OFFICIAL STATEMENT

NEW ISSUE

Ratings: S&P “AA” (stable outlook) (Build America Mutual Assurance Company)
Underlying “A+” (stable outlook)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the Bonds and the interest paid thereon are exempt from all present State, county and municipal taxation in the State of Arkansas, including income, inheritance and property taxes. See the caption “TAX EXEMPTION” herein.

$9,275,000
ARKANSAS DEVELOPMENT FINANCE AUTHORITY
Revenue Refunding Bonds
(Public Health Laboratory Project)
Series 2014

Dated: September 1, 2014
Due: December 1, shown below

The Bonds are issuable only as fully registered bonds, in denominations of $5,000 or any integral multiple thereof. The Bonds will be issued pursuant to a book-entry system, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. There will be no distribution of Bonds to ultimate purchasers ("Beneficial Owners"). See “THE BONDS” and “BOOK-ENTRY ONLY SYSTEM” herein. Interest on the Bonds will be payable semiannually on June 1 and December 1, commencing on December 1, 2014, to the Owners of the Bonds, as listed in the records of Regions Bank, Little Rock, Arkansas, as Trustee and Paying Agent (the “Trustee”). Principal on the Bonds will be payable at maturity or earlier redemption upon surrender at the corporate trust office of the Trustee in Little Rock, Arkansas. So long as DTC or its nominee is the registered owner of the Bonds, disbursement of such payments to DTC is the responsibility of the Trustee. Disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants, as more fully described herein.

The Bonds are issued by the Arkansas Development Finance Authority (the “Authority”) for the purpose of (i) refunding the Authority’s Construction Revenue Bonds (Public Health Laboratory Project), Series 2003 (the “Series 2003 Bonds”), issued to finance a public health laboratory for the Board of Health (the “Board of Health”), as administered by the Arkansas Department of Health (the “Health Department”), (ii) purchasing a municipal bond insurance policy, (iii) purchasing a municipal bond debt service reserve insurance policy for deposit in the Debt Service Reserve Fund, and (iv) paying the costs of issuing the Bonds. The Bonds are being issued pursuant to a Trust Indenture, dated as of September 1, 2014 (the “Indenture”), between the Authority and the Trustee.

The Bonds are special obligations of the Authority payable solely from, and secured by (i) a pledge of the revenues and funds described herein, and (ii) the Loan Agreement as defined herein. The Bonds shall not constitute or give rise to or impose upon the Authority a general liability or a charge upon its general credit or property other than the trust estate (as defined in the Indenture). Neither the State nor the Authority is liable for the payment of the principal of, premium, if any, or interest on the Bonds. Neither the Bonds, the Indenture, the Loan Agreement, as defined herein, nor any agreement of the Authority shall be construed to constitute an indebtedness of the State for which the faith and credit of the State or any of its revenues are pledged within the meaning of any constitutional or statutory limitation. The Bonds are not secured by a lien on or a security interest in any property of the State of Arkansas. The Authority has no taxing power.

The Bonds are subject to mandatory redemption in whole or in part prior to maturity from surplus revenues as more fully described herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company.

Maturity Schedule

<table>
<thead>
<tr>
<th>CUSIP Number</th>
<th>Due December 1</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>04108KC22</td>
<td>2014</td>
<td>$100,000</td>
<td>2.000%</td>
<td>0.250%</td>
</tr>
<tr>
<td>04108KC30</td>
<td>2015</td>
<td>1,215,000</td>
<td>2.000%</td>
<td>0.450%</td>
</tr>
<tr>
<td>04108KC48</td>
<td>2016</td>
<td>1,240,000</td>
<td>3.000%</td>
<td>0.700%</td>
</tr>
<tr>
<td>04108KC55</td>
<td>2017</td>
<td>1,275,000</td>
<td>3.000%</td>
<td>1.050%</td>
</tr>
<tr>
<td>04108KC63</td>
<td>2018</td>
<td>1,315,000</td>
<td>3.000%</td>
<td>1.400%</td>
</tr>
<tr>
<td>04108KC71</td>
<td>2019</td>
<td>1,350,000</td>
<td>1.900%</td>
<td>1.900%</td>
</tr>
<tr>
<td>04108KC89</td>
<td>2020</td>
<td>1,380,000</td>
<td>1.700%</td>
<td>1.700%</td>
</tr>
<tr>
<td>04108KC97</td>
<td>2021</td>
<td>1,400,000</td>
<td>1.000%</td>
<td>1.000%</td>
</tr>
</tbody>
</table>

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to the approval of legality by Kutak Rock LLP, Little Rock, Arkansas, Bond Counsel. It is expected that the Bonds will be available for delivery in New York, New York, on or about September 2, 2014.

Stephens Inc.

* See the caption “RATINGS” herein.

The date of this Official Statement is August 6, 2014.
No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. 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 jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Authority, the Board of Health, and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

NO REGISTRATION STATEMENT RELATING TO THE 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 COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE AUTHORITY, THE BOARD OF HEALTH, AND THE STATE OF ARKANSAS AND FROM OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “EXHIBIT F – Specimen Municipal Bond Insurance Policy”.


# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>REFUNDING OF THE SERIES 2003 BONDS</td>
<td>2</td>
</tr>
<tr>
<td>PLAN OF FINANCE</td>
<td>3</td>
</tr>
<tr>
<td>Scheduled Debt Service Requirements</td>
<td>3</td>
</tr>
<tr>
<td>Estimated Debt Service Coverage</td>
<td>3</td>
</tr>
<tr>
<td>Surplus Revenues and Projected Redemptions</td>
<td>4</td>
</tr>
<tr>
<td>Rate of Collection of Fees and Mandatory Redemptions</td>
<td>5</td>
</tr>
<tr>
<td>SOURCES AND USES OF PROCEEDS OF THE BONDS</td>
<td>5</td>
</tr>
<tr>
<td>THE BONDS</td>
<td>5</td>
</tr>
<tr>
<td>General Description</td>
<td>5</td>
</tr>
<tr>
<td>Redemption Provisions</td>
<td>6</td>
</tr>
<tr>
<td>Notice and Effect of Redemption</td>
<td>6</td>
</tr>
<tr>
<td>Selection of Bonds to be Redeemed</td>
<td>7</td>
</tr>
<tr>
<td>BOOK-ENTRY-ONLY SYSTEM</td>
<td>7</td>
</tr>
<tr>
<td>SECURITY FOR THE BONDS</td>
<td>10</td>
</tr>
<tr>
<td>The Revenue Fund, Proceeds Fund and Loan Fund</td>
<td>11</td>
</tr>
<tr>
<td>Historical Volume and Projections of Fee Revenues</td>
<td>11</td>
</tr>
<tr>
<td>Debt Service Reserve Fund</td>
<td>12</td>
</tr>
<tr>
<td>No Mortgage</td>
<td>12</td>
</tr>
<tr>
<td>BOND INSURANCE</td>
<td>12</td>
</tr>
<tr>
<td>Bond Insurance Policy</td>
<td>12</td>
</tr>
<tr>
<td>Build America Mutual Assurance Company</td>
<td>13</td>
</tr>
<tr>
<td>INVESTMENT CONSIDERATIONS</td>
<td>14</td>
</tr>
<tr>
<td>Mandatory Redemption from Surplus Revenues</td>
<td>14</td>
</tr>
<tr>
<td>Assumptions</td>
<td>14</td>
</tr>
<tr>
<td>Forward Looking Statements</td>
<td>15</td>
</tr>
<tr>
<td>Limited Marketability of Bonds</td>
<td>15</td>
</tr>
<tr>
<td>THE BOARD OF HEALTH AND THE PUBLIC HEALTH LABORATORY ACT</td>
<td>15</td>
</tr>
<tr>
<td>The Board of Health</td>
<td>15</td>
</tr>
<tr>
<td>Board of Health Members</td>
<td>16</td>
</tr>
<tr>
<td>The Public Health Laboratory Act</td>
<td>16</td>
</tr>
<tr>
<td>THE PROJECT</td>
<td>17</td>
</tr>
<tr>
<td>THE AUTHORITY</td>
<td>17</td>
</tr>
<tr>
<td>Creation and Powers of Authority</td>
<td>17</td>
</tr>
<tr>
<td>Officers and Directors</td>
<td>18</td>
</tr>
<tr>
<td>Other Indebtedness of the Authority</td>
<td>19</td>
</tr>
<tr>
<td>Future Financings of the Authority</td>
<td>19</td>
</tr>
<tr>
<td>THE LOAN AGREEMENT AND THE INDENTURE</td>
<td>19</td>
</tr>
<tr>
<td>TAX MATTERS</td>
<td>19</td>
</tr>
<tr>
<td>General</td>
<td>19</td>
</tr>
<tr>
<td>Backup Withholding</td>
<td>20</td>
</tr>
<tr>
<td>Changes in Federal and State Tax Law</td>
<td>20</td>
</tr>
<tr>
<td>Original Issue Premium</td>
<td>20</td>
</tr>
<tr>
<td>Original Issue Discount</td>
<td>21</td>
</tr>
<tr>
<td>SECONDARY MARKET DISCLOSURE</td>
<td>21</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td>22</td>
</tr>
<tr>
<td>RATINGS</td>
<td>23</td>
</tr>
<tr>
<td>UNDERWRITING</td>
<td>23</td>
</tr>
<tr>
<td>LITIGATION</td>
<td>23</td>
</tr>
<tr>
<td>LEGAL MATTERS</td>
<td>23</td>
</tr>
<tr>
<td>ADDITIONAL INFORMATION</td>
<td>24</td>
</tr>
</tbody>
</table>

APPENDIX A - Definitions of Certain Terms
APPENDIX B - Summary of Certain Provisions of the Indenture
APPENDIX C - Summary of Certain Provisions of the Loan Agreement
APPENDIX D - Bond Counsel Opinion
APPENDIX E - Continuing Disclosure Agreement
APPENDIX F – Specimen Municipal Bond Insurance Policy
[This page blank intentionally.]
OFFICIAL STATEMENT

$9,275,000
ARKANSAS DEVELOPMENT FINANCE AUTHORITY
REVENUE REFUNDING BONDS
(PUBLIC HEALTH LABORATORY PROJECT)
SERIES 2014

INTRODUCTION

This Official Statement, including the cover page and Appendices, is furnished in connection with the issuance and sale by the Arkansas Development Finance Authority (the “Authority”), of its $9,275,000 principal amount of Revenue Refunding Bonds (Public Health Laboratory Project) Series 2014 (the “Bonds”). The Bonds will be issued pursuant to the Arkansas Development Finance Authority Act, constituting Arkansas Code Annotated Sections 15-5-101 et seq. (the “Act”) and the Department of Health Public Health Laboratory Act of 2003, Act No. 1723 of 2003, codified as Arkansas Code Annotated Sections 20-7-401 through 20-7-412 (the “Public Health Laboratory Act”). The Bonds are being issued under and are secured by a Trust Indenture dated as of September 1, 2014 (the “Indenture”), between the Authority and Regions Bank, Little Rock, Arkansas, as trustee, paying agent and bond registrar (the “Trustee”).

The Bonds are being issued to provide funds to (i) refund the Authority’s previously issued Construction Revenue Bonds (Public Health Laboratory Project), Series 2003 (the “Series 2003 Bonds”), which were issued to finance the construction and equipping of a public health laboratory, (ii) purchasing a municipal bond insurance policy, (iii) purchasing a municipal bond debt service reserve insurance policy for deposit in the Debt Service Reserve Fund, and (iv) paying the costs of issuing the Bonds. See “REFUNDING OF THE SERIES 2003 BONDS,” “SOURCES AND USES OF PROCEEDS OF THE BONDS” and “BOND INSURANCE” herein.

The public health laboratory facilities constructed and the related equipment financed by the Series 2003 Bonds are collectively called herein the “Project.” The Board of Health was authorized to (i) execute and enter into loan agreements with the Authority, and (ii) to borrow moneys for the purposes for which the Bonds are issued, pursuant to the provisions of the Public Health Laboratory Act.

Pursuant to the Indenture, the Bonds are secured by the pledges and covenants contained therein. Additionally, the Bonds are secured by a First Amended Loan Agreement between the Authority and the Board of Health dated as of September 1, 2014 (the “Loan Agreement”). The references to and summaries and description of the Act, the Public Health Laboratory Act, the Loan Agreement, the Indenture, the Bonds, the Project, and the other statutes, instruments and documents which are included in this Official Statement do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to the appropriate statute, instrument or document. Copies of such documents are available for inspection at the principal corporate trust office of the Trustee in Little Rock, Arkansas. Except as otherwise defined, all capitalized words and phrases used herein shall have the meaning ascribed to them in Appendix A hereto.

The Act authorizes the Authority to borrow money and issue, from time to time, its bonds, notes and other obligations in such principal amounts as the Authority determines shall be necessary to provide sufficient funds to carry out its purposes and powers, including, among other purposes, the financing of residential housing for persons and families of low and moderate income, agricultural business enterprises, capital improvements for State agencies and local governments, educational facilities, health care facilities, industrial enterprises, short-term advance funding of local government obligations and also
issues general obligation bonds on behalf of the State. The Authority is presently committed to several financings for other purposes permitted by the Act and expects to issue other revenue bonds secured by separate and distinct collateral. While the Authority has in the past and will in the future issue bonds on behalf of the State of Arkansas which are general obligations of the State, the Authority has not issued, and does not expect to issue, any bonds which are general obligations of the Authority.

This Official Statement contains descriptions of and information regarding the application of the proceeds of the Bonds, the security and sources of payment for the Bonds, certain investment considerations, the Authority, the Board of Health, the Act, the Public Health Laboratory Act, the Project, the Indenture, the Loan Agreement, and certain other instruments and documents. Such descriptions and information do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to the appropriate statutes, instruments and documents and to laws and principles of equity relating to or affecting creditors’ rights. Copies of the documents herein described will be available for inspection at the principal corporate trust office of the Trustee upon the initial delivery of the Bonds.

Appendix A contains definitions of terms used in this Official Statement. A summary of certain provisions of the Indenture is included as Appendix B. A summary of certain provisions of the Loan Agreement is included as Appendix C. The proposed form of the opinion of Bond Counsel with respect to the Bonds is included as Appendix D. The proposed form of the Continuing Disclosure Agreement among the Authority, the Board of Health and the Trustee is included as Appendix E. A specimen of the municipal bond insurance policy is included as Appendix F. The Comprehensive Annual Financial Report for the State of Arkansas for the fiscal year ended June 30, 2013 may be downloaded at http://www.dfa.arkansas.gov/offices/accounting/Documents/cafr2013.pdf.

REFUNDING OF THE SERIES 2003 BONDS

The Series 2003 Bonds were issued to provide funds for the construction and equipping of a new public health laboratory for the State (the “Project”). The Project was completed in 2006 and consists of approximately 80,000 square feet of space accommodating 140 laboratory workers. It includes a 5,000 square-foot Level 3 bio-safety lab constructed and ventilated so staff can work with dangerous microbes, and is located immediately to the south of the existing Health Department building at 4815 West Markham in Little Rock, Arkansas. All of the laboratories formerly housed in the Health Department building were moved to the new public health laboratory building, and the old lab space was renovated for other functions of the Health Department.

The Series 2003 Bonds may now be optionally refunded and the current interest rate environment will allow the Bonds to be issued at a lower rate of interest, reducing debt service requirements and producing present value savings for the State. Certain proceeds of the Bonds and certain other moneys held by the Trustee for the Series 2003 Bonds will be used to refund the Series 2003 Bonds. Upon delivery of the Bonds, the Authority will deposit such amounts with Regions Bank, as trustee under the Series 2003 Indenture (the “Series 2003 Trustee”), and such amounts will be used on the closing date to pay the redemption price of the Series 2003 Bonds. The lien of the 2003 Indenture will be released and the Trust Estate previously held under the Series 2003 Indenture will be pledged to secure the Bonds. The Series 2003 Bonds will be conditionally called on July 31, 2014 for optional redemption on September 2, 2014. See “SOURCES AND USES OF PROCEEDS OF THE BONDS,” herein.
PLAN OF FINANCE

Scheduled Debt Service Requirements

The Bonds are structured to provide approximately level scheduled debt service requirements in each year through December 1, 2021. However, the Authority expects to retire the Bonds earlier than scheduled from Surplus Revenues, as defined herein, collected in excess of the scheduled debt service requirements through the use of mandatory redemptions. See “THE BONDS—Redemption Provisions - Mandatory Redemption from Surplus Revenues” herein.

The Public Health Laboratory Act authorizes and directs the implementation of certain fees by the Arkansas Department of Health (the “Health Department”), including fees to be charged for birth certificates, death certificates, marriage certificates and divorce records, fees for copies of such certificates and records, and fees for searches relating to such certificates and records (the “Fee Revenues”). The Fee Revenues are declared in the Public Health Laboratory Act to be cash funds, and are to be deposited into the State Board of Health Laboratory Revenue Fund (the “Revenue Fund”). Of amounts deposited in the Revenue Fund, the first $2,600,000 collected in each fiscal year is directed to be transferred from the Revenue Fund to and deposited into the State Board of Health Laboratory Revenue Loan Fund (the “Laboratory Loan Fund”). Amounts held in the Laboratory Loan Fund are to be used exclusively for the purpose of repaying the loan from the Authority, creating a reserve for the repayment of such loan, and paying any fees related to the servicing of the loan. Pursuant to the Loan Agreement, the Laboratory Loan Fund will be transferred by the Board of Health to the Trustee. The Trustee will hold such funds pursuant to the Indenture, and the Laboratory Loan Fund will become the Loan Fund established under the Indenture. See “THE BOARD OF HEALTH AND THE PUBLIC HEALTH LABORATORY ACT” and “SECURITY FOR THE BONDS - The Revenue Fund, Proceeds Fund and Loan Fund” herein.

The following table sets forth the amounts required to pay scheduled principal of and interest on the Bonds during the calendar years indicated:

<table>
<thead>
<tr>
<th>Due December 1</th>
<th>Principal</th>
<th>Interest</th>
<th>Total Debt Service(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$100,000</td>
<td>$51,077.50</td>
<td>$151,077.50</td>
</tr>
<tr>
<td>2015</td>
<td>1,215,000</td>
<td>202,310.00</td>
<td>1,417,310.00</td>
</tr>
<tr>
<td>2016</td>
<td>1,240,000</td>
<td>178,010.00</td>
<td>1,418,010.00</td>
</tr>
<tr>
<td>2017</td>
<td>1,275,000</td>
<td>140,810.00</td>
<td>1,415,810.00</td>
</tr>
<tr>
<td>2018</td>
<td>1,315,000</td>
<td>102,560.00</td>
<td>1,417,560.00</td>
</tr>
<tr>
<td>2019</td>
<td>1,350,000</td>
<td>63,110.00</td>
<td>1,413,110.00</td>
</tr>
<tr>
<td>2020</td>
<td>1,380,000</td>
<td>37,460.00</td>
<td>1,417,460.00</td>
</tr>
<tr>
<td>2021</td>
<td>1,400,000</td>
<td>14,000.00</td>
<td>1,414,000.00</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$9,275,000</td>
<td>789,337.50</td>
<td>$10,064,337.50</td>
</tr>
</tbody>
</table>

(1) Exclusive of the Trustee’s and Paying Agent’s fees and Authority’s Administrative Fee.

Estimated Debt Service Coverage

The estimated debt service coverage on the Bonds is shown below. “Anticipated Revenues” are based on the Fee Revenues collected in the last 12 months (July 2013 through June 2014), which coincides with the fiscal year ended June 30, 2014. See “SECURITY FOR THE BONDS – Historical Volumes and Projections of Fee Revenues” herein. “Maximum Annual Debt Service” includes Authority and Trustee fees.
Anticipated Revenues $2,279,989.00  
Maximum Annual Debt Service $1,418,010.00  
Coverage by Revenues 1.607x

THE COVERAGE NUMBERS SET FORTH ABOVE ARE BASED ON HISTORICAL FEE REVENUES. ACTUAL RECEIPTS OF FEE REVENUES WILL DEPEND ON NUMEROUS FACTORS AND THERE CAN BE NO ASSURANCE THAT FUTURE FEE REVENUES WILL APPROXIMATE SUCH HISTORICAL RESULTS.

Notwithstanding the scheduled debt service shown in the tables above, the Authority expects to retire the Bonds earlier than scheduled through the use of mandatory redemptions from Surplus Revenues. See “PLAN OF FINANCE – Surplus Revenue and Projected Redemptions” herein.

Surplus Revenues and Projected Redemptions

The table “Scheduled Debt Service Requirements” does not reflect possible mandatory redemptions of the Bonds from Surplus Revenues. Pursuant to the provisions of the Indenture, Surplus Revenues must be deposited in the Bond Fund and used to redeem bonds prior to their maturity. The Bonds are subject to mandatory redemption at a Redemption Price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption commencing December 1, 2014 and on each June 1 and December 1 thereafter from Surplus Revenues. Surplus Revenues are calculated pursuant to the Indenture in such manner as to be moneys on deposit in the Loan Fund which are in excess of amounts needed to pay principal of, interest on, trustee’s fees, and Administrative Fees on the Interest Payment Dates occurring each year. Historically, the Board of Health has received Fee Revenues in each of the last five fiscal years in an average amount of $2,359,346.

Pursuant to the Indenture, Surplus Revenues will be applied to redeem the Bonds in inverse order of maturity on each June 1 and December 1. See “THE BONDS – Redemption Provisions – Mandatory Redemption from Surplus Revenues,” herein. The following table shows the anticipated redemptions from Surplus Revenues, assuming that annual Fee Revenues equal $2,279,989, which is equal to the Fee Revenues received in the last 12 months (July 2013 through June 2014), which coincides with the last fiscal year of the State.

<table>
<thead>
<tr>
<th>Date (1)</th>
<th>Principal Due</th>
<th>Bonds Redeemed Prior to Maturity (2)</th>
<th>Bond Principal Retired</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/1/2014</td>
<td>$ 100,000</td>
<td>$ 65,000</td>
<td>$ 165,000</td>
</tr>
<tr>
<td>6/1/2015</td>
<td>430,000</td>
<td>430,000</td>
<td></td>
</tr>
<tr>
<td>12/1/2015</td>
<td>1,215,000</td>
<td>435,000</td>
<td>1,650,000</td>
</tr>
<tr>
<td>6/1/2016</td>
<td>435,000</td>
<td>435,000</td>
<td></td>
</tr>
<tr>
<td>12/1/2016</td>
<td>1,240,000</td>
<td>435,000</td>
<td>1,675,000</td>
</tr>
<tr>
<td>6/1/2017</td>
<td>445,000</td>
<td>445,000</td>
<td></td>
</tr>
<tr>
<td>12/1/2017</td>
<td>1,275,000</td>
<td>445,000</td>
<td>1,720,000</td>
</tr>
<tr>
<td>6/1/2018</td>
<td>450,000</td>
<td>450,000</td>
<td></td>
</tr>
<tr>
<td>12/1/2018</td>
<td>1,315,000</td>
<td>455,000</td>
<td>1,770,000</td>
</tr>
<tr>
<td>6/1/2019</td>
<td>535,000</td>
<td>535,000</td>
<td></td>
</tr>
<tr>
<td>$5,145,000</td>
<td>$4,130,000</td>
<td>$9,275,000</td>
<td></td>
</tr>
</tbody>
</table>

(1) The Bonds are subject to mandatory redemption from Surplus Revenues on each June 1 and December 1. See “THE BONDS – Redemption Provisions” herein.

(2) Assuming annual collection of Fee Revenues is $2,279,989.
Rate of Collection of Fees and Mandatory Redemptions

If annual collections of the Fee Revenues are less than anticipated by the Board of Health in the above schedule, the weighted average life of the Bonds will be longer than shown. If annual collections of the Fee Revenues exceed such projections, the weighted average life of the Bonds will be shorter than the expected case. Neither the Authority nor the Board of Health make any representations or warranties concerning the amount of Fee Revenues which will be received in any year. See “THE BONDS - Redemption Provisions - Mandatory Redemption from Surplus Revenues” herein.

SOURCES AND USES OF PROCEEDS OF THE BONDS

Sources

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Amount of Bonds</td>
<td>$9,275,000.00</td>
</tr>
<tr>
<td>Transfers from Series 2003 Bond Fund</td>
<td>1,873,000.00</td>
</tr>
<tr>
<td>Reoffering Premium</td>
<td>252,870.90</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>567.53</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$11,401,438.43</strong></td>
</tr>
</tbody>
</table>

Uses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit to Current Refunding Fund</td>
<td>$11,262,216.74</td>
</tr>
<tr>
<td>Costs of Issuance (1)</td>
<td>135,968.75</td>
</tr>
<tr>
<td>Deposit to Debt Service Fund</td>
<td>567.53</td>
</tr>
<tr>
<td>Rounding Amount</td>
<td>2,685.41</td>
</tr>
<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$11,401,438.43</strong></td>
</tr>
</tbody>
</table>

(1) Includes rating agency fees, underwriter’s discount, bond insurance premium, surety fees, issuer fees, trustee fees, legal fees, printing and other costs of issuance of the Bonds.

THE BONDS

General Description

The Bonds are issuable only as fully registered bonds initially registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds.

The Bonds are issued as fully registered Bonds in the denomination of $5,000 each or any integral multiple thereof. Each Bond shall be dated September 1, 2014, and shall bear interest from such date payable December 1, 2014, and semiannually thereafter on June 1 and December 1 of each year until maturity or earlier redemption.

Regions Bank, Little Rock, Arkansas, has been appointed Trustee, Registrar and Paying Agent for the Bonds. Additional Paying Agents may be appointed, and the Registrar and any Paying Agent may be removed or replaced by the Authority in accordance with the Indenture. Principal of the Bonds is payable at the principal corporate trust office of the Trustee in Little Rock, Arkansas, and semiannual interest on the Bonds will be paid by check of the Trustee mailed to the Owner. The Owner of Bonds of $1,000,000 or more in aggregate principal amount may receive interest on the Bonds by wire transfer of funds to a bank account as designated in writing to the Trustee.
The Bonds are special obligations of the Authority payable solely from, and secured by (i) a pledge of the revenues and funds described herein, and (ii) the Loan Agreement as defined herein. The Bonds shall not constitute or give rise to or impose upon the Authority a general liability or a charge upon its general credit or property other than the trust estate (as defined in the Indenture). Neither the State nor the Authority is liable for the payment of the principal of, premium, if any, or interest on the Bonds. Neither the Bonds, the Indenture, the Loan Agreement, as defined herein, nor any agreement of the Authority shall be construed to constitute an indebtedness of the State for which the faith and credit of the State or any of its revenues are pledged within the meaning of any constitutional or statutory limitation. The Bonds are not secured by a lien on or a security interest in any property of the State of Arkansas. The Authority has no taxing power.

Redemption Provisions

Mandatory Redemption from Surplus Revenues. The Bonds are subject to mandatory redemption, in whole at any time and in part on any Interest Payment Date, at redemption prices equal to the principal amount thereof being redeemed plus accrued interest to the date fixed for redemption from Surplus Revenues. Surplus Revenues are calculated pursuant to the Indenture in such manner as to be moneys on deposit in the Loan Fund which are in excess of amounts needed to pay principal of, interest on, trustee’s fees, and Administrative Fees on the Interest Payment Dates occurring each year.

No redemption will be made unless Surplus Revenues equal at least $25,000. In the case of any partial redemption from Surplus Revenues, the Trustee shall select the Bonds to be redeemed in inverse order of maturity.

Notice and Effect of Redemption

When Bonds (or portions thereof) are to be redeemed, the Authority shall give or cause to be given notice of the redemption of the Bonds to the Trustee no later than 45 days prior to the redemption date or such shorter time as may be acceptable to the Trustee. In the case of an optional redemption, the notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the date that is five (5) Business Days prior to the redemption date or (2) that the Authority retains the right to rescind such notice on or prior to the scheduled redemption date, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in subsection (d) of this Section. The Trustee, at the expense of the Authority, shall send notice of any redemption, identifying the Bonds to be redeemed, the redemption date and the method and place of payment and the information required by the Indenture, by first class mail or other acceptable standard means of delivery, including facsimile or electronic communication, to each Owner of a Bond called for redemption to the Owner’s address listed on the Bond Register. Such notice shall be sent by the Trustee at least 30 days prior to the scheduled redemption date. With respect to Book Entry Bonds, if the Trustee sends notice of redemption to the Securities Depository pursuant to the Letter of Representations, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence. If notice is given as stated in this paragraph (a), failure of any Bondholder to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Bonds.

In addition to the foregoing, the redemption notice shall contain with respect to each Bond being redeemed, (1) the CUSIP number, (2) the date of issue, (3) the interest rate, (4) the maturity date, and (5) any other descriptive information determined by the Trustee to be needed to identify the Bonds. If a redemption is a Conditional Redemption, the notice shall so state. The Trustee shall also send each notice of redemption at least thirty (30) days before the redemption date to (A) any Rating Service then rating the Bonds to be redeemed; and (B) one or more national information services, including Municipal
Securities Rulemaking Board, that disseminate notices of redemption of bonds such as the Bonds, such services to be identified by the Trustee.

On or before the date fixed for redemption, subject to the Authority’s right of rescission, moneys shall be deposited with the Trustee to pay the principal of, redemption premium, if any, and interest accrued to the redemption date on the Bonds called for redemption. Upon the deposit of such moneys, unless the Authority has given notice of rescission, the Bonds shall cease to bear interest on the redemption date and shall no longer be entitled to the benefits of this Indenture (other than for payment and transfer and exchange) and shall no longer be considered Outstanding.

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the fifth Business Day prior to the redemption date if the Authority delivers an Officer’s Certificate to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Authority to make funds available in part or in whole on or before the date that is five Business Days prior to the redemption date shall not constitute an Event of Default, and the Trustee shall give Immediate Notice to the Securities Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

**Selection of Bonds to be Redeemed**

If less than all the Bonds of a like maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, so long as the Bonds are held by DTC or other Securities Depository the regulations and procedures of the Securities Depository shall govern the selection process.

**While the Bonds are being held by DTC under the book-entry system, notice of redemption will be sent only to DTC.** See “BOOK-ENTRY ONLY SYSTEM” herein.

**BOOK-ENTRY-ONLY SYSTEM**

The Bonds will be issued only as one fully registered Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as registered owner of all the Bonds. The fully registered Bonds will be retained and immobilized in the custody of DTC.

DTC (or any successor securities depository) or its nominee will be considered by the Authority and the Trustee to be the owner or holder of the Bonds for all purposes under the Indenture.

Owners of any book entry interests in the Bonds (the “book entry interest owners”) described below, will not receive or have the right to receive physical delivery of the Bonds, and will not be considered by the Authority and the Trustee to be, and will not have any rights as, owners or holders of the Bonds under the bond proceedings and the Indenture except to the extent, if any, expressly provided thereunder.

**CERTAIN INFORMATION REGARDING DTC AND DIRECT PARTICIPANTS IS SET FORTH BELOW. THIS INFORMATION HAS BEEN PROVIDED BY DTC. THE AUTHORITY, THE BOARD OF HEALTH, THE UNDERWRITER AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR THE ACCURACY OF SUCH STATEMENTS.**
DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, 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. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 120 countries and territories) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges among Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, the National Securities Clearing Corporation and the Fixed Income Clearing Corporation, all or which are registered agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry System for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are to be redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy will assign Cede & Co.’s consenting or voting rights to those Direct Participants to
whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payment of debt service and redemption proceeds with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Trustee on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and debt service to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

BENEFICIAL OWNERS SHOULD CONSULT WITH THE DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS FROM WHOM THEY PURCHASE A BOOK ENTRY INTEREST TO OBTAIN INFORMATION CONCERNING THE SYSTEM MAINTAINED BY SUCH DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO RECORD SUCH INTERESTS, TO MAKE PAYMENTS, TO FORWARD NOTICES OF REDEMPTION AND OF OTHER INFORMATION.

THE AUTHORITY, THE BOARD OF HEALTH, AND THE TRUSTEE HAVE NO RESPONSIBILITY OR LIABILITY FOR ANY ASPECTS OF THE RECORDS OR NOTICES RELATING TO, OR PAYMENTS MADE ON ACCOUNT OF, BOOK ENTRY INTEREST OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO THAT OWNERSHIP.

The Trustee and the Authority, so long as a book entry method of recording and transferring interest in the Bonds is used, will send any notice of redemption or of any Indenture amendment or supplement or other notices to Bondholders under the Indenture only to DTC (or any successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participants, or of any Direct Participants or Indirect Participants to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption, the Indenture amendment or supplement, or any other action premised on notice given under the Indenture.

The Authority and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

In addition, the Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

In reading this Official Statement, it should be understood that while the Bonds are in the Book-Entry System, references in other sections of this Official Statement to holder, beneficial owner or Registered Owner should be read to include the Beneficial Owners of the Bonds, but (a) all rights of
ownership must be exercised through DTC and the Book-Entry System and (b) notices that are to be given to registered owners by the Authority or the Trustee will be given only to DTC.

SECURITY FOR THE BONDS

The Authority, subject to the terms of the Indenture, will grant a security interest in, pledge and assign to the Trustee for the benefit of the Owners of the Bonds:

(a) All of the Fee Revenues and all income, receipts and money deposited during any Fiscal Year by the Board of Health, or on behalf of the Board of Health, or any successor in interest, in the Loan Fund and the Proceeds Fund, and all earnings thereon (the “Pledged Revenues”).

(b) All moneys and securities from time to time held by the Trustee in the Funds and Accounts established under the Indenture (other than the Rebate Fund).

(c) The Loan Agreement.

(d) Any and all other property of every other kind and nature from time to time which is by delivery or writing conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture for the Bonds, by the Authority or by any other person on behalf of the Authority, or with the written consent of the Authority, to the Trustee.

The properties and interests described above are referred to as the “Trust Estate” in the Indenture.

The payments under the provisions of the Loan Agreement are expected to be sufficient to pay principal of, premium, if any, and interest on the Bonds, and the fees of the Trustee. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Bond Fund” herein.

The Revenue Fund, Proceeds Fund and Loan Fund

The Public Health Laboratory Act pledges the Fee Revenues to the repayment of the loan from the Authority, subject to the provisions of the Public Health Laboratory Act, including the power to release from the lien Fee Revenues in excess of $2,600,000 each fiscal year. In addition, it created three funds: the Revenue Fund, the Loan Fund, and the Construction Fund.

Revenue Fund. All of the Fee Revenues are to be deposited into the Revenue Fund when and as received. Amounts held in the Revenue Fund shall, no less frequently than twice a month, be deposited as follows and in the following order of priority:

First, an annual amount sufficient to pay principal, interest, servicing fees, and reserve requirements with respect to the loan from the Authority, but not to exceed $2,600,000 in each fiscal year, shall be deposited in the Loan Fund.

Second, to the extent that there is any balance remaining in the Revenue Fund at the close of the fiscal year, such remaining balance will be transferred 50% to the Public Health Fund and 50% to the State Health Department Building and Local Grant Trust Fund.

The Indenture does not create any lien or pledge of amounts transferred to the Public Health Fund or the State Health Department Building and Local Grant Trust Fund.

Loan Fund. The Loan Fund is to be used solely for the purpose of paying and providing for principal of, interest on, and servicing fees, if any, in connection with the loan and providing for the maintenance of any reserves. Pursuant to the Loan Agreement and the Indenture, the Loan Fund will be transferred to the Trustee and held as a part of the Trust Estate as the Loan Fund established in the Indenture until the Bonds have been paid in full.
Proceeds Fund. In connection with the Series 2003 Bonds and the construction of the Project, the proceeds of the loan, other than amounts used to fund a reserve, pay costs of issuance of the Series 2003 Bonds, and pay capitalized interest, were deposited in the Construction Fund and used to pay for the Project. In connection with the refunding of the Series 2003 Bonds, the Construction Fund will be identified as the Proceeds Fund pursuant to the Loan Agreement and the Indenture. The proceeds of the loan, other than amounts deposited in the Costs of Issuance Account, will flow through the Proceeds Fund and be transferred to the Escrow Trustee where they will be held in the Escrow Account and used to pay the redemption price of the Series 2003 Bonds on their redemption date.

Historical Volume and Projections of Fee Revenues

The Public Health Laboratory Act authorizes the following fees to be collected and credited to the Revenue Fund. Such fees shall be in addition to fees already being charged. The new fees constitute the Fee Revenues, and are collected as follows:

1) a fee of $7.00 for the making and certification of any birth certificate or record;
2) a fee of $5.00 for the making and certification of each additional birth certificate or record;
3) a fee of $6.00 for the making and certification of a single copy of a death certificate;
4) a fee of $7.00 for the making and certification of each additional copy of a death certificate;
5) a fee of $5.00 for the making and certification of any marriage or divorce certificate or record;
6) a fee of $5.00 for the making and certification of each additional copy of any marriage or divorce certificate or record;
7) a fee of $7.00 for an examination and search of the files for any birth record;
8) a fee of $5.00 for an examination and search of the files for any marriage or divorce record; and
9) a fee of $6.00 for an examination and search of the files for any death record.

The Health Department has provided the information on the following page setting forth the historical volume of vital records and the revenues produced from the fees imposed by the Public Health Laboratory Act:

Arkansas Department of Health
Fee Revenues
Fiscal Years: 2005 – 2014

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Fee Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$2,279,989.12</td>
</tr>
<tr>
<td>2013</td>
<td>2,359,520.05</td>
</tr>
<tr>
<td>2012</td>
<td>2,252,766.26</td>
</tr>
<tr>
<td>2011</td>
<td>2,391,509.87</td>
</tr>
<tr>
<td>2010</td>
<td>2,417,731.14</td>
</tr>
<tr>
<td>2009</td>
<td>2,452,764.24</td>
</tr>
<tr>
<td>2008</td>
<td>2,549,752.48</td>
</tr>
<tr>
<td>2007</td>
<td>2,464,653.17</td>
</tr>
<tr>
<td>2006</td>
<td>2,424,509.30</td>
</tr>
<tr>
<td>2005</td>
<td>2,309,568.57</td>
</tr>
</tbody>
</table>
Debt Service Reserve Fund

There is created in the Indenture the “Debt Service Reserve Fund,” which shall be maintained with the Trustee in an amount equal to 10% of the total principal amount of Bonds Outstanding, which initially is $927,500.

The Indenture authorizes the Authority to obtain a debt service reserve insurance policy in place of fully funding the Debt Service Reserve Fund. Accordingly, application has been made to Build America Mutual Assurance Company (“BAM”), and BAM has made a commitment to issue a debt service reserve insurance policy (the “Reserve Policy”), effective as of the date of issuance of the Bonds, for the purpose of funding the Debt Service Reserve Fund. The Bonds will only be delivered upon the issuance of such Reserve Policy. The premium on the Reserve Policy is to be fully paid at or prior to the issuance and delivery of the Bonds.

The Reserve Policy provides that BAM will make payment to the Trustee of that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority, as provided in the Reserve Policy, on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. Payment by BAM to the Trustee for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under the Reserve Policy.

The amount available at any particular time to be paid to the Trustee under the terms of the Reserve Policy shall automatically be reduced by and to the extent of any payment under the Reserve Policy. However, after such payment, the amount available under the Reserve Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Authority.

Unless otherwise defined under this caption, all capitalized terms used in the language under this caption shall have the respective meanings set forth in the Reserve Policy.

No Mortgage

The properties forming the Project upon which the new building and the existing building are situated have not been pledged as security for the Bonds and no mortgage or security interest has been granted or lien created thereon for the benefit of the Bondholders.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.
Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $478.6 million, $12.7 million and $465.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and
credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/.

**Obligor Disclosure Briefs.** Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

**Disclaimers.** The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM and have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and they assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

**INVESTMENT CONSIDERATIONS**

**Mandatory Redemption from Surplus Revenues**

During the years that the Bonds are outstanding, the amount of estimated and projected annual Fee Revenues is greater than the scheduled payments of principal of and interest on the Bonds, and it is expected that mandatory redemptions from Surplus Revenues will result in a portion of the Bonds being redeemed without premiums prior to their stated maturity. See “THE BONDS-Redemption Provisions - Mandatory Redemption from Surplus Revenues”, “PLAN OF FINANCE - Surplus Revenues and Projected Redemptions” herein.

**Assumptions**

The scheduled maturity of the Bonds has been determined in accordance with the Indenture and does not take into account any expected increase in annual collections of the Fee Revenues. Furthermore, the projected mandatory redemptions from Surplus Revenues are based upon an assumption of an annual rate of collection of fees equal to $2,279,989. It is not possible to predict the amount of annual collections of Fee Revenues by the Board of Health and the resulting mandatory redemptions of the Bonds from Surplus Revenues.

During the years that the Bonds are outstanding, the Authority and the Board of Health expect collection of Fee Revenues to exceed the scheduled debt service due on the Bonds. Further, it is expected that mandatory redemptions from Surplus Revenues will be made and consequently the Bonds will have a substantially shorter weighted average life than in accordance with their stated maturities. Neither the Authority nor the Board of Health make any representations or warranties concerning the amount of Fee Revenues which will be received in any year.
Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

Limited Marketability of the Bonds

The Authority has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. The Underwriter intends, but is under no obligation, to make a secondary market in the Bonds. Consequently, investors may not be able to resell the Bonds should they wish to do so.

THE BOARD OF HEALTH AND THE PUBLIC HEALTH LABORATORY ACT

The Board of Health

The Board of Health exists pursuant to Arkansas Code Annotated Sections 20-7-101 et seq. The Board of Health consists of 24 members, 23 appointed by the Governor from various professions and industries, all as set forth in Arkansas Code Annotated Section 20-7-102, plus the Surgeon General of the State. Arkansas Code Annotated Section 20-7-102 sets out the following requirements for the composition of the Board: Seven physicians, one from each of the State’s four congressional districts and three at large (and at least one of whom is an osteopathic physician); one dentist; one engineer; one nurse; one pharmacist; one veterinarian; one sanitarian; one hospital administrator; one optometrist; one chiropractor; one restaurant operator; two consumer representatives; one podiatrist; one member of the Arkansas Public Health Association; one physician from a rural county; and the Director of the Department of Health.

Each Board member holds office for a term of four years. The members of the State Board of Health elect one of their members as president. In addition, with the approval of the Governor, the members elect a secretary, who may or may not be a member of the Board of Health, and such secretary serves as the Director of the Health Department (the “Director”). The Director administers the Health Department and also serves as the executive officer of the Board of Health. The Director serves at the pleasure of the Governor.

The Board of Health is charged with making all necessary and reasonable rules and regulations of a general nature for the protection of the public health and safety; for the general amelioration of the sanitary and hygienic conditions within the State; for the suppression and prevention of infectious, contagious and communicable diseases; for the proper enforcement of quarantine, isolation, and control of such diseases; and for the proper control of chemical exposures that may result in adverse health effects to the public. The Board of Health is charged with dealing with epidemics and other public health issues, and carries into effect the provisions of federal acts concerning the protection of mothers and infants and the promotion of a public health program.
The Public Health Laboratory Act

The Public Health Laboratory Act provided for the construction of a new public health laboratory, subject to the approval of the Board of Health. The Board was authorized to borrow an amount not to exceed $26,000,000 from the Authority, at an interest rate not to exceed 10%, with a maturity of not more than 30 years. To secure the loan, the Public Health Laboratory Act established a series of fees, and the revenues from such fees (the “Fee Revenues”) are pledged to secure repayment of the loan from the Authority. The Fee Revenues are declared to be cash funds, to be held separately from the treasury of the State, and the Public Health Laboratory Act sets forth a system of funds into which the Fee Revenues are to be deposited. See “SECURITY FOR THE BONDS - The Revenue Fund, Proceeds Fund, and Loan Fund” and “- Historical Volume and Projections of Fee Revenues.”

Under the Public Health Laboratory Act, the first $2,600,000 in Fee Revenues collected each year is transferred to the Loan Fund and used to repay the loan. Amounts in excess of $2,600,000 collected in any fiscal year are transferred to other funds administered by the Health Department.

In connection with the issuance of the Bonds a new loan is being made by the Authority to the Board of Health the proceeds of which will be used to defease and redeem the Series 2003 Bonds, and the Fee Revenues that previously secured the Series 2003 Bonds will secure the Bonds pursuant to the First Amended Loan Agreement.
THE PROJECT

In administering its duties, the Board of Health, through the Health Department, operates a public health laboratory. The public health laboratory performs approximately 800,000 individual tests a year, which can be broken down by the sections of the laboratory: genetics and newborn screening; immunology (including syphilis, HIV, hepatitis, rubella, and rabies); mycobacteriology; mycology; clinical microbiology (including certain sexually transmitted diseases such as chlamydia and gonorrhea); milk bacteriology; food bacteriology; water bacteriology; food chemistry; inorganic chemistry; organic chemistry; and radiochemistry. The public health laboratory is also responsible for conducting tests on suspicious substances in connection with anti-terrorism efforts.

The Arkansas General Assembly in 2003 enacted the Public Health Laboratory Act to provide for the construction and equipping of a modern public health laboratory. The new public health laboratory, completed in October of 2006, is a state-of-the-art structure with approximately 80,000 square feet or space accommodating 140 laboratory workers. It includes a 5,000 square foot Level 3 bio-safety lab constructed and ventilated so staff can work with dangerous microbes, and is located immediately to the south of the Health Department building at 4815 West Markham in Little Rock, Arkansas. All of the laboratories formerly housed in the Health Department building were moved to the new public health laboratory building, and the old lab space was renovated for other functions of the Health Department.

THE AUTHORITY

Creation and Powers of Authority

The Arkansas Development Finance Authority is a body corporate and politic and an instrumentality of the State of Arkansas. The Authority was created pursuant to the Act. The Act authorizes the Authority to borrow money and issue from time to time its bonds, notes, and other obligations in such principal amounts as the Authority determines shall be necessary to provide sufficient funds to carry out its purposes and powers.

The powers of the Authority are vested in the Board of Directors, consisting of the State Treasurer, the Director of the Department of Finance and Administration and 11 public members appointed by the Governor with the advice and consent of the State Senate. The Act provides that the Board shall employ a President who shall serve at the pleasure of the Governor, shall be an \textit{ex officio}, nonvoting member of the Board and may be elected Secretary to the Board.
Officers and Directors

The names, offices, principal occupations and residences of the directors of the Authority and the dates of expiration of their terms are set forth below.

<table>
<thead>
<tr>
<th>Name and Office</th>
<th>Term Expires (January 14)</th>
<th>Principal Occupation and Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Richard Burnett</td>
<td>2018</td>
<td>Physician, Gassville, AR</td>
</tr>
<tr>
<td>Chairman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sonny Jones</td>
<td>2018</td>
<td>Timber Industry (Retired)</td>
</tr>
<tr>
<td>Vice Chairman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gene Eagle</td>
<td>(Ex-officio, non-voting)</td>
<td>President, Arkansas Development Finance Authority, Little Rock</td>
</tr>
<tr>
<td>Secretary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charley Baxter</td>
<td>2017</td>
<td>Director, Patrick Henry Hays Senior Citizens Center</td>
</tr>
<tr>
<td>Anthony Brooks</td>
<td>2017</td>
<td>President, Platinum Drywall Inc.</td>
</tr>
<tr>
<td>July McGough Mills</td>
<td>2017</td>
<td>Executive Vice President, Arkansas Homebuilders Association</td>
</tr>
<tr>
<td>Art Morris</td>
<td>2015</td>
<td>Banker (retired), Siloam Springs</td>
</tr>
<tr>
<td>Walter Nixon III</td>
<td>2015</td>
<td>Legal Advisor, Arkansas Public Service Commission</td>
</tr>
<tr>
<td>Charles Robinson</td>
<td>(Ex-officio)</td>
<td>State Treasurer for the State of Arkansas</td>
</tr>
<tr>
<td>Jennifer Ronnel</td>
<td>2016</td>
<td>Attorney, Little Rock</td>
</tr>
<tr>
<td>Alan Lee Turnbo</td>
<td>2016</td>
<td>Executive Director, Cabot Housing Authority</td>
</tr>
<tr>
<td>Thomas W. Spillyards</td>
<td>2017</td>
<td>Banker (Retired), Pine Bluff</td>
</tr>
<tr>
<td>Richard Weiss</td>
<td>(Ex-officio)</td>
<td>Director, Arkansas Department of Finance and Administration, Little Rock</td>
</tr>
</tbody>
</table>

The staff of the Authority consists of 57 full-time employees. Gene Eagle is President of the Authority. Other senior officers of the Authority include: Brad Henry, Vice President for Development Finance, Cheryl Schluterman, Vice President for Finance, Sara Oliver, Vice President for Housing, Layne Anderson, Vice President and General Counsel, and Patrick Patton, Vice President for Internal Audit and Information Technology.

The office of the Authority is located at 900 West Capitol, Suite 310, Little Rock, Arkansas. Its telephone number is (501) 682-5900, and its mailing address is Post Office Box 8023, Little Rock, Arkansas 72203-8023.
Other Indebtedness of the Authority

The Authority has outstanding various bond issues which have been issued for single family and multifamily housing, industrial development and higher educational facilities, and other governmental purposes. Such bond issues are secured by other revenues and assets separate and apart from the Indenture. No assets or funds of the Authority, other than those held under the Indenture, are pledged to the payment of the Bonds.

Future Financings of the Authority

The Authority expects during 2014 and in future years to issue other bonds to finance other activities as permitted by the Act.

THE LOAN AGREEMENT AND THE INDENTURE

Summaries of portions of the Loan Agreement and the Indenture are attached hereto as APPENDIX C (the Loan Agreement) and APPENDIX B (the Indenture). Such summaries are not represented to be complete, and such summaries are qualified in their entirety by reference to the complete Loan Agreement and Indenture, copies of which may be obtained from the Trustee.

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and continuing compliance by the Authority, the Board of Health and the Trustee with certain covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause such interest on the Bonds to be included in gross income for federal income tax purposes or could otherwise adversely affect such opinion, retroactive to the date of issuance of the Bonds. The Authority and Trustee have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Bond Counsel’s opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations’ adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owner’s particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income tax credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or
carry tax exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from all present State, county and municipal taxation in the State of Arkansas, including income, inheritance and property taxes. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of Arkansas or any other state or jurisdiction.

**Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax exempt obligations.

**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 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 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**Original Issue Premium**

The Bonds that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of
premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

**Original Issue Discount**

The Bonds that have an original yield above their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

The proposed opinion of Bond Counsel is attached hereto as Appendix D.

**SECONDARY MARKET DISCLOSURE**

In the Continuing Disclosure Agreement dated September 1, 2014 (the “Continuing Disclosure Agreement”), among the Authority, the Board of Health and the Trustee, the Authority and the Board of Health have covenanted for the benefit of Beneficial Owners of the Bonds to provide certain financial information, if and when available, and operating data relating to the Board of Health by not later than 240 days after the end of its fiscal years, commencing with the fiscal year ended June 30, 2014 (the “Annual Disclosure Statement”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Disclosure Statement will be filed by the Authority 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 Authority and the Board of Health 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 E.

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. In connection with
that review, the Authority identified over one hundred (100) bond issues currently outstanding and
approximately sixty (60) additional bond issues that were previously outstanding during the prior five (5)
years. The Authority 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. The Authority is filing with EMMA rating change
notices confirming the current ratings of certain third-party credit enhancement providers and the
underlying rating.

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 recent comprehensive review, and supplemental filings for the necessary years were recently
made by the Authority and are continuing to be made by other obligated parties. As noted below, the
Authority is implementing a form of annual report to prevent omissions of portions of information in the
future and to confirm the status of required financial statements. The Series 2003 Bonds fall in the State
Facilities Program, but no late filings or other deficiencies were disclosed with respect to the Series 2003 Bonds.

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 were only a few instances of minor late filings.

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. Documenting the waiver and filing disclosure for each of the effected bond issues has commenced and is on-going. With respect to bonds guaranteed by AEDC, the Undertakings relating to bonds issued prior to 2009 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. In 2013, the Authority, in consultation with AEDC, began filing the State CAFR to satisfy this term of the Undertakings and filed the previous five years CAFRs for all bonds guaranteed by AEDC for which the State CAFR had not been previously filed. 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.

The Authority is currently reviewing 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, recent procedural changes are being 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.

FINANCIAL STATEMENTS

As an institution of the State, the financial affairs of the Health Department are conducted in compliance with the laws of the State and in conformity with various federal laws, regulations, and procedures applicable to institutions receiving financial assistance under federal programs. Separate annual audits of the Health Department’s financial accounts are performed, pursuant to State law, by the Division of Legislative Audit of the Legislative Joint Auditing Committee of the State’s General Assembly (the “Audit Division”). Audits are conducted in accordance with generally accepted auditing standards and the Government Auditing Standards of the Comptroller of the United States. The Health Department financial reports are included in the Comprehensive Annual Financial Report for the State of Arkansas. The Comprehensive Annual Financial Report for the State of Arkansas for the fiscal year ending June 30, 2013 may be downloaded at http://www.dfa.arkansas.gov/offices/accounting/Documents/cafr2013.pdf.
RATINGS

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P"), is expected to assign a rating of "AA" (stable outlook) to the Bonds based on the delivery of the Policy by BAM and has assigned an underlying rating of “A+” (stable outlook) to the Bonds. Such ratings reflect only the view of S&P at the time such ratings were given. An explanation of the significance of the ratings may be obtained only from Standard & Poor's Rating Services, 25 Broadway, New York, New York 10004, telephone (212) 208-1723. There can be no assurance that any rating will continue for any given period of time or that ratings will not be revised downward or withdrawn entirely. In the Continuing Disclosure Agreement, the Authority and the Board of Health have agreed to give notice of certain material events, including the revision or withdrawal of any rating on the Bonds.

UNDERWRITING

Under a Bond Purchase Agreement dated July 31, 2014 (the “Bond Purchase Agreement”), entered into by and between the Authority and the Underwriter named on the cover page of this Official Statement (the “Underwriter”), the Bonds offered hereby are being purchased from the Authority by the Underwriter at a price of $9,483,814.65 (the principal amount thereof, plus original issue premium of $252,870.90, less Underwriter’s discount of $44,056.25), plus accrued interest. The Bond Purchase Agreement provides that the Underwriter shall purchase all of the Bonds offered thereby if any are purchased, and that the obligation to make such purchase is subject to the approval of certain legal matters by Bond Counsel and certain other conditions. The initial public offering prices of the Bonds are as set forth on the cover of this Official Statement. After the commencement of the public offering of the Bonds, the offering prices thereof may be changed from time to time by the Underwriter.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public and may offer the Bonds to such dealers or other underwriters at a price below the public offering price.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way questioning or affecting the validity of any provision of the Bonds, any of the proceedings of the Authority taken with respect to the authorization, issuance, sale, execution or delivery of the Bonds, the pledge or application of any moneys or security provided for the payment of the Bonds, the existence of powers of the Authority or the Board of Health, or the title of any officers of the Authority or the Board of Health to their respective positions.

The Authority is frequently a party to litigation in connection with its lending and guaranty functions. In the opinion of the Authority’s General Counsel, no litigation is currently pending or threatened which would adversely affect the Authority’s continuing operations or existence.

LEGAL MATTERS

All legal matters related to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Kutak Rock LLP, Little Rock, Arkansas, Bond Counsel. The proposed form of the opinion of Bond Counsel appears as Appendix D to this Official Statement.
ADDITIONAL INFORMATION

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned, this Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement have been duly authorized by the Authority. This Official Statement is dated the date shown on the cover page hereof.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

By

Gene Eagle, President
APPENDIX A

DEFINITIONS OF CERTAIN TERMS

Unless the context or use indicates another meaning or intent, the following words and terms as used in this Official Statement shall have the following meanings:

“Account” or “Accounts” means one or more of the Accounts established by Article V of the Indenture.

“Act” means the “Arkansas Development Finance Authority Act,” codified as Arkansas Code Annotated Sections 15-5-101 et seq., and all acts supplemental thereto or amendatory thereof.

“Administrative Fee” means the Authority’s annual Administrative Fee in an amount equal to 1/8th of 1% (0.125%) of the principal amount of the Bonds Outstanding on each November 30, commencing November 30, 2014, as set forth in Section 3.05 of the Loan Agreement.

“Agreement” or “Loan Agreement” means the First Amended Loan Agreement, dated as of September 1, 2014, between the Authority and the Board of Health, and any amendments and supplements thereto.

“Authority” or “Issuer” means the Arkansas Development Finance Authority, a body politic and corporate of the State created by the Act, duly organized and existing under the laws of the State, and its successors and assigns.

“Authorized Officer” means the Chairman, Vice Chairman, or President of the Authority, or any other officer or employee of the Authority authorized to perform the particular acts or duties by resolution duly adopted by the Authority or by law.

“BAM” means Build America Mutual Assurance Company, a New York mutual insurance company, or any successor thereto or assignee thereof.

“Beneficial Owner” means, for any Bond that is held by a nominee, the beneficial owner of such Bond.

“Board of Health” means the Arkansas State Board of Health, created pursuant to Arkansas Code Annotated Sections 20-7-101 et seq.

“Board of Health Representative” means the person or persons at the time designated to act on behalf of the Board of Health by written certificate furnished to the Authority and the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Board of Health by the Chairman thereof. Such certificate may designate an alternate or alternates.

“Bond Documents” means the Indenture, the Agreement, the Note, the Continuing Disclosure Agreement, and the Tax Compliance Certificate.

“Bond Fund” means the Public Health Laboratory Bonds, Series 2014, Bond Fund created in Section 5.01 of the Indenture.

“Bondholder,” “Bondowner,” or “Owner of Bonds” means the person or persons in whose name or names a Bond shall be registered on the books of the Issuer kept by the Trustee for that purpose in accordance with provisions of this Indenture.
“Bond Year” means each period from and including December 1 through and including the following November 30; provided, however, that the initial Bond Year shall commence on the Closing Date and end on November 30, 2014.

“Bonds” means the $9,275,000 aggregate principal amount of the Authority’s Revenue Refunding Bonds (Public Health Laboratory Project), Series 2014, issued pursuant to the Indenture.

“Book Entry Bonds” means those Bonds for which a Securities Depository or its nominee holds the Bonds.

“Business Day” means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed in New York, New York, or in the city in which the Trustee has its principal corporate trust office.

“Closing Date” means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986, as amended, and the Regulations (including temporary or proposed Regulations) thereunder.

“Conditional Redemption” means a redemption where the Authority has directed the Trustee to state in the redemption notice to Owners that (a) the redemption is conditioned upon the deposit of funds, or (b) the Authority has retained the right to rescind the redemption.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of September 1, 2014, between the Authority, the Board of Health, and the Trustee, as originally executed, or as may be amended from time to time.

“Cost of Issuance Account” means the Cost of Issuance Account in the Proceeds Fund established in Section 5.01 of the Indenture.

“Cost of Issuance Account” means the Cost of Issuance Account in the Proceeds Fund established in Section 5.01 of the Indenture.

“Costs of the Refunding” means the costs of accomplishing the defeasance of the Series 2003 Bonds, including the deposit to the Escrow Agreement, all direct and indirect costs of the Authority, the fees and expenses of the Escrow Trustee, and all Issuance Costs.

“Debt Service” means, with respect to any particular Bond Year, and as of any particular date of computation, an amount equal to the aggregate of: (i) all interest paid or payable on the December 1 and on the June 1 of such Bond Year on all Bonds Outstanding on said date of computation, plus (ii) the principal amount of all of the Bonds Outstanding on said date of computation which mature on the December 1 of such Bond Year by reason of any principal payment or any Sinking Fund Installment, all calculated on the assumption that Bonds will after said date of computation cease to be Outstanding by reason, but only by reason, of the payment of Bonds when due and the payment when due and application in accordance with the Indenture of all of the Sinking Fund Installments payable at or after said date of computation.

“Debt Service Reserve Fund” shall mean the Public Health Laboratory Bonds, Series 2014, Debt Service Reserve Fund established in Section 5.01 of the Indenture.

“Debt Service Reserve Fund Requirement” shall mean an amount equal to 10% of the principal amount of Bonds Outstanding, which on the Closing Date is the sum of $927,500.

“Fee Revenues” shall have the meaning assigned to such term in the Public Health Laboratory Act, such Fee Revenues consisting of all revenues derived from the increases in fees imposed by the Public Health Laboratory Act.
“Fund” or “Funds” means one or more of the Funds established by Article V of the Indenture.

“Governmental Obligations” means (i) 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), or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America; and (ii) any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (i) above.

“Health Department” means the Arkansas Department of Health.

“Indenture” means the Trust Indenture, dated as of September 1, 2014, pursuant to which the Bonds are authorized to be issued, and any amendments and supplements thereto.

“Interest Payment Date” shall mean each June 1 and December 1, commencing December 1, 2014, and any date on which Bonds are called for redemption pursuant to the Indenture, so long as any Bonds are Outstanding.

“Issuance Costs” means all costs and expenses of issuance of the Bonds, including, but not limited to: (i) underwriters’ discount and fees; (ii) counsel fees, including bond counsel, underwriters’ counsel, Issuer’s counsel, and any other specialized counsel fees; (iii) bond insurance premiums and debt service reserve policy premiums; (iv) rating agency fees; (v) trustee fees and trustee counsel fees; (vi) paying agent and certifying and authenticating agent fees related to issuance of the Bonds; (vii) origination fees of the Authority; (viii) financial advisor fees; (ix) accountant fees; (x) printing costs of the Bonds and of the preliminary and final official statement; (xi) publication costs associated with the financing proceedings; and (xii) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

“Laboratory Construction Fund” means the State Board of Health Public Health Laboratory Construction Fund created pursuant to Section 9 of the Public Health Laboratory Act.

“Laboratory Loan Fund” means the State Board of Health Laboratory Revenue Loan Fund created pursuant to Section 8 of the Public Health Laboratory Act.

“Loan” means the loan in the amount of $9,275,000 from the Authority to the Board of Health made pursuant to the Loan Agreement.

“Loan Fund” means the Public Health Laboratory Bonds, Series 2003 Loan Fund established in Section 5.01 of the Indenture.

“Loan Payments” means the amounts payable by the Board of Health pursuant to the Note and Section 3.04 of the Loan Agreement.

“Maximum Annual Debt Service” shall mean, at any given time of determination with respect to the Outstanding Bonds, the maximum amount of principal and interest coming due therein in the current or any subsequent calendar year.

“Moody’s” means Moody’s Investors Service and its successors.

“Note” means the promissory note issued under and secured by the Agreement.

“Original Purchaser” means the first purchaser(s) of the Bonds from the Authority.
“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except: (a) Bonds cancelled after purchase in the open market or because of payment at, or redemption prior to, maturity; (b) Bonds paid or deemed paid pursuant to the Indenture; (c) Bonds cancelled after exchanges or transfers; and (d) Bonds in lieu of which others have been issued, authenticated, and delivered.

“Participants” shall mean brokers, dealers, banks and other financial institutions and other persons for whom, from time to time, the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

“Paying Agent” or “Paying Agents” means the Trustee and such financial institutions as are appointed additional Paying Agents pursuant to Section 4.09 the Indenture.

“Permitted Investments” means any of the following:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations).

(b) Government Obligations.

(c) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America: Export-Import Bank; Farm Credit System Financial Assistance Corporation; Farmers Home Administration; General Services Administration; U. S. Maritime Administration; Small Business Administration; Government National Mortgage Association; U. S. Department of Housing and Urban Development; and Federal Housing Administration.

(d) Senior debt obligations rated “AA” by S&P and “Aa” by Moody’s, issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

(e)(i) Federal funds, or banker’s acceptances maturing in not more than 270 days, issued or accepted by commercial banks which have a rating on their short-term certificates of deposit on the date of purchase not lower than A-1 by S&P or P-1 by Moody’s, (ii) U. S. dollar denominated certificates of deposit issued by commercial banks or savings and loans and fully insured by the Federal Deposit Insurance Corporation, or (iii) U. S. dollar denominated certificates of deposit issued by commercial banks or savings and loans, provided (a) the payment of principal of and interest on the certificates is fully secured by a pledge of Government Obligations and provided the issuer of the certificate of deposit has a rating described in (i), above, and (b) the Trustee receives an opinion of counsel satisfactory to the Trustee to the effect that the certificate holder holds a valid and legally effective security interest in the pledged Government Obligations.

(f) 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 270 days after the date of purchase.

(g) Investments in a money market fund rated, at the time of investment, “AAAm” or “AAAm-G” or better by S&P.

(h) 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 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
(i) which are rated, based on an irrevocable escrow account or fund in the highest
rating category of S&P and Moody’s or any successors thereto; and

(ii) which are fully secured as to principal and interest and redemption premium, if
any, by an escrow consisting of cash or obligations described in paragraph (i) above, 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

(iii) 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.

(i) Investment agreements approved in writing by S&P; and

(j) Other forms of investments (including repurchase agreements) approved by S&P.

“Pledged Revenues” means any and all of the amounts, income, revenues, issues and profits, and
any other sums of money payable or receivable under the Loan Agreement (except for amounts payable to
or for the Rebate Fund and to the Authority under Sections 3.05 thereof), the Note, the Laboratory
Construction Fund and the Laboratory Loan Fund pledged to the payment of the Note pursuant to the
Public Health Laboratory Act, and the net earnings from the investment of moneys in the Funds and
Accounts created herein (except for the Rebate Fund).

“Policy” means the Municipal Bond Insurance Policy issued by BAM guaranteeing the scheduled
payment of principal of and interest on the Bonds when due.

“Proceeds Fund” means the Public Health Laboratory Bonds, Series 2014 Proceeds Fund
established in Section 5.01 hereof.

“Project” means the acquisition, construction and equipping of a new public health laboratory
operated by the Health Department, which Project was financed by the issuance of the Series 2003 Bonds
and has been completed.

“Public Health Laboratory Act” means the Department of Health Public Health Laboratory Act,
Act 1723 of 2003, codified as Arkansas Code Annotated Sections 20-7-401 through 20-7-412 (Repl.
2000; Suppl. 2003).

“Rebate Fund” means the Public Health Laboratory Bonds, Series 2014 Rebate Fund established
in Section 5.01 of the Indenture.

“Record Date” means that date which is the fifteenth (15th) day of the month next preceding any
Interest Payment Date or redemption date of a Bond.

“Redemption Price” means, when used with respect to a Bond or portion thereof to be redeemed,
the principal amount of such Bond or such portion thereof, plus the applicable premium, if any, payable
upon redemption thereof pursuant to the Indenture.

“Regulations” means proposed, temporary and permanent regulations promulgated under the
Code.

“Reserve Policy” means the debt service reserve insurance policy issued by BAM and deposited
into the Debt Service Reserve Fund.

“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 such Act for the purposes of Section 17A thereof.

“Series 2003 Bonds” means the Authority’s Construction Revenue Bonds (Public Health Laboratory Project), Series 2003, issued to finance the Project.

“Series 2003 Indenture” means the Trust Indenture, dated as of December 1, 2003, between the Authority and Regions Bank (as successor to Metropolitan National Bank), as trustee, pursuant to which the Series 2003 Bonds were issued.

“State” means the State of Arkansas.

“Surplus Revenues” shall mean amounts held in the Loan Fund determined to be Surplus Revenues pursuant to Section 5.04(c) of the Indenture, which determination is to be done by determining amounts in the Loan Fund in excess of amounts needed to pay principal of, interest on, trustee’s fees and Administrative Fees on the Interest Payment Dates occurring each year.

“Tax Compliance Certificate” shall mean an agreement by and between the Authority and the Trustee prescribing the procedures for compliance with Section 148 of the Code and the Regulations promulgated thereunder, which is applicable to the Bonds and the Indenture.

“Trustee” means Regions Bank, Little Rock, Arkansas, and its successors and any entity resulting from or surviving any conversion, sale, transfer, consolidation, or merger to which it or its successors may be a party and any successor Trustee at the time serving as successor trustee under the Indenture.

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture.
APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. It is not a summary of all the terms of the Indenture and is qualified in its entirety by reference to the Indenture. For definitions of certain words and terms used in this summary, see APPENDIX A to this Official Statement.

Trust Estate

Under the Indenture, the Authority pledges and assigns and grants a security interest in the Trust Estate created under the Indenture to the Trustee to secure the payment of the principal of, premium, if any, and interest on the Bonds issued under the Indenture and the performance and observance by the Authority of the covenants and conditions contained in the Indenture and such Bonds. The Trust Estate consists of the following:

1. The Loan Agreement, including all extensions and renewals of the term thereof, if any, together with all right, title, and interest of the Authority in and to the Agreement and the Note (as hereinafter defined), including, but not limited to, the present and continuing right to make claim for, collect, receive, and receipt for any of the amounts, income, revenues, issues, and profits and any other sums of money payable or receivable under the Loan Agreement (except for amounts payable to the Authority for Administrative Expenses or by way of indemnity, as provided in the Agreement) and the Note, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the Agreement and the Note;

2. All rights of the Authority in and to the Revenue Fund, the Laboratory Construction Fund, the Laboratory Loan Fund, and the Fee Revenues, granted to the Authority by the Board of Health to secure the Loan Agreement;

3. All moneys and securities from time to time held by the Trustee in the Funds and Accounts established under the Indenture, except for moneys received from the investment of such Funds and Accounts, except for moneys deposited with or paid to the Trustee for (a) the redemption of Bonds, notice of the redemption of which has been duly given, or (b) the Rebate Fund; and

4. Any and all other property, rights, and interests of every kind and nature from time to time by delivery or by writing of any kind granted, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated, or otherwise subjected to the Indenture, as and for additional security, by the Authority or any other person on its behalf or with its written consent, to the Trustee.

Funds Created by the Indenture

There are created and ordered to be established under the Indenture in the custody of the Trustee the following special trust funds: (i) the Proceeds Fund, within which is established a Cost of Issuance Account; (ii) the Bond Fund; (iii) the Loan Fund; (iv) the Debt Service Reserve Fund; and (v) the Rebate Fund.

Proceeds Fund

The Proceeds Fund shall be maintained with the Trustee and the moneys therein, other than amounts held in the Cost of Issuance Account, shall be remitted immediately upon receipt to the Series
Upon such deposit, and upon receipt of the items necessary for the defeasance of the Series 2003 Bonds pursuant to the Series 2003 Indenture, the lien of the Series 2003 Indenture shall be released. Upon the release of the lien of the Series 2003 Indenture, amounts remaining in any of the funds and accounts established by the Series 2003 Indenture shall be transferred to the Bond Fund.

**Costs of Issuance Account**

The Trustee shall credit to the Cost of Issuance Account a portion of the proceeds of the Bonds as specified in the Indenture or in a written request of the Authority. Except for such Issuance Costs as may have been paid in connection with the Closing, amounts in the Cost of Issuance Account shall be disbursed for Issuance Costs only upon receipt of a requisition from the Authority requesting such disbursement and certifying that the entire amount requested for disbursement will be used for the payment of Issuance Costs. Investment earnings and profits on amounts in the Cost of Issuance Fund shall be transferred to the Bond Fund on receipt. Amounts, if any, remaining in the Cost of Issuance Account shall, upon the earlier of (a) October 15, 2014, or (b) receipt from the Authority of a certificate certifying that no further amounts are required to be disbursed for Issuance Costs, be transferred to the Bond Fund and the Cost of Issuance Account shall be closed.

**Bond Fund**

There shall be deposited into the Bond Fund from time to time the following: (a) all accrued interest received, if any, at the time of the issuance, sale, and delivery of the Bonds; (b) all proceeds from the sale of the Bonds designated to pay capitalized interest on the Bonds, if any; (c) any amount in the Proceeds Fund directed to be paid into the Bond Fund in accordance with the provisions of Section 5.06 of the Loan Agreement; (d) all amounts to be transferred from the Loan Fund pursuant to Section 5.04 of the Indenture; and (e) all the moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or the Loan Agreement which are required to be or which are accompanied by directions that such moneys are to be paid into the Bond Fund.

The Authority covenants and agrees that so long as any of the Bonds are Outstanding it will promptly deposit, or cause to be paid to the Trustee for deposit in the Bond Fund for its account, sums derived from the Loan Agreement, and the Trustee shall promptly pay when due the principal of, Redemption Price, and interest on the Bonds as the same become due and payable.

**Loan Fund**

Pursuant to the Public Health Laboratory Act and Section 3.04(b) of the Loan Agreement, the Board of Health shall transfer to the Trustee, not less frequently than twice a month, all Fee Revenues that have been received by the Board of Health, and the Trustee shall deposit such amounts in the Loan Fund. Notwithstanding the foregoing sentence, the Public Health Laboratory Act limits the total amount of Fee Revenues that may be transferred to the Loan Fund in any single Fiscal Year to $2,600,000. Once such amount has been transferred to the Loan Fund in a fiscal year, no further Fee Revenues shall be transferred to the Loan Fund until the beginning of the next fiscal year.

On the Business Day preceding each June 1 and December 1, the Trustee, without further direction from the Authority, shall transfer from the Loan Fund to the Bond Fund all amounts necessary, when combined with amounts already on deposit in the Bond Fund, to pay all principal, interest, Redemption Price, Trustee fees and any Administrative Fee, that will be due and payable on such June 1 or December 1.
On the Business Day preceding each April 15 and October 15, the Trustee shall calculate the Surplus Revenues on deposit in the Loan Fund. To determine Surplus Revenues, the Trustee shall first calculate the amount necessary to pay principal, interest, Sinking Fund Installments, Trustee fees, and the Administrative Fee that will be due and payable on each of the next two succeeding Interest Payment Dates, and any amounts due to BAM pursuant to the Debt Service Reserve Fund Agreement relating to the Reserve Policy payable during the next succeeding 12 months. The Trustee shall then calculate amounts on deposit in the funds and accounts of the Indenture available to make such payments. On each April 15, amounts on deposit in the Loan Fund in excess of the amount necessary, when combined with amounts already on deposit in the Bond Fund, (i) to pay all of the interest due on the immediately succeeding June 1; (ii) to pay one-half of the principal, Sinking Fund Installments, Trustee fees, and the Administrative Fee due on the immediately succeeding December 1; and (iii) to make payments to BAM during the next twelve months with respect to the Reserve Policy, shall be deemed Surplus Revenues. On each October 15, amounts on deposit in the Loan Fund in excess of the amount necessary, when combined with amounts already on deposit in the Bond Fund, (i) to pay all of the principal, interest, Sinking Fund Installments, Trustee fees, and the Administrative Fee due on the immediately succeeding December 1; and (ii) to make payments to BAM during the next twelve months with respect to the Reserve Policy, shall be deemed Surplus Revenues. The Trustee shall determine the principal amount of Bonds to be called for redemption from Surplus Revenues on the immediately succeeding Interest Payment Date, and shall take all action necessary to call such Bonds for redemption. The Trustee shall not call any Bonds for redemption from Surplus Revenues unless the amount of Surplus Revenues is at least $25,000. On the Business Day preceding the next Interest Payment Date, the Trustee shall transfer the Surplus Revenues from the Loan Fund to the Bond Fund and use such Surplus Revenues to pay the Redemption Price of such Bonds that have been called for redemption.

Debt Service Reserve Fund

The Trustee shall deposit the Reserve Policy in the Debt Service Reserve Fund with a policy limit at least equal to the Debt Service Reserve Requirement. The Trustee shall deposit in the Debt Service Reserve Fund, as received, any additional payments required to be made by the Authority pursuant to the Indenture.

If at any time any interest on or principal of the Bonds has become due and payment thereof in full has not been made or provided for and moneys therefor are not available in any other Fund or Account (excluding the Rebate Fund), the Trustee shall forthwith withdraw from the Debt Service Reserve Fund an amount not exceeding the amount required to provide for such payment in full and apply the amounts so withdrawn to such payment.

In the case of any purchase, redemption in whole or in part, or payment of principal at maturity, of any Bonds, the Authority may direct the Trustee to transfer moneys in the Debt Service Reserve Fund to the Bond Fund up to the amount by which such amounts in the Debt Service Reserve Fund exceed the Debt Service Reserve Fund Requirement after giving effect to such purchase, redemption or payment.

Amounts, including interest or other income earned by investment of moneys in the Debt Service Reserve Fund, in excess of the Debt Service Reserve Fund Requirement shall be withdrawn by the Trustee and paid or deposited into the Bond Fund; provided, however, that in no event shall the amount held by the Trustee in the Debt Service Reserve Fund after any such withdrawal be less than the Debt Service Reserve Fund Requirement.

The Indenture authorizes the Authority to obtain the Reserve Policy in place of fully funding the Debt Service Reserve Fund. Accordingly, application has been made to BAM for the issuance of the Reserve Policy for the purpose of funding the Debt Service Reserve Fund. The Bonds will only be
delivered upon the issuance of such Reserve Policy. The premium on the Reserve Policy is to be fully paid at or prior to the issuance and delivery of the Bonds.

For more information concerning the Reserve Policy, see the caption “SECURITY FOR THE BONDS – Debt Service Reserve Fund” in the Official Statement to which this Appendix B is attached.

Rebate Fund

The Rebate Fund shall be held in trust by the Trustee and shall be held for the benefit of the United States of America. The Rebate Fund shall not be held for the benefit of the Owners of the Bonds or the Trustee. The Trustee shall have no lien on or security interest in the Rebate Fund with respect to the payment of any fees, charges or expenses due to the Trustee under the Indenture.

The Authority and the Trustee acknowledge that the exclusion of the interest paid on the Bonds from gross income for purposes of federal income taxation is dependent upon continued compliance with the provisions of Section 148 of the Code. The Authority and the Trustee shall, unless and until the Authority delivers to the Trustee a written Counsel’s Opinion, make the determinations and take the actions required by this Section and make such further or different determinations and take such further or different actions as are necessary, in Counsel’s Opinion, to comply with the requirements of Section 148 of the Code and the regulations pertaining thereto. The Trustee, on behalf of, and as agent for, the Authority shall rebate to the United States, not later than sixty (60) days after the end of the five-year Bond period ending November 30, 2019, and not later than sixty (60) days after the end of each five-Bond Year period thereafter, an amount which ensures that at least ninety percent (90%) of the Rebate Amount (as defined in the Tax Compliance Certificate) at the time of such payment will have been paid to the United States, and within sixty (60) days after the payment or redemption of all principal of the Bonds, an amount sufficient to pay the remaining unpaid balance of the Rebate Amount, all in the manner and as required by the Tax Compliance Certificate, Section 148 of the Code and the regulations pertaining thereto.

The Authority shall determine the Rebate Amount within thirty (30) days after the close of each five-Bond Year period and upon payment or redemption of all principal of the Bonds, and shall furnish the Trustee upon each determination with a certificate verifying such determination and with any supporting documentation required to calculate or evidence the Rebate Amount in accordance with the Tax Compliance Certificate, the Code and applicable regulations (the “Rebate Certificate”). Upon each such determination, the Trustee shall transfer to the Rebate Fund, from the balances in the Loan Fund, the Bond Fund, the Proceeds Fund and the Debt Service Reserve Fund, in that order of priority, the Rebate Amount so determined, and shall separately account for, or cause to be separately accounted for, the earnings from the investment thereof, and such earnings shall become part of the Rebate Amount.

Moneys in the Rebate Fund shall be paid by the Trustee to the United States at such times and in such amounts as are necessary to comply with the provisions of Section 148 of the Code, the regulations issued thereunder and the Tax Compliance Certificate. In addition, upon receipt by the Trustee of a written request of the Authority certifying that certain amounts in the Rebate Fund are not subject to rebate and an opinion of Bond Counsel to the effect that failure to rebate such amounts will not cause interest on the Bonds to become includable in gross income of the Owners thereof for federal income tax purposes under existing laws, regulations, rulings and decisions, the Trustee shall transfer any such amounts to the credit of the Bond Fund. Moneys in the Rebate Fund shall not be available for transfer to any fund or account under the Indenture, except the Bond Fund under the circumstances described in the preceding sentence, and shall be applied solely to meet the Authority’s rebate obligations.
**Investments**

Moneys held for the credit of the Loan Fund, the Bond Fund, the Debt Service Reserve Fund, the Rebate Fund, or any other Fund or Account shall to the extent practicable be invested and reinvested in Permitted Investments which will mature, or which will be subject to redemption by the owner thereof at the option of the owner, not later than the date or dates on which the money held for credit of the particular fund shall be required for the purposes intended. The Trustee shall so invest and reinvest pursuant to instructions from the Authority. Any profit or income realized from such investments shall be credited to the Bond Fund; except that (i) earnings on investment of the Rebate Fund shall, at all times, be and remain a part of the Rebate Fund until disbursed in accordance with the Indenture and the Tax Compliance Certificate, and (ii) earnings on investment of the Debt Service Reserve Fund shall remain a part of said Fund if required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

Except as herein provided, obligations so purchased as an investment of moneys in any such Fund or Account shall be deemed at all times a part of such Fund or Account.

**Covenants of the Authority**

The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Indenture and in the Loan Agreement, in any and every Bond executed, authenticated, and delivered, and in all of its proceedings pertaining hereto. The Authority covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute the Indenture, to assign the Loan Agreement and the Note, and to pledge the amounts to be paid under the Loan Agreement and the Note and other amounts hereby pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of the Indenture has been duly and effectively taken, and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Authority according to the terms thereof and of the Indenture.

The Authority covenants that it will promptly pay the principal of and interest on every Bond issued under the Indenture at the place, on the dates, and in the manner provided in the Indenture and in said Bonds according to the true intent and meaning thereof, but solely from the amounts pledged therefore which are from time to time held by the Trustee in the Loan Fund, the Bond Fund and the Debt Service Reserve Fund. The principal of and interest on the Bonds are payable from the amounts to be paid under the Loan Agreement and otherwise as provided in the Indenture and in the Loan Agreement, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or in the Indenture shall be construed as pledging any other funds or assets of the Authority. Neither the Authority, the State, nor any political subdivision of the State shall in any event be liable for the payment of the principal of or interest on any of the Bonds or for the performance of any pledge, obligation, or agreement undertaken by the Authority except to the extent that the payments under the Note and the Loan Agreement and moneys pledged in the Indenture are sufficient therefor.

The Authority will do, execute, acknowledge, and deliver, or cause to be done, executed, acknowledged, and delivered, such indentures supplemental hereto and such further acts, instruments, and transfers as the Trustee or BAM may reasonably require for the better assuring, transferring, conveying, pledging, assigning, and confirming unto the Trustee all and singular the amounts pledged hereby to the payment of the principal of and interest on the Bonds. The Authority, except as herein and in the Loan Agreement provided, will not sell, convey, mortgage, encumber, or otherwise dispose of any part of the
Trust Estate, the amounts, revenues, and receipts payable under the Agreement, or its rights under the Agreement, except fees, expenses, and indemnity rights.

The Authority represents that it has filed a duly executed counterpart of the Indenture, the Loan Agreement, the Continuing Disclosure Agreement, and the Tax Compliance Certificate in its records pursuant to Section 15-5-313 of the Act contemporaneously with the issuance and delivery of the Bonds, and that under the Act, no further filing or recording of any of such instruments in any other public office is necessary to effect the lien of the pledge of the revenues, moneys, funds, and accounts set forth in the Indenture. The lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority, irrespective of whether such parties have notice of such filing.

All books and records, if any, in the possession of the Authority or the Board of Health relating to the Project and the Trust Estate shall at all reasonable times be open to inspection by such accountants or other agencies as the Authority or a majority of Bondowners may from time to time designate.

The Authority agrees that the Trustee in its name or in the name of the Authority may enforce all rights of the Authority, except rights to fees and expenses, and indemnity rights, and all obligations of the Board of Health under and pursuant to the Loan Agreement for and on behalf of the Owners of the Bonds, whether or not the Authority is in Default under the Indenture. The Note has been delivered to the Authority by the Board of Health, duly assigned to the Trustee by the Authority, sets forth the indebtedness of the Board of Health, and the Authority agrees that the Trustee, in its name or in the name of the Authority, may enforce all rights of the Authority, except as to fees, expenses, and indemnity rights, for and on behalf of the Owners of the Bonds, whether or not the Authority is in Default under the Indenture.

**Events of Default; Remedies**

If any of the following events occur, the Indenture declares such events to constitute a “Default”:

(a) Default in the due and punctual payment of interest on any Bond;

(b) Default in the due and punctual payment of the principal of any 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 any other of the covenants, agreements, or conditions on the part of the Authority in the Indenture or in the Bonds contained and failure to remedy the same after notice thereof pursuant to the Indenture; or

(d) The occurrence of a “Default” under the Loan Agreement.

The occurrence of an event of default under the Continuing Disclosure Agreement shall not constitute a “Default” under the Indenture.

In the event of a Default the Trustee may with the consent of BAM, and, at the written request of BAM or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding with the consent of BAM, shall, by written notice to the Authority and the Board of Health, declare the Bonds to be immediately due and payable, whereupon they shall, without further action, become and be immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding. Upon any declaration of acceleration, the Trustee shall immediately declare an amount
equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement shall immediately exercise and enforce such rights as exist under the Loan Agreement.

Upon the occurrence of a Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on the Outstanding Bonds.

If a Default shall have occurred and be continuing and if requested so to do by the Owners of twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and if indemnified as provided in Section 10.01 of the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity.

No delay, failure, or omission to exercise any right or power arising upon any Default shall impair any such right or power or shall be construed to be a waiver of any such Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

No waiver of any Default hereunder, whether by the Trustee or by the Owners, shall extend to or shall affect any subsequent Default or shall impair any rights or remedies consequent thereon.

Subject to the certain limitations contained in the Indenture, the Owners of a majority in aggregate principal amount of the Outstanding Bonds shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings hereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Upon the occurrence of a Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Upon the occurrence of a Default, to the extent that such rights may then lawfully be waived, neither the Authority nor anyone claiming through or under it shall set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension, or redemption laws of any jurisdiction now or hereafter in force, in order to prevent or hinder the enforcement of the Indenture, and the Authority, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence or continuance of a Default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners, and no Default may be waived without BAM’s written consent.
Application of Moneys Upon Default

All moneys received by the Trustee pursuant to any right given or action taken after an Event of Default, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities, and advances incurred or made by the Trustee, shall be deposited in the Bond Fund be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment of any amounts due the Trustee;

SECOND - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest (with interest on overdue installments of such interest to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture) (with interest on overdue installments of principal to the extent permitted by law) and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

FOURTH - To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal to the extent permitted by law.

Whenever moneys are to be applied after default, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.
All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the Owners of the Outstanding Bonds.

No Owner of any Bond shall have any right to institute any suit, action, or proceeding at law or in equity for the enforcement of this Indenture, for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (i) a Default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by said subsection it is deemed to have notice, (ii) the Owners of twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name and they have offered to the Trustee indemnity as provided in the Indenture, and (iii) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name. Such notification, request, and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, for the appointment of a receiver, or for any other remedy hereunder. It is understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of this Indenture by their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal and ratable benefit of the Owners of all Outstanding Bonds. However, nothing contained in this Indenture shall affect or impair the right of any Bond to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal of and interest on each of the Bonds issued hereunder to the respective Owners thereof at the time, place, from the source and in the manner in the Bonds expressed.

The Trustee may waive any Default under the Indenture and its consequences and rescind any declaration of acceleration of principal, and shall do so upon the written request of the Owners of (1) more than two-thirds in aggregate principal amount of all Outstanding Bonds in respect of which Default in the payment of principal or interest, or both, exists or (2) more than two-thirds in aggregate principal amount of all Outstanding Bonds in the case of any other Default; provided, however, that there shall not be waived any Default in the payment of the principal of or interest on any Outstanding Bonds unless prior to such waiver or rescission all arrearages of principal and interest (other than principal of or interest on the Bonds which became due and payable by declaration of acceleration), with interest to the extent permitted by law on overdue installments, and all expenses of the Trustee in connection with such Default shall have been paid or provided for. 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 Authority, the Trustee, and the Owners shall be restored to their former positions and rights hereunder, but no such waiver or rescission shall extend to any subsequent or other Default, or impair any right consequent thereon.

**Discharge of Indenture**

If the Authority shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the Owners of the Bonds the principal of, premium, if any and interest due or to become due thereon at the times and in the manner stipulated therein and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions of the Indenture, then the Indenture and the estate and rights thereby granted shall cease, terminate and be void, whereupon the
Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Authority such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and release, assign and deliver unto the Authority any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds, and except moneys or securities in the Rebate Fund.

Any Bond shall be deemed to be paid within the meaning of the Indenture when payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date or redemption date thereof (whether such due date be by reason of maturity or upon redemption or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) 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) noncallable direct Government Obligations, or (3) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or (4) any combination of money and investments described in the foregoing clauses (1), (2), or (3), unless BAM otherwise approves the use of other investments maturing as to principal and interest in such amount, and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and the Rebate Analyst, if any, pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and BAM. Such moneys and obligations are called the “Escrow Deposit.” At such times as a Bond shall be deemed to be paid hereunder, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from the Escrow Deposit or the Policy.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no Escrow Deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions as to the redemption of such Bonds in the manner described in the Indenture.

No such Escrow Deposit shall be made or accepted and no use made of such Escrow Deposit unless the Trustee shall have received:

(i) an escrow deposit agreement (which shall be in satisfactory form and substance to the Trustee and BAM);

(ii) a verification report prepared by a nationally recognized independent financial analyst or a firm of certified public accountants regarding the sufficiency of the Escrow Deposit;

(iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer Outstanding under the Indenture; and

(iv) an opinion of counsel of recognized standing on the subject of municipal bonds and federal arbitrage regulations to the effect that such deposit and use would not cause the Bonds to be treated as arbitrage bonds within the meaning of the Code.

Each defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, BAM and the Trustee. If the Trustee deems it necessary to determine the sufficiency of the Escrow Deposit to pay the redemption price of the Bonds on the redemption date, the Trustee shall receive, at the expense of the Issuer, and may rely upon a verification report of a firm of nationally
recognized independent certified public accountants or other qualified firm acceptable to the Issuer and the Trustee.

The Escrow Deposit set aside and held in trust for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such Escrow Deposit has been so set aside in trust.

**Trustee**

The Indenture contains various provisions regarding the performance by the Trustee of its duties under the Indenture and various limitations on the liability of the Trustee.

The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered under the Indenture and all advances, counsel fees, and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon a Default, but only upon a Default, the Trustee shall have a right of payment, prior to payment of principal of and interest on any Bond upon the Trust Estate for the foregoing fees, charges, and expenses incurred by the Trustee.

The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty (30) days’ notice to the Authority, the Board of Health, BAM and S&P, and to the Owner of each Bond, and such resignation shall not take effect until a new Trustee acceptable to BAM shall be appointed, and shall have accepted the trusts hereof on an instrument in writing.

The Trustee shall be removed by the Authority if at any time such removal is so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority, and signed by the Owners of a majority in principal amount of the Bonds then Outstanding. The Authority may remove the Trustee at any time except during the existence of an event of Default, with or without cause, in the sole discretion of the Authority.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the Authority or the Owners of not less than ten percent (10%) in principal amount of the Bonds then Outstanding.

Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee, which successor trustee is approved by BAM.

No successor trustee shall accept appointment as Trustee unless at the time of such acceptance such successor trustee shall be eligible to serve as Trustee pursuant to the requirements of the Indenture.

**Supplemental Indentures**

The Authority and the Trustee may, without consent of, or notice to any of the Owners of the Bonds, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in the Indenture;
(b) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, or authorities that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) To subject to the lien of the Indenture additional revenues, properties, or collateral;

(d) To modify, amend, or supplement the Indenture or any supplemental indenture in such manner as to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;

(e) To evidence the appointment of a separate or Co-Trustee or the succession of a new Trustee hereunder;

(f) To make such additions, deletions, or modifications as may be necessary to assure compliance with the Code, or otherwise as may be necessary to assure the continued exclusion from gross income for federal income tax purposes of interest on the Bonds;

(g) To make any change as to which the Trustee and the Authority have received the written confirmation of S&P that such change will not affect the rating on the Bonds; or

(h) To make any other change which, in the judgment of the Trustee, does not materially adversely affect the Owners of the Bonds.

Exclusive of supplemental indentures permitted above, and subject to the terms and provisions contained in the Indenture and the consent of BAM, and not otherwise, the Owners of not less than two-thirds (2/3) in aggregate principal amount of the Outstanding Bonds 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 Authority and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Authority 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 nothing contained in the Indenture shall permit, or be construed as permitting, without the consent of BAM and the Owners of all Bonds Outstanding, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures or any modifications or waiver of the provisions of the Loan Agreement, or (e) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate or any part thereof, except as hereinbefore expressly permitted, or (f) the deprivation of the Owner of any Outstanding Bond of the lien on the Trust Estate.

Anything herein to the contrary notwithstanding, a supplemental indenture shall not become effective unless and until the Board of Health shall have consented to the execution and delivery of such supplemental indenture; provided, however, that the consent of the Board of Health shall not be required if there is occurring, or would occur with the passage of time or the giving of notice, or both, an event of default under the Loan Agreement. In this regard, the Trustee shall cause notice of the proposed execution of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed to the Board of Health at least fifteen (15) Business Days prior to the proposed date of execution and delivery of any such supplemental indenture. The Board of Health shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does
not receive a letter of protest or objection thereto signed by or on behalf of the Board of Health on or before the fifteenth (15th) Business Day after the mailing of said notice.
APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary, which does not purport to be comprehensive and definitive, of certain provisions of the Loan Agreement. Certain defined terms used in this summary are set forth in Appendix A to this Official Statement.

Issuance of the Bonds; Making of Loan

Pursuant to the Loan Agreement, the Authority has agreed to issue the Bonds and loan the proceeds to the Board of Health to provide for the payment of the Costs of the Refunding. The proceeds of the issuance of the Bonds will be deposited into the Proceeds Fund held by the Trustee.

Effective Date; Duration

The Loan Agreement shall become effective upon its delivery, and, subject to the provisions of the Loan Agreement shall continue until the later of (a) such date as payment of the Bonds has been made in full or provision for such payment has been made as provided in the Indenture; or (b) at midnight, Little Rock, Arkansas time, December 1, 2021; provided, however, that the Authority and the Board of Health may agree to the extension of the term hereof for any reason.

Security for the Loan

In order to secure its obligations under the Note and the Loan Agreement, the Board of Health pledges, assigns, transfers and sets over to the control of the Authority all of the Board of Health’s right, title and interest in and to the following:

1. The first $2,600,000 in Fee Revenues received in each fiscal year;
2. The Laboratory Loan Fund; and
3. The Laboratory Construction Fund.

The obligations of the Board of Health under the Loan Agreement and the Note shall be the special obligations of the Board of Health secured by the Fee Revenues, the Laboratory Loan Fund, and the Laboratory Construction Fund. The Board of Health understands that prior to or simultaneously with the issuance of the Bonds, the Authority will assign and pledge to the Trustee, under the terms of the Indenture, all of the Authority’s right, title and interest in and to the Loan Agreement, the Note, and the Fee Revenues. In addition, the Board of Health understands and agrees that the Authority will assign the Laboratory Loan Fund and the Laboratory Construction Fund to the Trustee, where such Laboratory Loan Fund and Laboratory Construction Fund will be held as the Loan Fund and Construction Fund created by the Indenture, and that all amounts held in the Laboratory Loan Fund and the Laboratory Construction Fund will be pledged to the payment of the Bonds, and held by the Trustee for the benefit of the Owners of the Bonds. The Board of Health agrees that the Trustee may enforce any or all rights, privileges and remedies of the Authority in and under the Agreement and the Note with respect to the Fee Revenues, the Laboratory Loan Fund, and the Laboratory Construction Fund.
Repayment of Loan

Notwithstanding any provision expressly or inferentially to the contrary contained herein or in the Note, the Board of Health unconditionally agrees that it will make payments to the Trustee for the account of the Authority, in lawful money of the United States of America, of the first $2,600,000 in Fee Revenues received in each fiscal year. The obligations of the Board of Health to make the payments required in the Loan Agreement and in the Note shall be absolute and unconditional and shall not be subject to diminution by setoff, counterclaim, abatement or otherwise for any cause whatsoever including without limitation failure of consideration, destruction of or damage to the Project, frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative action by the United States of America, or the State, or any political subdivision of either, or any failure of the Authority to perform and observe any agreement, duty or obligations, express or implied arising out of or in connection with the Loan Agreement.

Pursuant to the Public Health Laboratory Act, the Board of Health shall deposit all of the Fee Revenues into the Revenue Fund. Not less frequently than twice a month, the Board of Health shall transfer all amounts held in the Revenue Fund to the Trustee for deposit in the Loan Fund held under the Indenture; provided, however, that, pursuant to the Public Health Laboratory Act, the amount of Fee Revenues to be transferred to the Trustee for deposit in the Loan Fund shall not exceed $2,600,000 in any one fiscal year. The amounts so transferred to the Trustee shall be used as described in the Indenture to pay the principal of, interest on, Redemption Price of and Sinking Fund Installments on the Bonds, to restore the Debt Service Reserve Fund to the then applicable Debt Service Reserve Requirement, to pay the fees and expenses of the Trustee and any paying agents, and to pay the Administrative Fees of the Authority and the other amounts due to the Authority pursuant to Section 3.05 of the Loan Agreement.

If the amount held by Trustee in the Loan Fund, the Bond Fund, and the Debt Service Reserve Fund should be sufficient to pay at the times required the principal of and premium, if any, and interest on all of the Bonds then remaining unpaid, the Board of Health shall not be obligated to make any further Note payments.

Administrative Expenses

The Board of Health agrees that the Trustee shall make the following payments of Administrative Expenses to the following persons from the amounts transferred to the Trustee pursuant to the Loan Agreement:

Authority Expenses. To the Authority, all reasonable expenses incurred by the Authority in relation to the Bonds and the transactions contemplated by the Loan Agreement, the Indenture, and any of the Bond Documents which are not otherwise required to be paid by the Board of Health under the terms of the Agreement.

Administrative Fee. To the Authority, its annual administrative fee in an amount equal to 1/8th of 1% (0.125%) of the principal the Bonds Outstanding on November 30 of each year while the Bonds are Outstanding, commencing November 30, 2014.

Trustee Fees and Professional Fees. To the Trustee and any Paying Agents, registrars, counsel, accountants, engineers, and other persons when due, all reasonable fees, charges, and expenses of such persons for services rendered under the Indenture and under any of the Bond Documents and expenses incurred in the performance of such services under the Indenture and any of the Bond Documents for which such persons are entitled to payment or reimbursement.
Advances. To the Trustee, the amount of all advances of funds made by it under any provision of the Loan Agreement or the Indenture with interest thereon at a rate per annum equal to the net interest cost on the Bonds.

Rebate Payments. To the Trustee, all rebate payments required under Section 148 of the Code and the Tax Compliance Certificate, to the extent such amounts are not available to the Trustee in the Rebate Fund or other funds and accounts held under the Indenture, and the fees and expenses of any agents retained by the Authority or the Trustee to calculate amounts owed as rebate.

Indemnification of Authority and Trustee. The Board of Health also covenants and agrees to pay and to indemnify the Authority and the Trustee from and against all costs, expenses, and charges, including reasonable counsel fees, incurred in exercising its remedies after default of the Board of Health, or in enforcing any covenant or agreement of the Board of Health contained in the Note, the Loan Agreement, the Indenture or any other Bond Document.

Fee Revenues are Cash Funds

All moneys to be paid by the Board of Health pursuant to the Loan Agreement shall be derived from Fee Revenues as provided by the Public Health Laboratory Act and are specifically declared therein and in the Loan Agreement to be cash funds restricted in their use and dedicated and to be used solely as provided and authorized in the Public Health Laboratory Act. Such moneys shall never be deposited into the State Treasury and shall not be subject to legislative appropriation, but, as and when received by the Authority, or the Trustee for the account of the Authority, shall be deposited and applied as directed by the Indenture.

Satisfaction and Discharge of Note

Whenever the Board of Health shall have made all of the payments required under the Loan Agreement and the Note; or whenever the aggregate amount of money or other investment securities held by the Trustee in the various funds and accounts created by the Indenture shall be sufficient to provide for the satisfaction and discharge of the Indenture; and if the Board of Health shall have fulfilled all of its other obligations under the Loan Agreement; the Board of Health shall be deemed to have paid, satisfied and discharged all of its obligations under the Loan Agreement and the Note.

The Note and Prepayments

The principal of and interest on the Note shall be payable in lawful money of the United States of America at the main offices of the Trustee in federal or other immediately available funds.

The Note shall be executed and delivered by the Board of Health to the Authority and assigned by the Authority to the Trustee upon the occurrence of all of the following: (a) execution of the Indenture by the Authority and the Trustee; (b) delivery to the Original Purchaser of the Bonds and payment therefor to the Trustee of the purchase price thereof plus accrued interest to the date of delivery; and (c) application of the proceeds of the Bonds in the manner required by the Indenture.

The Note shall be issued as a single note payable to the order of the Authority in the principal amount of $9,275,000 and assignable to the Trustee. The Note shall be dated as of September 1, 2014; interest thereon shall be payable three Business Days prior to June 1 and December 1 of each year, beginning three Business Days prior to December 1, 2014; and shall mature in installments in the amounts and shall bear interest as follows:
The Board of Health has covenanted and agreed to pay, as payments on the Note, the first $2,600,000 of Fee Revenues received in each fiscal year to the Trustee for the account of the Authority. Any amounts so paid by the Board of Health in excess of the amount necessary to pay the principal and interest described above and to pay the amounts set forth as administrative expenses hereof shall be used as described in the Indenture to call Bonds for redemption prior to maturity and shall be considered prepayments of the Note.

Agreement to Refund the Series 2003 Bonds

In order to provide funds for payment of the Cost of the Refunding, the Authority, concurrently with the execution of the Loan Agreement, will issue, sell, and deliver the Bonds and deposit the proceeds thereof as provided in the Indenture. Proceeds of the Bonds will be deposited pursuant to the Escrow Agreement and held for the sole purpose of paying the redemption price of the Series 2003 Bonds on the earliest date on which such Series 2003 Bonds may be called for redemption. Upon such deposit to the Escrow Agreement, the Series 2003 Bonds shall be defeased and will no longer be considered to be outstanding under the terms of the Series 2003 Indenture.

Indemnification of Authority and Trustee

The Board of Health shall and hereby agrees to indemnify and save the Authority (including but not limited to past, present, and future officers, members, agents, and other persons acting on the Authority’s behalf) and the Trustee, and their officers, agents, and employees, harmless against and from all claims by or on behalf of any person, firm, corporation, or other legal entity arising from the conduct or management of, or from any work or thing done on, the Project during the term of the Loan Agreement, including without limitation, (i) any condition of the Project, (ii) any breach or Default on the part of the Board of Health in the performance of any of its obligations under the Agreement, (iii) any act or negligence of the Board of Health or of any of its agents, contractors, servants, employees, or licensees, or (iv) any act or negligence of any assignee or tenant of the Board of Health, or of any agents, contractors, servants, employees, or licensees of any assignee or tenant of the Board of Health. The Board of Health shall indemnify and save the Authority and the Trustee harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Authority or the Trustee, the Board of Health shall defend them or either of them in any such action or proceedings.

It is the intention of the parties hereto that the Authority shall not incur any pecuniary liability by reason of the terms of the Loan Agreement or the undertakings required of the Authority hereunder, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, or by reason of the performance of any act requested of the Authority by the Board of Health, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing; nevertheless, if the Authority should incur any such pecuniary liability, then in such event the Board of Health shall indemnify and hold the Authority, its officers, members, agents, and employees harmless against all claims by or on behalf of any person, firm, corporation or other legal entity arising out of the

<table>
<thead>
<tr>
<th>Year (December 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Year (December 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>100,000</td>
<td>2.000%</td>
<td>2018</td>
<td>1,315,000</td>
<td>3.000%</td>
</tr>
<tr>
<td>2015</td>
<td>1,215,000</td>
<td>2.000%</td>
<td>2019</td>
<td>1,350,000</td>
<td>1.900%</td>
</tr>
<tr>
<td>2016</td>
<td>1,240,000</td>
<td>3.000%</td>
<td>2020</td>
<td>1,380,000</td>
<td>1.700%</td>
</tr>
<tr>
<td>2017</td>
<td>1,275,000</td>
<td>3.000%</td>
<td>2021</td>
<td>1,400,000</td>
<td>1.000%</td>
</tr>
</tbody>
</table>
same and all costs and expenses reasonably incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Authority, the Board of Health shall defend the Authority in any such action or proceeding.

Nothing contained herein shall constitute a waiver by either the Authority or the Board of Health of the doctrine sovereign immunity under the Constitution and laws of the State to the extent applicable, and, consequently, claims arising under the Loan Agreement may give rise to proceedings before the State Claims Commission. The unavailability of a remedy at law or in equity occasioned by such limitation shall not operate to prevent the Trustee or the Authority from exercising all rights granted herein with respect to an Event of Default.

**Events of Default**

Each of the following shall be an “Event of Default” under the Loan Agreement and the terms “Event of Default” or “Default” shall mean, whenever they are used in the Loan Agreement, any one or more of the following events:

(a) Failure by the Board of Health to pay principal of or interest on the Note or any other payment required to be paid under the Loan Agreement at the times specified.

(b) Failure by the Board of Health 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) above, for a period of thirty (30) days after the mailing of notice by certified or registered mail, specifying such failure and requesting that it be remedied, to the Board of Health by the Authority or the Trustee, unless the Authority and the Trustee shall agree in writing to an extension of such time prior to its expiration.

(c) The occurrence of a “Default,” as defined in the Indenture.

**Remedies**

Whenever any Event of Default shall happen, the Authority (with the consent of the Trustee if the Indenture has not been discharged) or the Trustee may take any of the following remedial steps:

(a) Declare all amounts due under the Loan Agreement payable for the remainder of the term to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) Have access to and inspect, examine and make copies of such of the books, records, accounts and data of the Board of Health, as pertain to the Revenue Fund, the Construction Fund, and the Fee Revenues.

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts payable by the Board of Health hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Board of Health under the Agreement.

Any amounts collected pursuant to action taken as described above shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement or now or hereafter sting
at law or in equity or by statute. No delay or omission to exercise any right or power shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time as often as may be deemed expedient.

The Authority, the Board of Health, and the Trustee shall each be entitled to specific performance, and injunctive or other appropriate equitable relief for any breach or threatened breach of any of the provisions of the Loan Agreement notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity.

**Option to Terminate**

The Board of Health shall have the following option to cancel or terminate the term of the Agreement: At any time after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Board of Health may terminate the Loan Agreement by giving Authority notice in writing of such termination; provided, however, that no such option shall be effective until all other amounts required to be paid to the Authority and the Trustee shall have been also paid in full.
APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Date of Closing]

Arkansas Development Finance Authority
100 Main Street, Suite 200
Little Rock, Arkansas  72201

Regions Bank
400 West Capitol Avenue
Little Rock, AR  72201

Re:  $9,275,000 Arkansas Development Finance Authority Revenue Refunding Bonds (Public Health Laboratory Project), Series 2014

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Arkansas Development Finance Authority (the “Authority”) of its $9,275,000 Arkansas Development Finance Authority Revenue Refunding Bonds (Public Health Laboratory Project) Series 2014 (the “Bonds”) dated as of September 1, 2014.

We have reviewed Act No. 1062 of the 1985 Acts of Arkansas, as amended, codified at Arkansas Code Annotated §§15-5-101 et seq. (the “Act”), establishing the Authority, Act No. 1723 of the 2003 Acts of Arkansas, codified at Arkansas Code Annotated §§ 20-7-401 through 20-7-412 (the “Public Health Laboratory Act”), and certified copies of the proceedings of the Board of Directors of the Authority and other pertinent documents authorizing and pertaining to the issuance by the Authority of the Bonds. The Bonds are being issued for the purpose of refunding the Authority’s Construction Revenue Bonds (Public Health Laboratory Project) Series 2003 (the “Series 2003 Bonds”) which were issued to finance the construction and equipping of additions to, the remodeling and renovation of, and other improvements to facilities in connection with a new public health laboratory, which facilities are called herein, collectively, the “Project”, and paying a portion of the expenses of issuing the Bonds. Pursuant to the Public Health Laboratory Act, the Arkansas State Board of Health (the “Board of Health”) and the Authority have entered into a First Amended Loan Agreement, dated as of September 1, 2014, (the “Loan Agreement”), pursuant to which the Authority has loaned the proceeds of the Bonds to the Board of Health and the Board of Health has pledged to the Authority to secure the Bonds certain revenues derived from fees to be charged for certain services rendered by the Arkansas Department of Health (the “Fee Revenues”) authorized by the Public Health Laboratory Act.

The Bonds are issued pursuant to an authorizing resolution of the Authority adopted May 15, 2014 (the “Resolution”), and are secured by and entitled to the protection given by the Trust Indenture dated as of September 1, 2014 (the “Indenture”), duly executed and delivered by the Authority to Regions Bank, Little Rock, Arkansas, as trustee (the “Trustee”).

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and representations of the Board of Health contained in the Loan Agreement.
Agreement, the certified proceedings and other certifications of public officials furnished to us, including certifications furnished to us by the Board of Health, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Authority is duly created and validly existing as a body corporate and politic and public instrumentality of the State of Arkansas with the corporate power to enter into and perform the Indenture and the Loan Agreement and to issue the Bonds.

2. The Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Authority and the Board of Health and constitute the valid and binding obligation of the Authority and the Board of Health enforceable against the Authority and the Board of Health in accordance with their respective terms. The Indenture creates a valid lien on the Fee Revenues and the rights of the Authority under the Loan Agreement.

3. The Bonds have been duly authorized, executed and delivered by the Authority, and are valid and binding obligations of the Authority, payable solely from the revenues and other funds provided therefore in the Indenture.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the federal alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence assumes compliance by the Authority and the Board of Health with certain covenants designed to satisfy the requirements of the Internal Revenue Code of 1986 that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Authority and the Board of Health have covenanted to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is exempt from all Arkansas state, county and municipal taxes.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that hereafter occur.

Sincerely,

KUTAK ROCK LLP
This Continuing Disclosure Agreement dated September 1, 2014 (this “Agreement”) is executed and delivered by the Arkansas Development Finance Authority (the “Authority”), the Arkansas State Board of Health (the “Board”), and Regions Bank, as trustee (the “Trustee”), in connection with the issuance by the Authority of its $9,275,000 Arkansas Development Finance Authority Revenue Refunding Bonds (Public Health Laboratory Project) Series 2014 (the “Bonds”). The Bonds are being issued pursuant to an authorizing resolution of the Authority and that certain Trust Indenture by and between the Authority and the Trustee, dated as of September 1, 2014 (the “Indenture”). The Authority, the Board, and the Trustee covenant and agree as follows:

Section 1. Purpose of this Agreement. This Agreement is being executed and delivered by the Authority, the Board, and the Trustee for the benefit of the Beneficial Owners (as defined below) of the Bonds and in order to assist the Underwriter (as defined below) in complying with, and constitutes the written undertaking for the benefit of the Beneficial Owners of the Bonds required by, subsection (i) of the Rule (as defined below). Notwithstanding any other provision of this Agreement, it is the intent of the Underwriter, the Authority, the Board, and the Trustee that the Rule controls the obligations of the parties with respect to the matters addressed herein. In the event of any conflict between the Rule and this Agreement, this Agreement shall be interpreted and/or modified, as appropriate, so that it complies with and is consistent with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in this section, the following capitalized terms shall have the following meanings.

“Annual Disclosure Statement” shall mean any annual disclosure statement in the form attached hereto as Exhibit A and as further described in Section 4(a).

“Beneficial Owner” of a bond shall mean any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares (i) voting power which includes the power to vote, or to direct the voting of, a Bond and/or (ii) investment power which includes the power to dispose, or to direct the disposition of, a Bond.

“Business Day” shall mean any day on which banks located in the city in which the designated corporate trust office of the Trustee is located is open for business.

“Disclosure Representative” shall mean (i) with respect to the Authority, the Vice President for Development Finance or his or her designee, or such other officer or employee as the Authority shall designate in writing to the Board and the Trustee from time to time; and (ii) with respect to the Board, Murali Elambilan, Budget and Banking Manager, or the then current Budget and Banking Manager or his or her designee, or such other officer or employee as the Board shall designate in writing to the Authority and the Trustee from time to time.

“Dissemination Agent” shall mean the Authority, acting in its capacity as dissemination agent under this Agreement, or any successor dissemination agent designated in writing by the Authority and which has filed with the Trustee a written acceptance of such designation.
“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a).

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Underwriter” shall mean Stephens Inc.


(a) The Authority, as dissemination agent, shall, or shall cause the Trustee to, not later than 240 days after the end of the State’s fiscal year, commencing with the fiscal year ended June 30, 2014, provide to the MSRB through its continuing disclosure service portal which is provided through EMMA at http://www.emma.msrb.org, or any similar system acceptable to the Securities and Exchange Commission, the Annual Disclosure Statement that is consistent with the requirements of Section 4(a) of this Agreement and in the form attached hereto as Exhibit A. Not later than 15 days prior to said date, the Authority shall provide the Annual Disclosure Statement to the Trustee, and if filed, proof of filing with the MSRB, or if not filed, with directions to the Trustee to file the Annual Disclosure Statement with the MSRB.

(b) The Board shall, not later than 30 days prior to the date specified in Section 3(a) for providing the Annual Disclosure Statement to the MSRB, provide to the Authority the Fee Revenue information set forth in Section 4(a) in the form as attached hereto as Exhibit A.

(c) Each Annual Disclosure Statement shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Each Annual Disclosure Statement may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Agreement; provided that, any audited financial statements may be submitted separately from the balance of the Annual Disclosure Statement and later than the date required above for the filing of the Annual Disclosure Statement if they are not available by that date, but shall be submitted, when and if available, within 30 days of the Authority being informed or discovering that any Audited Financial Statements are available.

(d) If by 15 days prior to the date specified in Section 3(a) for providing the Annual Disclosure Statement to the MSRB, the Trustee has not received a copy of the Annual Disclosure Statement and proof of filing with the MSRB, the Trustee shall contact the Disclosure Representative to determine if there has been compliance with Section 3(a).

(e) If the Trustee is unable to verify that the Annual Disclosure Statement has been provided to the MSRB by the date required in Section 3(a), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit B.


(a) The Annual Disclosure Statement shall contain or incorporate by reference the following:
(i) The total amount of Fee Revenues collected by the Board in each of the previous nine (9) fiscal years.

(ii) If prepared and available, the Comprehensive Annual Financial Report (CAFR) of the State of Arkansas for the most recent fiscal year available.

(b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document incorporated by reference.

Section 5. Reporting of Significant Events.

(a) This section shall govern the giving of notices of the occurrence of any of the following events:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of proposed issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the bonds;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls (other than mandatory sinking fund redemptions, if any), if material;

(ix) Defeasances and tender offers;

(x) Release, substitution, or sale of property securing repayment of the bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the department;

(xiii) The consummation of a merger, consolidation or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a
definitive agreement to undertake such an action or the termination of a
definitive agreement relating to any such actions, other than pursuant to
its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name
of a trustee, if material.

(b) If a listed event occurs while any Bonds are outstanding, the Authority shall provide, or
shall cause to be provided by the Trustee, a listed event notice (the “Listed Event Notice”), in a timely
manner within ten (10) Business Days after the occurrence of such listed event, to the MSRB, through its
continuing disclosure service portal provided through EMMA at http://www.msrb.emma.org or any other
similar system that is acceptable to the Securities and Exchange Commission. Each notice of the
occurrence of a listed event shall be captioned “Notice of Listed Event” and shall be filed in electronic
format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by
the MSRB.

(c) Upon occurrence of a listed event, the Authority shall in a timely manner determine if a
notice relating to such reported event must be filed and, if filing is required, file the Listed Event Notice
in the time required by Section 5(b).

(d) The Board shall, within two (2) days, advise the Authority whenever the Board identifies
an occurrence which may require the Authority to provide a Listed Event Notice. The Trustee shall,
within two (2) days advise the Authority whenever, in the course of performing its duties as Trustee
hereunder, the Trustee identifies an occurrence which may require the Authority to provide a Listed Event
Notice; provided that, the failure of the Trustee so to advise the Authority shall not constitute a breach by
the Trustee of any of its duties and responsibilities hereunder or under the Indenture.

(e) If the Trustee has been instructed by the Authority to report the occurrence of a listed
event, the Trustee shall file a notice of such occurrence with the MSRB through EMMA. Notwithstanding the foregoing, notice of listed events described in subsections (viii) and (ix) of the
definition of “listed event” in Section 5(a) of this Agreement need not be given under this Section any
earlier than the notice (if any) of the underlying event is given to the Beneficial Owners of affected Bonds
pursuant to the Indenture.

(f) Notwithstanding the above, the Trustee shall file a notice in accordance with subsection
(d) above of listed events described in subsections (viii) and (ix) of the definition of “listed event” in
Section 5(a) of this Agreement without direction from the Authority and without a determination by the
Authority as whether such event must be filed pursuant to applicable federal securities laws.

Section 6. Termination of Reporting Obligation. The obligations of the Authority and the
Board under this Agreement shall terminate upon the defeasance, prior redemption, or payment in full of
all of the Bonds.

Section 7. Additional Information. Nothing in this Agreement shall be deemed to prevent
the Authority or the Board from disseminating any other information, using the means of dissemination
set forth in this Agreement or any other means of communication, or including any other information in
any Annual Disclosure Statement or notice of occurrence of a listed event, in addition to that which is
required by this Agreement. If the Authority or the Board chooses to include any information in any
Annual Disclosure Statement or notice of occurrence of a listed event in addition to that which is
specifically required by this Agreement, neither the Authority nor the Board shall have any obligation
under this Agreement to update such information or include it in any future Annual Disclosure Statement or notice of occurrence of a listed event.

Section 8. Amendment and Waiver. Notwithstanding any other provision of this Agreement, the Authority, the Board, and the Trustee may amend this Agreement (and the Trustee shall agree to any amendment so requested by the Authority so long as such amendment is not materially adverse to the Trustee), and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Authority and the Trustee, to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. Default.

(a) In the event of a failure of the Authority, the Board, or the Trustee to comply with any provision of this Agreement, the Trustee may (and, at the request of any Underwriter or the Beneficial Owners of at least 25 percent aggregate principal amount of outstanding Bonds, shall), or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority, the Board, or the Trustee, as the case may be, to comply with its obligations under this Agreement.

(b) Notwithstanding the provisions of Section 9(a), no Beneficial Owner shall have any right to take any action to challenge the adequacy of the information provided in accordance with this Agreement unless the Beneficial Owners of at least 25 percent aggregate principal amount of outstanding Bonds shall have made written request to the Trustee to take such action in its own name and shall have offered the Trustee reasonable indemnity, and the Trustee for 60 days after its receipt of notice, request, and offer of indemnity has failed to institute any such action.

(c) A default under this Agreement shall not be deemed an event of default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Authority, the Board, or the Trustee to comply with this Agreement shall be an action to compel performance.

Section 10. Duties, Immunities and Liabilities of Trustee. The Trustee shall have only such duties as are specifically set forth in this Agreement, and to the extent permitted by law, the Authority and the Board agree to indemnify and save the Trustee, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Trustee’s gross negligence or willful misconduct. The obligations of the Authority and the Board under this section shall survive resignation or removal of the Trustee and payment of the Bonds.

Section 11. Beneficiaries. This Agreement shall inure solely to the benefit of the Authority, the Board, the Trustee, the Underwriter and the Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.
Section 12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARKANSAS DEVELOPMENT FINANCE AUTHORITY

By: _________________________________________
    Gene Eagle, President

REGIONS BANK, as Trustee

By: _________________________________________
    Stan Russ, Vice President
EXHIBIT A

ANNUAL DISCLOSURE STATEMENT

Name of Issuer: Arkansas Development Finance Authority

Name of Bond Issue: $9,275,000 Arkansas Development Finance Authority Revenue Refunding Bonds (Public Health Laboratory), Series 2014

Filing Date: _____

CUSIP Nos: 04108KC22 04108KC30 04108KC48 04108KC55 04108KC63 04108KC71 04108KC89 04108KC97

Part I

See Section 4(a)(i) of the Continuing Disclosure Agreement dated September 1, 2014.

An update as of the end of the immediately preceding fiscal year of the table headed “Arkansas Department of Health Fee Revenues,” in the following form:

Arkansas Department of Health Fee Revenues
Fiscal Years: 2014 – 2005

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Fee Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$2,279,989.12</td>
</tr>
<tr>
<td>2013</td>
<td>2,359,520.05</td>
</tr>
<tr>
<td>2012</td>
<td>2,252,766.26</td>
</tr>
<tr>
<td>2011</td>
<td>2,391,509.87</td>
</tr>
<tr>
<td>2010</td>
<td>2,417,731.14</td>
</tr>
<tr>
<td>2009</td>
<td>2,452,764.24</td>
</tr>
<tr>
<td>2008</td>
<td>2,549,752.48</td>
</tr>
<tr>
<td>2007</td>
<td>2,464,653.17</td>
</tr>
<tr>
<td>2006</td>
<td>2,424,509.30</td>
</tr>
<tr>
<td>2005</td>
<td>2,309,568.57</td>
</tr>
</tbody>
</table>
Part II

If prepared and available, the Comprehensive Annual Financial Report (CAFR) of the State of Arkansas for the most recent fiscal year available. See Section 4(a)(ii) of the Continuing Disclosure Agreement dated September 1, 2014.

The Comprehensive Annual Financial Report (CAFR) of the State of Arkansas for the fiscal year ended June 30, 20__ [is attached hereto and made a part hereof] [has not been provided to the Authority as of the date of this filing].

Part III

As of the date of this filing, the rating assigned to the Bonds by Standard & Poor’s Corporation is __.

[See Section 5 of the Continuing Disclosure Agreement dated September 1, 2014. Is the Authority, the Board, or the Trustee aware of any item listed in Section 5 for which a Listed Event Notice should be filed that has not been filed? If yes, describe here, or alternatively, make necessary filings.]
EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL DISCLOSURE STATEMENT

Name of Issuer: Arkansas Development Finance Authority

Name of Bond Issue: $9,275,000 Arkansas Development Finance Authority Refunding Revenue Bonds (Public Health Laboratory Project), Series 2014

Dated Date: September 1, 2014

NOTICE IS HEREBY GIVEN that the Trustee has not been provided an Annual Disclosure Statement with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of September 1, 2014 between the Arkansas Development Finance Authority and Regions Bank, as Trustee. [It is anticipated that the Annual Disclosure Statement will be filed by _________________________.]

Dated: ____________________________

_______________________________
Regions Bank, as Trustee

cc: Arkansas Development Finance Authority
    900 West Capitol Avenue, Suite 310
    Little Rock, AR 72201
    Attn: President
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]  
Policy No:  

MEMBER: [NAME OF MEMBER]  

BONDS: $_______ in aggregate principal amount of [NAME OF TRANSACTION]  
[and maturing on]  

Effective Date:  

Risk Premium: $_______  
Member Surplus Contribution: $_______  
Total Insurance Payment: $_______

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds) for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereafter vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day, otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee or Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Issuer’s Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction.

“Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy, as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or become Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.
BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud, whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement thereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: __________________________________________
Authorized Officer
Notices (Unless Otherwise Specified by BAM)

Email: claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)