new construction of 50 units in Bentonville. Additionally, in 2021 the applicant was approved for an increase in LIHTC for hard costs only (\$165,000) which resulted in an annual allocation of \$857,500. In 2022, the applicant received another hard cost increase in the amount of \$86,100, resulting in an annual allocation of \$943,600.		
<b>Original      #1 Hard Cost      #2 Hard Cost      HOME/NHTF Request Revision</b>		
<b>Total development budget:</b> \$7,320,208      \$8,751,583      \$9,602,336      \$9,902,336		
<b>Number of units:</b> 50 units consisting of 50- 4 BR units		
<b>Sources of Funds:</b>		
<b>Original</b>		
<b>HOME Request Revision</b>		
-Bank Loan:	\$825,000 x 6%	\$0
-Deferred Developer Fee:	\$38,271	\$38,271
-HOME:	\$450,000 x 1%	\$1,575,000 x 1%
-General Partner Equity:	\$100	\$100
-LIHTC Equity	\$6,006,837	\$8,288,965
<b>Unit breakdown:      Original</b>		
<b>HOME Request Revision</b>		
-Tax Credit Units:	45- 4 BR	41- 4 BR (41 LIHTC)
-HOME:	5- 4 BR	9- 4 BR (9 HM)
-Average Cost per sq. foot:	\$109.18	\$147.43
-Average Cost per Unit:	\$146,404.16	\$198,046.72
-DCR:	1.3046	1.4392
-HOME Match:	\$112,500	\$393,750
<b>Recommended for Approval</b>		

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

**BOARD OF DIRECTORS MEETING**

MARCH 16, 2023

DEPARTMENT OF COMMERCE, 1 COMMERCE WAY

CENTRAL HIGH/OLD MILL MEETING ROOM

LITTLE ROCK, AR

The Board of Directors of the Arkansas Development Finance Authority held its regular monthly Board Meeting on Thursday, March 16, 2023, at approximately 10:00 AM, Central High/Old Mill Meeting Room, Department of Commerce, Little Rock, Arkansas.

**ADFA Board Members Present:** Seth Mims, Chair; Carey Smith, Vice-Chair; Andy Babbitt (Designee of Larry Walther); Jon Chadwell; Rod Coleman; Stephanie Garner; Dr. Lee Lane; Eric Munson (Designee of Mark Lowery); and George O'Connor.

**ADFA Board Members Present Via Phone or Video:** Katelyn Busby; and Harold Perrin.

**ADFA Board Members Absent:** Hugh McDonald, Cabinet Secretary of Department of Commerce; and Denise Sweat.

**ADFA Staff Present:** Mark Conine, President of Arkansas Development Finance Authority; Ro Arrington, Vice-President of Homeownership and Public Finance; Chuck Cathey, Vice-President of Development Finance; Amber Baugh, Loan Servicing; John Blackwell, Director of Tax Credits; Jake Bleed, General Counsel and Special Project Director; Lori Brockway, Federal Housing Program Manager; Kristy Cunningham, Chief Financial Officer; Sean Doolin, Assistant Controller; Paula Farthing, Loan Servicing Manager; Jason Ford, Loan Servicing; Susan Gardner, Assistant Federal Housing Program Manager and Software Coordinator; Alisa Green, HOME-ARP Program Specialist; Tracy Green, Assistant Controller; Kimmy Helble, Executive Assistant to President; Amanda Hill, HOME Program Coordinator; Catrina Ingram, Compliance Assistant Manager; Hope Lewis, Assistant Controller; Wesley O'Donohue, Computer Support Specialist; Derrick Rose, Public Information Officer; Megan Summitt, Internal Auditor; Tammy White, Compliance Manager; Tony Williams, Director, Arkansas Student Loan Authority; and Birkett Wootton, Construction Inspector.

**ADFA Staff Present via Phone or Video:** Kimberly Edmonson, HOME-ARP Program Specialist; Cathy Ganaway, Senior Accountant; Lanita Hastings, HOME Program Coordinator; Carol Leek, HOME Program Specialist; and Drew Rogers, Attorney.

**Others Present:** Brent Lacefield, Strategic Realty Advisors, Inc; Leigh Ann Biernat and Jack Truemper, Stephens, Inc.

**Others Present Via Phone or Video:** Michele Allgood, Mitchell Williams Law; Edmond Hurst, Carty & Co.; Blake Bumgardner, Golden Eagle of Arkansas, Inc; Mike Williams,

Midwest Housing Equity Group; Kristina Knight, RichSmith Management; Jim Fowler, Rose Law Firm; Will Gladden, Signature Bank; Nona McVay and Lornea Wells, The McVay Firm, PLLC; and Matt Darst, Upward Housing Group I, LLC.

## **NEW BUSINESS**

### **Minutes, Resolutions, Proposals and Appeals**

**Call to Order:** Mr. Seth Mims, Chairman, called the Board of Directors Meeting to order at approximately 10:00 AM then requested a roll call of Board Members.

**Opening Statement:** Mr. Mims made an announcement that the March 2023 issue of Arkansas Times featured ADFA Board member, Ms. Stephanie Garner, in the article titled "Women in Charge, Celebrating International Women's Month", which highlighted her leadership as CEO of ARVAC, Inc.

**President's Remarks:** Mr. Conine introduced and welcomed Arkansas Deputy Treasurer, Mr. Eric Munson, who was sitting in as designee for Mr. Mark Lowery, Arkansas State Treasurer.

Mr. Conine stated that the Arkansas Legislature was still in session, and that ADFA would continue to monitor the session for changes that would affect ADFA or the programs that ADFA facilitates.

**ADFA Board Minutes:** Mr. Mims asked if any Board Members had questions, comments, or corrections of the February 16, 2023, minutes. Being none, Mr. O'Connor made a motion to approve the minutes as presented. Mr. Perrin seconded the motion. The motion passed unanimously with the exceptions of Ms. Sweat, who was absent.

**ADFA Staff Board Reports:** Mr. Mims offered for ADFA Staff to comment on the Staff Board Reports. Mr. Conine affirmed that the ADFA Staff Board Reports presented in the Board book were for review only, no additional discussions were needed unless a Board member had questions or comments.

No action was necessary.

## **OTHER BUSINESS**

### **Committee Meetings and Reports to the Board**

#### **Asset Commitment Committee:**

**Minutes:** Mr. Chadwell, Committee Chair, presented the Asset Commitment Committee minutes from the November 17, 2022 meeting, seeking approval.

Mr. O'Connor made a motion to accept the minutes as presented. Mr. Mims seconded

the motion. The motion passed with the exception of Ms. Sweat, who was absent.

**Update: State Small Business Credit Initiative - Funding Guidelines and Deployment Programs:** Mr. Chadwell opened the floor to Mr. Cathey to present the State Small Business Credit Initiative (SSBCI) Funding Guidelines and Deployment Programs update.

Mr. Cathey stated that the update addressed ADFA's plan and application of SSBCI funding, which was approved by the United States Treasury, with a breakout of targeted communities, designated programs, an ADFA funding schedule of the three tranches, and deployment target dates. Mr. Cathey then offered to answer any possible questions.

Being that no questions were posed, Mr. Cathey passed the floor to Mr. Chadwell, Committee Chair.

No action was necessary.

**Reports: Bond Guaranty Program and Problem Loan Report:** Mr. Chadwell stated that the confidential reports provided were for information only, no action was necessary.

#### **Audit Committee:**

**Minutes:** Mr. Smith sought the approval of the Audit Committee minutes from the October 20, 2022, meeting.

Mr. Babbitt made a motion to approve the minutes as presented. Mr. Munson seconded the motion. The motion passed with the exception of Ms. Sweat, who was absent.

**Review: Internal Audit Plan - Calendar Year 2023:** Mr. Smith opened the floor to Ms. Summitt to present the Internal Audit Plan for calendar year 2023.

Ms. Summitt stated that her plans for the Internal Audit Plan for calendar year 2023 included the selected programs, HOME department, Compliance department, and Purchasing department. Ms. Summitt continued that the plan outlined various other duties that included creating an internal audit procedure handbook, meetings, and leave time; in addition to the three selected programs for audit, SEC Disclosures, Arbitrage monitoring and calculations, and SSBCI quarterly and annual monitoring will be added duties. Ms. Summitt added that ADFA's Accounting department was also involved with the SEC Disclosures.

Mr. Cathey interjected with additional information regarding SSBCI and that the program required detailed compliance and monitoring over the next nine-year life span of the SSBCI program.

Mr. Babbitt made a motion to approve the 2023 Internal Audit Plan. Mr. Perrin seconded the motion. The motion passed with the exception of Ms. Sweat, who was absent.



**Review: Capital Access Program Audit - Fiscal Year 2022:** Ms. Summitt began with a synopsis of Capital Access Program (CAP), with a brief introduction of the administrators, Chuck Cathey, and Kimmy Helble. Ms. Summitt continued that CAP assists small businesses obtain loans to which the Borrower may not possess traditional loan qualifiers but would qualify for a CAP loan enrollment.

Ms. Summitt stated that there were a couple of recommendations that would allow the Program to operate easier and prepare for the SSBCI funding that will come, but the "big take-a-way" from the audit conducted was that of the files audited, which was 25%, the files were completely clean and kept in an acceptable manner that showed the administrators' commitment to the Program.

Mr. Cathey echoed that Ms. Helble took over the Program with a passion to help the underserved to obtain a small business loan with an average loan size of \$38,500 since ADFA adopted and implemented CAP in 1993; this helps the small businesses that have great ideas with probable businesses but may not be able to grow or sustain.

Mr. Cathey continued that when a Lender enrolls one the eligible loans into CAP, for the first \$1,000,000 of loan enrollments, ADFA matches with 1.5% of contribution to that reserve, after \$1,000,000 of loan enrollments ADFA matches with 3%; with SSBCI, ADFA will now match the reserve contribution of the Borrower and Lender on a 1:1 basis. Meaning, if the minimum requirement of 3% reserve was contributed then SSBCI would match 3%, and ADFA would match 3% or 4.5%, depending on the Lenders level of enrollment.

Mr. Cathey stated that during an interactive discussion with Ms. Summitt, and Ms. Helble, it was decided to create a CAP FAQ, and update the CAP forms to accommodate the changes brought on by SSBCI for proper reporting; the FAQ and updated forms will be added to ADFA's website.

Mr. Perrin made a motion to approve the Capital Access Program Audit for the 2022 fiscal year. Mr. Babbitt seconded the motion. The motion passed with the exception of Ms. Sweat, who was absent.

**Review: Annual State Bank Examination - Fiscal Year 2022:** Mr. Smith passed the floor to Ms. Summitt to present the Annual Arkansas State Bank Examiners Report of the Bond Guaranty Program for the 2022 fiscal year.

Ms. Summitt stated that the Arkansas State Bank Examination was performed annually with 100% of the Bond Guaranty Program files being examined in conjunction with Mr. Cathey and Ms. Helble; there were no findings within this audit.

Mr. Cathey interjected that the annual bank examination is by ADFA's invitation, giving ADFA a third-party review of 100% of the assets in the Bond Guaranty Fund and that through proper record keeping of loan file documentation there were no technical findings.

Mr. Perrin made a motion to approve the Annual Arkansas State Bank Examiners Report

of the Bond Guaranty Program for the 2022 fiscal year. Mr. Munson seconded the motion. The motion passed with the exception of Ms. Sweat, who was absent.

**Housing Review Committee:**

**Minutes:** Mr. Coleman, Committee Chair, presented the Housing Review Committee minutes from the February 16, 2023, meeting seeking approval. Mr. O'Connor made a motion to approve the minutes. Mr. Mims seconded the motion. The motion passed with the exception of Ms. Sweat, who was absent.

**Action Memo: HOME/NHTF Funding - Cobblestone Farm Community:** Mr. Coleman gave the floor to Ms. Brockway to present the action memo on behalf of Cobblestone Farm Community.

Ms. Brockway began by introducing Mr. Lacefield, stating that he would be available for questions afterwards.

Ms. Brockway continued that the Developer was seeking HOME funding of \$1,600,000 at 1% amortized over 35 years with a loan term of 35 years, and HOME loan will be in a first position; the request revision is due to eliminating/replacing the external first mortgage loan with HOME funding.

Mr. O'Connor made a motion to approve the request as presented. Mr. Mims seconded the motion. The motion passed with the exception of Ms. Sweat, who was absent.

**Action Memo: HOME/NHTF Funding - Stoneridge Duplexes of Bentonville:** Ms. Brockway began her presentation of the Stonebridge Duplexes of Bentonville action memo by stating that the Developer was requesting to increase HOME funding to \$1,800,000; this is an increase of \$1,350,000 from the original request of \$450,000 in HOME funding. Additionally, the Developer is seeking \$1,125,000 in NHTF funding. This request revision is due to eliminating/replacing the external loan with HOME/NHTF funding.

Ms. Brockway continued that the HOME funding of \$1,800,000 will be amortized at 1% over 35 years with a loan term of 35 years, and the HOME loan will be in a first position; the NHTF funding of \$1,125,000 will be amortized at 0% over 30 years, with the NHTF loan being in a second position; a waiver request is needed as request exceeds maximum award amount of \$1,000,000.

Mr. Mims made a motion to approve the request as presented. Mr. Chadwell seconded the motion. The motion passed with the exception of Ms. Sweat, who was absent.

**Action Memo: HOME Funding - Stoneridge Duplexes of Bentonville - Phase II:** Ms. Brockway began her presentation of the Stonebridge Duplexes of Bentonville - Phase II action memo by stating that the Developer was requesting to increase the HOME funding to \$1,575,000; this is an increase of \$1,125,000 from the original request of \$450,000 in HOME funding. The requested amount of \$1,575,000 will be amortized at 1% over 35 years with a loan term of 35 years; HOME will be in a first position. The request revision is due to eliminating/replacing the external loan with HOME funding.

Mr. O'Connor made a motion to approve the request as presented. Ms. Garner seconded the motion. The motion passed with the exception of Ms. Sweat, who was absent.

**Action Memo: 4% LIHTC - SOMO Artspace Lofts:** Mr. Coleman gave the floor to Mr. Blackwell for the presentation of the 4% LIHTC action memo on behalf of SOMO Artspace Lofts (the "Project").

Mr. Blackwell provided background on the request stating that this project was originally presented and approved by the ADFA Staff HRC in February 2022; since that time the project has faced significant challenges maintaining financial feasibility primarily due to rising construction costs and increased interest rates. Previously, the Project was approved for a HOME loan from ADFA; the revised financing plan has eliminated the request for HOME funds due to the availability of additional philanthropic funding from the Walton Family Foundation. The requested amount of \$14,755,000 in ADFA Tax-Exempt Bonds will fund a construction and permanent loan; Bonds will be privately placed with Cedar Rapids Bank and Trust. The \$986,402 (approx. annual amount) 4% LIHTC will generate approximately \$8,630,152 in equity with Raymond James Affordable Housing Investments as the equity investor. Financial closing for the Project is targeted for mid-2023.

Mr. Blackwell introduced Greg Handberg and Becky Carlson for the presentation of SOMO Artspace Lofts and to answer any questions from the ADFA Board. The Board entered into discussion with the majority having the opinion that this type of project may encourage philanthropic funding from other foundations for future projects.

Ms. Garner made a motion to approve the request as presented. Mr. Chadwell seconded the motion. The motion passed with the exceptions of Mr. Coleman, who opposed the motion, and Ms. Sweat, who was absent.

**Professional Selection Committee:**

**Minutes:** Mr. Perrin, Committee Chair, presented the Professional Selection Committee minutes from the September 15, 2022, meeting seeking approval. Mr. Chadwell made a motion to approve the minutes. Ms. Busby seconded the motion. The motion passed unanimously.

**Action Memo: Contract Extensions:** Mr. Conine offered a summary of ADFA's process for contract extensions before opening the floor to Mr. Arrington.

The vendors that Mr. Arrington presented for contract extensions were eligible for extensions without an RFP being issued and were listed as the Friday Firm, Arkansas Natural Resources Commission (ANRC) Bond Counsel, renewal date extended to 03/01/2025; and Landmark CPA, Arkansas Institutional Fund, LLC (AIF) External Auditor, renewal date extended to 02/01/2024.

Mr. Coleman made a motion to approve the action memo as presented. Mr. Chadwell seconded the motion. The motion passed unanimously.

## ADJOURNMENT

**Adjournment:** Being no further business, questions, or comments, Mr. Mims, Chairman of the Board, adjourned the ADFA Board meeting at approximately 11:17 AM.

Minutes approved and signed this 16<sup>th</sup> day of March 2023.

  
\_\_\_\_\_  
Mark Conine, President/Secretary

  
\_\_\_\_\_  
Seth Mims, Chairman of the Board



May 23, 2023

Mr. John Blackwell  
Arkansas Development Finance Authority  
1 Commerce Way  
Little Rock, AR 72202

**Re: Request for Approval of Modification of Terms of Agreements and Funding**

Dear Mr. Blackwell:

I am providing this letter and request on behalf of the project Owner and Development Team members for the following previously approved developments. When these developments were previously approved I was not a member of the General Assembly, but I am now a State Senator and therefore this request and the disclosure (provided with this letter) is being provided since approval is subject to the filing and approval process pursuant to and in compliance with Ark. Code Ann. § 21-1-403, ACA 19-11-705 and Ark. Code Ann. § 19-11-715 before these agreements can be consummated.

The following developments had modifications to the original funding approved by the ADFA board in March subject to this disclosure and the requisite approval requirements mentioned above:

- 1) StoneRidge of Bentonville (Previously approved in 2019)—Increase in HOME Funds to \$1,800,000 and addition of \$1,125,000 in National Housing Trust Funds related to cost increases noted below.
- 2) StoneRidge of Bentonville-Phase II (Previously approved in 2020)—Increase in HOME Funds to \$1,575,000 related to cost increases as noted below.
- 3) Cobblestone Farm Community-Fayetteville (Previously approved in 2020)—Award of HOME Funds of \$1,600,000 related to cost increases as noted below.

As we have discussed and have all experienced in the past few years, the Covid-19 pandemic created a historically volatile environment in the affordable housing industry. Supply chain disruption, pandemic delays from government shut-down, quarantine of workforce and the unprecedented inflation related costs all contributed to never-before-seen situations in our industry. We appreciate the partnership with ADFA in working with all of the development community during this difficult time. Also of significance during this time is the fact that the IRS also recognized these unprecedented times and aided the industry in various ways including extensions of placed-in-service dates. These pandemic related relief provisions provided by ADFA and the IRS were essential in keeping these much needed affordable housing projects viable and to ensure their success. For that reason and on behalf of our company and all the development community partners on the Arkansas projects funded during this time we say thank you!

Also specific to StoneRidge of Bentonville-Phase I, due to the above noted variety of problems experienced in our projects (as did other developers in the industry) we would respectfully request that ADFA "refresh" our previously awarded tax credits for StoneRidge of Bentonville by allowing us to return and "exchange" the prior received credits for current year credits. This would allow us to have additional time to complete these projects. While we do believe we can get that project done within the required deadlines for the prior credits (12-31-23), we want to have and provide additional time to complete should the weather cause further delays due to rain and other weather-related matters. Specific to this project (funded in 2019) and as a result of the delays noted above, our construction lender and investor both have concerns regarding the 12-31-23 deadline as they consider extending the initial loan terms and equity terms. We therefore would respectfully request that ADFA "refresh" these credits and therefore allow a new deadline of 12-31-24.

As you know, I have worked with ADFA on projects similar to the above for over thirty years and have successfully completed and placed in service many projects with our Strategic Realty companies. The above projects were

812 Main Street  
Van Buren, AR 72956  
(479) 262-6655 - Phone  
(479) 262-6656 - Fax

approved by the ADFA board through the normal competitive application process prior to me even filing for office as senator. The modification requests (for the additional funding) to the above projects were based on suggestions to the development community from the ADFA board and staff and therefore available to the general public and similar to other development project's requests and approvals. For this again, we are very appreciative of the partnership with ADFA through these unprecedented times.

Finally, as you are aware, we submitted an application for funding for McAuley Place Apartments in Bentonville this year through the same open public competitive application process. If we are successful with that application it will also have to go through the approval process noted above. The required Contract and Grand Disclosure and Certification Form was properly included with that application earlier this year.

If you have any questions or would like to discuss any of this further, feel free to contact me any time by calling 479.650.4108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim C. Petty". The signature is fluid and cursive, with the first name "Jim" being the most prominent part.

Jim C. Petty  
President

**ATTACHMENT F-2**

**CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM**

Check one and complete:

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

- Developer
- Architect
- Management Company
- Bond Attorney
- Energy Consultant
- Nonprofit Sponsor
- Other: \_\_\_\_\_

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

SUBCONTRACTOR: \_\_\_\_\_ SUBCONTRACTOR NAME: \_\_\_\_\_  
 Yes  No

IS THIS FOR:

TAXPAYER ID NAME: Bentonville Housing Partners Limited Partnership  Goods?   
 Services?  Both?

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

ADDRESS: 812 Main Street STATE: AR ZIP CODE: 72956  
 CITY: Van Buren COUNTRY: USA

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

For individuals\*

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

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

None of the above applies

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

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

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

None of the above applies

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

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

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

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

Signature   
 Vendor Contact Person: Jim C. Petty

Title: Manager of General Partner  
 Title: Manager  
 Date: 5-23-23  
 Phone No. 479/ 262-6655

Agency use only  
 Agency

Agency

Contact

Contact



Number \_\_\_\_\_ Name \_\_\_\_\_ Contact Person \_\_\_\_\_ Phone No. \_\_\_\_\_ or Grant No. \_\_\_\_\_

**ATTACHMENT F-2**

**CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM**

Check one and complete:

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

- Developer
- Architect
- Management Company
- Bond Attorney
- Energy Consultant
- Nonprofit Sponsor
- Other: \_\_\_\_\_

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

SUBCONTRACTOR: \_\_\_\_\_ SUBCONTRACTOR NAME: \_\_\_\_\_  
 Yes  No

IS THIS FOR:

TAXPAYER ID NAME: Bentonville Housing Partners II Limited Partnership  Goods?   
 Services?  Both?

YOUR LAST NAME:: Petty

FIRST NAME: Jim

M.I.: C.

ADDRESS: 812 Main Street

CITY: Van Buren  
 COUNTRY: USA

STATE: AR

ZIP CODE: 72956

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

For Individuals\*

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

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

None of the above applies

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

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

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

None of the above applies

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

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

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

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

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

Title: Manager of General Partner  
 Title: Manager  
 Date: 5-23-23  
 Phone No. 479/ 262-6655

Agency use only  
 Agency

Agency

Contact

Contact

Agency

Agency

Contact

Contact

Number \_\_\_\_\_ Name \_\_\_\_\_ Contact Person \_\_\_\_\_ Phone No. \_\_\_\_\_ or Grant No. \_\_\_\_\_

**ATTACHMENT F-2**

**CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM**

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

- Developer
- Architect
- Management Company
- Bond Attorney
- Energy Consultant
- Nonprofit Sponsor
- Other: \_\_\_\_\_

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SUBCONTRACTOR: \_\_\_\_\_ SUBCONTRACTOR NAME: \_\_\_\_\_

Yes  No

IS THIS FOR:

TAXPAYER ID NAME: Fayetteville Housing Partners Limited Partnership  Goods?

YOUR LAST NAME: Petty

FIRST NAME: Jim

M.I.: C.

ADDRESS: 812 Main Street

CITY: Van Buren

STATE: AR

ZIP CODE: 72956

COUNTRY: USA

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

None of the above applies

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

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

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

None of the above applies

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

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- Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.
- I will include the following language as a part of any agreement with a subcontractor:  
*Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.*
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I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

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

Title: Manager of General Partner  
 Title: Manager

Date: 5-23-23  
 Phone No. 479/ 262-6655

Agency use only Agency

Contact

Contract

Number \_\_\_\_\_ Name \_\_\_\_\_ Contact Person \_\_\_\_\_ Phone No. \_\_\_\_\_ or Grant No. \_\_\_\_\_



Sarah Huckabee Sanders  
GOVERNOR

Hugh McDonald  
SECRETARY OF COMMERCE

June 9, 2023

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

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

Dear Governor,

Please find attached board minutes and staff recommendation detailing the Arkansas Development Finance Authority (ADFA) Board of Directors' recent award of loans and tax credits to business entities owned partially by State Senator Jim Petty. These entities are Bentonville Housing Partners Limited Partnership, Bentonville Housing Partners II Limited Partnership and Fayetteville Housing Partnership. On March 16, 2023, the ADFA Board voted to award loans and tax credits to these entities to promote affordable housing. *See Attached Minutes at 5-6.* Because Senator Petty is a recently elected constitutional officer, having been sworn into office in January 2023, he subsequently submitted a disclosure statement dated May 23, 2023, which I have attached.

These benefits were awarded following the rules of ADFA and a determination of the ADFA board and were not subject to traditional competitive bidding or request for proposals. Arkansas Code § 21-1-403 states in part:

- (a) No constitutional officer may enter into any lease agreement, contract, or grant with any state agency unless:  
...
- (2) If competitive bidding or a request for proposal was not required by law, the lease agreement, contract, or grant has received the prior approval of:





Sarah Huckabee Sanders  
GOVERNOR

Hugh McDonald  
SECRETARY OF COMMERCE

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

The attached documents and disclosure statement from Senator Petty are presented to you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allison Hatfield', written in a cursive style.

Allison Plowman Hatfield  
General Counsel

Approval:

A handwritten signature in black ink, appearing to read 'Sarah Sanders', written in a cursive style.

Governor's Signature