

NEW AND REFUNDING ISSUE

In the opinion of Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series E Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Series E Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Series E Bonds is exempt from Massachusetts personal income taxes and the Series E Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series E Bonds. See "TAX EXEMPTION" herein.

\$17,705,000

MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Revenue Bonds, Wheaton College Issue, Series E (2004)

Dated: April 1, 2004**Due: July 1, as shown below**

The Series E Bonds are issuable only as fully registered bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series E Bonds. Purchases of the Series E Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Series E Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., and shall not mean the Beneficial Owners (as defined herein) of the Series E Bonds. See "THE SERIES E BONDS – Book-Entry-Only System" herein.

Principal of and semiannual interest on the Series E Bonds will be paid by U.S. Bank National Association (the "Trustee"). So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Interest will be payable on July 1, 2004, and semiannually thereafter on January 1 and July 1 to the Bondowners of record as of the close of business on the fifteenth day of the month preceding such interest payment date.

The Series E Bonds are subject to redemption prior to maturity, including special redemption and optional redemption, as set forth herein.

The Series E Bonds shall be special obligations of the Massachusetts Health and Educational Facilities Authority (the "Authority") payable solely from the Revenues of the Authority paid to U.S. Bank National Association, as Trustee, for the account of the Authority by Wheaton College (the "Institution") in accordance with the provisions of the Agreement (as defined herein). The payments pursuant to the Agreement are a general obligation of the Institution. Reference is made to this Official Statement for pertinent security provisions of the Series E Bonds.

THE SERIES E BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF MASSACHUSETTS (THE "COMMONWEALTH") OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OR ANY SUCH POLITICAL SUBDIVISION, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES DERIVED BY THE AUTHORITY UNDER THE AGREEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES E BONDS. THE ACT DOES NOT IN ANY WAY CREATE A SO-CALLED MORAL OBLIGATION OF THE COMMONWEALTH TO PAY DEBT SERVICE IN THE EVENT OF DEFAULT BY THE INSTITUTION. THE AUTHORITY DOES NOT HAVE ANY TAXING POWER.

AMOUNTS, MATURITIES, INTEREST RATES AND PRICES OR YIELDS

<u>Amount</u>	<u>Due July 1</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Amount</u>	<u>Due July 1</u>	<u>Interest Rate</u>	<u>Yield</u>
\$ 610,000	2004	2.50%	1.100%	\$1,070,000	2012	3.50%	3.300%
995,000	2005	2.50	1.455	1,110,000	2013	4.00	3.450
1,015,000	2006	4.00	1.500	1,160,000	2014	4.00	3.600 [†]
1,055,000	2007	2.75	1.850	1,200,000	2015	4.00	3.750 [†]
1,080,000	2008	2.50	2.200	1,255,000	2016	5.00	3.950 [†]
1,115,000	2009	2.75	2.450	1,315,000	2017	5.00	4.050 [†]
1,140,000	2010	3.00	2.800	1,375,000	2018	5.00	4.150 [†]
1,045,000	2011	3.25	3.050	1,165,000	2019	5.00	4.250 [†]

(Accrued interest from April 1, 2004 to be added)

The prices and yields shown above were furnished by UBS Financial Services Inc. the successful bidder for the Series E Bonds.

All legal matters incidental to the authorization and issuance of the Series E Bonds by the Authority are subject to the approval of Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Institution by its counsel, Ropes & Gray LLP, Boston, Massachusetts. It is expected that the Series E Bonds in definitive form will be available for delivery to DTC in New York, New York, or its custodial agent, on or about April 8, 2004.

March 23, 2004

[†] Priced at the stated yield to the July 1, 2014 optional redemption date at a redemption price of 100%. See "THE SERIES E BONDS – Redemption Provisions - Optional Redemption" herein

No dealer, broker, salesperson, or other person has been authorized by the Authority, or Wheaton College, to give any information or to make any representations with respect to the Series E Bonds, other than those 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 any of the foregoing. Certain information contained herein has been obtained from Wheaton College, The Depository Trust Company 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 of the Massachusetts Health and Educational Facilities Authority. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
SECURITY FOR THE BONDS	2
THE AUTHORITY	3
THE SERIES E BONDS	6
ESTIMATED SOURCES AND USES OF FUNDS	11
PLAN OF REFUNDING	11
CONTINUING DISCLOSURE	12
TAX EXEMPTION	12
LEGALITY OF SERIES E BONDS FOR INVESTMENT AND DEPOSIT	13
COMMONWEALTH NOT LIABLE ON SERIES E BONDS	14
DESCRIPTION OF RATING	14
SALE AT COMPETITIVE BIDDING	14
LEGAL MATTERS	14
BONDOWNERS' CONSIDERATIONS	15
MISCELLANEOUS	15
Appendix A – Letter from Wheaton College	A-1
Appendix B – Financial Statements of Wheaton College	B-1
Appendix C-1 – Definitions of Certain Terms	C-1
Appendix C-2 – Summary of the Agreement	C-6
Appendix D – Proposed Form of Opinion of Bond Counsel	D-1
Appendix E – Form of Continuing Disclosure Agreement	E-1

MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

99 SUMMER STREET, BOSTON, MASSACHUSETTS 02110

DAVID T. HANNAN, Chairman
JOSEPH G. SNEIDER, Vice Chair
MARVIN A. GORDON, Secretary
JOHN F. FISH

ROBERT E. FLYNN, M.D.
JOHN E. KAVANAGH, III
ALLEN R. LARSON
ROBERT M. PLATT

BENSON T. CASWELL, Executive Director

OFFICIAL STATEMENT

Relating to

\$17,705,000

**MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Revenue Bonds, Wheaton College Issue, Series E (2004)**

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning the Massachusetts Health and Educational Facilities Authority (the "Authority"), Wheaton College, (the "Institution"), and the \$17,705,000 Massachusetts Health and Educational Facilities Authority Revenue Bonds, Wheaton College Issue, Series E (2004) (the "Series E Bonds"), authorized by the Loan and Trust Agreement by and among the Authority, the Institution and U.S. Bank National Association (the "Trustee") dated as of March 9, 2004 (the "Agreement"). The Series E Bonds are to be issued in accordance with the provisions of the Agreement and the Act. The information contained in this Official Statement is provided for use in connection with the initial sale of the Series E Bonds. The definitions of certain terms used and not defined herein are contained in Appendix C-1 — "DEFINITIONS OF CERTAIN TERMS."

The proceeds from the sale of the Series E Bonds (including accrued interest on the Series E Bonds to the date of delivery) will be used to: (i) deposit in the Refunding Trust Fund established pursuant to the Refunding Trust Agreement (as defined herein) an amount sufficient to currently refund the Authority's Revenue Bonds, Wheaton College Issue, Series C (the "Series C Bonds"); (ii) finance the renovation and equipping of certain facilities of the Institution; (iii) pay to the Trustee for deposit in the Debt Service Fund interest accruing on the Series E Bonds from April 1, 2004 to the date of delivery of the Series E Bonds; and (iv) pay certain costs relating to the issuance of the Series E Bonds (not to exceed 2% of the amount of Series E Bond proceeds). See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

SECURITY FOR THE BONDS

Loan and Trust Agreement

The Authority, the Institution and the Trustee will execute the Agreement, which provides that to the extent permitted by law, it is a general obligation of the Institution and that the full faith and credit of the Institution are pledged to its performance. With respect to the Series E Bonds, the Agreement also provides, among other things, that the Institution will make payments to the Trustee equal to the principal and interest on the Series E Bonds and certain other payments required by the Agreement. The Agreement will remain in full force and effect until such time as all of the Series E Bonds and the interest thereon have been fully paid or until adequate provision for such payments has been made.

Under the Agreement, the Authority assigns and pledges to the Trustee in trust upon the terms of the Agreement (i) all Revenues to be received from the Institution or derived from any security provided under the Agreement and (ii) all rights to receive such Revenues and the proceeds of such rights. Under the Act, to the extent authorized or permitted by law, the pledge of Revenues is valid and binding from the time when such pledge is made and the Revenues and all income and receipts earned on funds held by the Trustee for the account of the Authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and 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 thereof.

The assignment and pledge by the Authority does not include (i) the rights of the Authority pursuant to provisions for consent, concurrence, approval or other action by the Authority, notice to the Authority or the filing of reports, certificates or other documents with the Authority; or (ii) the powers of the Authority as stated in the Agreement to enforce the provisions thereof. As additional security for the obligations of the Institution to make payments to the Debt Service Fund, the Redemption Fund and the Construction Fund established under the Agreement, and for its other payment obligations under the Agreement, under the Agreement the Institution grants to the Trustee a security interest in its interest in the moneys and other investments and any proceeds thereof held from time to time in such Funds and the Expense Fund established under the Agreement.

The Series E Bonds are special obligations of the Authority, equally and ratably secured by and payable from a pledge of and lien on, to the extent provided by the Agreement, the moneys received with respect to the Series E Bonds by the Trustee for the account of the Authority pursuant to the Agreement, whether such moneys are received as Revenues paid or caused to be paid by the Institution pursuant to the Agreement.

The Series E Bonds shall not be deemed to constitute a debt, liability or moral obligation of The Commonwealth of Massachusetts (the “Commonwealth”) or any political subdivision thereof, but shall be payable solely from the Revenues derived by the Authority under the Agreement. The Authority does not have taxing power.

Additional Indebtedness

The Agreement imposes certain restrictions on the Institution’s ability to issue Additional Indebtedness. See Appendix C-2 under the heading “Additional Indebtedness.” The Agreement also places certain restrictions on the Institution’s ability to secure any Additional Indebtedness with a lien on the Institution’s Core Campus or Tuition Receipts. See Appendix C-2 under the heading “Restricted Indebtedness.”

THE AUTHORITY

The Authority is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”), organized and existing under and by virtue of the Act. The purpose of the Authority, as stated in the Act, is essentially to provide assistance for public and private nonprofit institutions for higher education, and private nonprofit schools for the handicapped, nonprofit hospitals and their nonprofit affiliates, nonprofit nursing homes, and nonprofit cultural institutions in the construction, financing, and refinancing of projects to be undertaken in relation to programs for such institutions.

Authority Membership and Organization

The Act provides that the Authority shall consist of nine members who shall be appointed by the Governor and shall be residents of the Commonwealth. At least two members shall be associated with institutions for higher education, at least two shall be associated with hospitals, at least one shall be knowledgeable in the field of state and municipal finance (by virtue of business or other association) and at least one shall be knowledgeable in the field of building construction. All Authority members serve without compensation, but are entitled to reimbursement for necessary expenses incurred in the performance of their duties as members of the Authority. The Authority shall elect annually one of its members to serve as Chairman and one to serve as Vice Chairman.

The members of the Authority are as follows:

DAVID T. HANNAN, Chairman; term as member expires July 1, 2006.

Mr. Hannan, a resident of Hingham, is President and Chief Executive Officer of South Shore Health & Educational Corporation of South Weymouth, Massachusetts, a not-for-profit, tax-exempt organization and the parent of South Shore Hospital. He is a member of the American College of Healthcare Executives, and the American Hospital Association. Mr. Hannan also serves as a member of the Board and Executive Committee of the Massachusetts Hospital Association, as a member of the Board of Directors of Shields Healthcare, and as a Director of VHA-HealthFront.

JOSEPH G. SNEIDER, Vice Chairman; term as member expires July 1, 2005.

Mr. Snieder, a resident of Newton, is Chairman and Chief Financial Officer of C&S Candy Co., Inc. located in Brockton and a Justice of the Peace of the Commonwealth of Massachusetts. Mr. Snieder is a member of the Massachusetts Public Health Council. Mr. Snieder served as a trustee of Boston University Medical Center, (University Hospital), Boston. Mr. Snieder served as Senior Vice President of Olympic International Bank & Trust of Boston. He also served on a number of public boards and commissions, and he belongs to several civic associations.

MARVIN A. GORDON, Secretary; term as member expires July 1, 2010.

Mr. Gordon, a resident of Milton, is Chairman of the Board and Chief Executive Officer of Gordon Logistics, L.L.C. in Norwood. From 1994 to 1996, Mr. Gordon served on the Board of Directors to Technik Development Co. of San Diego, California. He also served as Chairman of the Board of US Trust Norfolk (Milton Bank and Trust) from 1974 to 1976 and as Vice President and a member of the Executive Committee from 1971 to 1974. Mr. Gordon has been actively engaged in non-profit, charitable and civic activities. His affiliations include Treasurer and Chairman of the Finance Committee of Milton Hospital Corporation, President of Milton Fuller Housing Corporation, and Corporator of Curry College. Mr. Gordon has been elected to and appointed to a number of public boards and belongs to several civic associations. Mr. Gordon holds a AB degree from Harvard College and an MBA degree from Harvard Business School.

JOHN F. FISH; term as member expires July 1 2010.

Mr. Fish, a resident of Milton, is President and Chief Executive Officer of Suffolk Construction Company, Inc., one of the country's leading, privately held construction firms. During his 20 years as President, the Company has expanded geographically to encompass Florida, California and New England and is engaged nationally in commercial, residential, education, retail and healthcare projects. His honors and board memberships include: member of the Massachusetts Business Round Table, Board of Trustees of the Beth Israel Deaconess Medical Center, Wang Center for the Performing Arts, Tabor Academy, The Catholic School Foundation, Boys and Girls Club of Boston, Board of Visitors of the Dimmock Community Health Center, and 2002 Recipient of the Peter and Carolyn Lynch Award. Mr. Fish holds a B.A. degree from Bowdoin College.

ROBERT E. FLYNN, M.D.; term as member expires July 1, 2006.

Dr. Flynn, a resident of Dedham, is the former Chair of the Board of Caritas Christi, a current member of the Board of Governors of Caritas Christi, the former Secretary of Health Care Services for the Archdiocese of Boston, the past Chairperson of the Massachusetts Hospital Association, and former Chairman of the Department of Medicine at St. Elizabeth's Medical Center of Boston. In 1991, Dr. Flynn was named a Distinguished Professor by Tufts University School of Medicine. He is a trustee of St. Elizabeth's Medical Center, Good Samaritan Hospice and St. Mary's Women and Infant's Center. His current memberships in Medical Societies include the Boston Society of Psychiatry and Neurology, the Massachusetts Medical Society, and the American Medical Association, and he is a Fellow of the American Academy of Psychiatry and Neurology.

JOHN E. KAVANAGH, III; term as member expires July 1, 2004.

Mr. Kavanagh, a resident of Ipswich, is President and Chairman of William A. Berry & Son, Inc., one of the oldest construction companies in the country. During his 19 years as President, he has redirected the company's focus from restoration specialties to a full-service building and construction management organization, with emphasis on meeting the full range of customer needs: planning, design, construction, operation and maintenance services. Mr. Kavanagh is a trustee and the former Chairman of the Board of the North Shore Music Theater, Corporator of Brigham and Women's Hospital and Partners Healthcare, trustee and member of the Board of Directors of Massachusetts Eye and Ear Infirmary, Corporator of Danvers Savings Bank and a former member of Tufts University Board of Overseers.

ALLEN R. LARSON; term as member expires July 1, 2007.

Mr. Larson, a resident of Yarmouth Port, is the founding principal of a law firm and a separate consulting firm, the Enterprise Management Group, that advise business and non-profit clients on matters of government regulation, business competition, market entry, and economic development. Prior to establishing his law firm in 1984, Mr. Larson worked as an antitrust attorney for the Federal Trade Commission in Washington, D.C. Currently, he is a trustee of Cape Cod Community College, President of the Cape Cod Center for Sustainability, a Director of the YMCA-Cape Cod, and a member of the Yarmouth Town Finance Committee. Mr. Larson graduated from Dartmouth College and earned a J.D. degree from Albany Law School and an M.B.A. degree from the University of Minnesota.

ROBERT M. PLATT; term as member expires July 1, 2009.

Mr. Platt, a resident of Newton, is President of National Consulting Inc., a business development and marketing strategy organization that assists clients in achieving their true market potential. Mr. Platt works in conjunction with both state and federal government to facilitate the exchange of ideas and opportunities for clients. His board memberships include past President of the Newton Athletic Association, past Board member of the Newton Youth Soccer for Boys and Girls, and past Board member of Youth Commission for the City of Newton. Mr. Platt's current board memberships include Commissioner of Parks and Recreation of his ward in Newton, Advisory Board member for Second Step, an organization that aids women who have suffered domestic violence and abuse, and member of the Board of Trustees for Curry College. Mr. Platt holds a B.A. degree from Curry College.

There are nine Board Members of the Authority. Currently, there is one vacancy and a successor has not been appointed.

Staff and Advisors

BENSON T. CASWELL, a resident of North Andover, was appointed Executive Director of the Authority on April 9, 2002, and is responsible for the management of the Authority's affairs. From 1992 through 2002, Mr. Caswell worked for Ponder & Co. in Chicago where he was a Senior Vice President. From 1987 through 1992, he was Vice President of Ziegler Securities, Chicago, Illinois. From 1983 through 1986, he was an attorney with Gardner, Carton & Douglas. Mr. Caswell holds a J.D. degree from the University of Chicago, an M.B.A. degree from Lehigh University and a B.S. degree from the University of Maine.

PALMER & DODGE LLP, a law firm in Boston, Massachusetts, is serving as Bond Counsel to the Authority and will submit an approving opinion with regard to the legality of the Series E Bonds as provided by the Agreement in substantially the form attached hereto as Appendix D.

PUBLIC FINANCIAL MANAGEMENT, INC., is serving as financial consultant to the Authority with respect to this financing. The financial consultant advises the Authority in connection with the issuance of its obligations and certain other financial matters.

The Act provides that the Authority may employ such other counsel, engineers, architects, accountants, construction and financial experts, or others as the Authority deems necessary.

Powers of the Authority

Under the Act, the Authority is authorized and empowered, among other things, directly or by and through a participating institution for higher education, a participating school for the handicapped, a participating hospital or hospital affiliate, a participating nursing home or a participating cultural institution as its agent, to acquire real and personal property and to take title thereto in its own name or in the name of one or more participants as its agent; to construct, reconstruct, remodel, maintain, manage, enlarge, alter, add to, repair, operate, lease, as lessee or lessor, and regulate any project; to enter into contracts for any or all of such purposes, or for the management and operation of a project; to issue bonds, bond anticipation notes and other obligations, and to fund or refund the same; to fix and revise from time to time and charge and collect rates, rents, fees and charges for the use of and for the services furnished or to be furnished by a project or any portion thereof and to enter into contracts in respect thereof; to establish rules and regulations for the use of a project or any portion thereof; to receive and accept from any public agency loans or grants for or in the aid of the construction of a project or any portion thereof; to mortgage any project and the site thereof for the benefit of the holders of revenue bonds issued to finance such projects; to make loans to any participant for the cost of a project or to refund outstanding obligations, mortgages or advances issued, made or given by such participant for the cost of a project; to charge participants its administrative costs and expenses incurred; to acquire any federally guaranteed security and to pledge or use such security to secure or provide for the repayment of its bonds; and to do all things necessary or convenient to carry out the purposes of the Act. Additionally, the Authority may undertake a joint project or projects for two or more participants.

Indebtedness of the Authority

The Authority has heretofore authorized and issued certain series of its revenue bonds for public and private colleges and universities, private hospitals and their affiliates, community providers, cultural institutions, schools for the handicapped and nursing homes in the Commonwealth. Each series of revenue bonds has been a special obligation of the Authority.

The Authority expects to enter into separate agreements with eligible institutions in the Commonwealth for the purpose of financing projects for such institutions. Each series of bonds issued by the Authority constitutes a separate obligation of the borrowing institutions for such series and is payable only from revenues provided by the institution for such series, and the general funds of the Authority are not pledged to any bonds or notes.

THE SERIES E BONDS

Description of the Series E Bonds

The Series E Bonds will be dated April 1, 2004, and will bear interest from April 1, 2004 (interest being payable on July 1, 2004, and subsequent interest payable semiannually thereafter on January 1 and July 1 of each year) at the rates set forth on the cover of this Official Statement. Interest on the Series E Bonds will be calculated on the basis of twelve 30-day months for a 360-day year. The Series E Bonds will mature on July 1 of the years indicated and in the principal amounts shown on the cover page.

Subject to the provisions discussed under “Book-Entry-Only System,” the Series E Bonds will be issued only as fully registered bonds in the denomination of \$5,000 or any multiple thereof. Principal or redemption price will be payable upon surrender of the Series E Bonds at the corporate trust office of the Trustee. Interest on the Series E Bonds will be paid by check or draft mailed to the registered owners as of the close of business on the fifteenth day of the month preceding an interest payment date (the “Regular Record Date”).

Principal and Interest Requirements of the Bonds

The following table sets forth, for each respective fiscal year ending June 30, the amounts required to be made available in each such year for payment of the principal of and the interest on the Series E Bonds, the total debt service on other outstanding debt of the Institution, and total debt service on the Series E Bonds and other outstanding debt of the Institution. For further details on outstanding debt, please refer to Appendix A.

Year Ending June 30,	SERIES E BONDS			Total Debt Service on other outstanding debt ⁽¹⁾	Total Debt Service on the Series E Bonds and other outstanding debt ⁽¹⁾
	Principal	Interest	Total Debt Service		
2004	\$ 610,000	\$166,828	\$ 776,828	\$775,983	\$1,552,811
2005	995,000	652,063	1,647,063	790,217	2,437,280
2006	1,015,000	627,187	1,642,187	802,777	2,444,964
2007	1,055,000	586,588	1,641,588	810,411	2,451,999
2008	1,080,000	557,575	1,637,575	818,281	2,455,856
2009	1,115,000	530,575	1,645,575	831,376	2,476,951
2010	1,140,000	499,912	1,639,912	839,642	2,476,554
2011	1,045,000	465,713	1,510,713	853,203	2,363,916
2012	1,070,000	431,750	1,501,750	862,010	2,363,760
2013	1,110,000	394,300	1,504,300	881,188	2,385,488
2014	1,160,000	349,900	1,509,900	816,053	2,325,953
2015	1,200,000	303,500	1,503,500	828,393	2,331,893
2016	1,255,000	255,500	1,510,500	846,287	2,356,787
2017	1,315,000	192,750	1,507,750	859,487	2,367,237
2018	1,375,000	127,000	1,502,000	878,347	2,380,347
2019	1,165,000	58,250	1,223,250	742,624	1,965,874
2020	---	---	---	761,681	761,681
2021	---	---	---	781,879	781,879
2022	---	---	---	803,291	803,291
2023	---	---	---	825,990	825,990

⁽¹⁾ Includes \$635,000 principal amount outstanding of Collateralized Housing and Urban Development Dormitory and Dining Hall bonds, \$1,480,000 principal amount outstanding Series D Bonds, \$10,000,000 principal amount outstanding variable rate Series J Pool Loan with an assumed interest rate of 3.0%, and excludes debt service on the \$15.3 million Series C Bonds expected to be refunded.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series E Bonds. The Series E Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series E Bond certificate will be issued in the aggregate principal amount of the Series E Bonds and will be deposited with DTC.

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, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries 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 between 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, respectively, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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” collectively, “Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series E Bonds under the DTC system must be made by or through Direct Participants, for which purchasers will receive a credit for the Series E Bonds on DTC’s records. The ownership interest of each purchaser of Series E Bonds (“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. Beneficial Owners are, however, 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 Series E 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 the Series E Bonds, except in the event that use of the book-entry-only system for the Series E Bonds is discontinued.

To facilitate subsequent transfers, all Series E 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 Series E Bonds with DTC and their registration in the name of Cede & Co. or such other nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series E Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series E 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 these parties, 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 Series E Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such Series E Bonds to be redeemed.

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

Principal and interest payments on the Series E 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 Trustee on the 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, the Institution or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest 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 shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Participants.

THE FOREGOING INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY-ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT NEITHER THE AUTHORITY, NOR THE INSTITUTION TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

Responsibility of the Authority, Institution, and Trustee

NONE OF THE AUTHORITY, THE INSTITUTION, THE TRUSTEE OR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR PARTICIPANTS OR BENEFICIAL OWNERS.

So long as Cede & Co. is the registered owner of the Series E Bonds, as nominee of DTC, references herein to the Bondowners or registered owners of the Series E Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series E Bonds.

Certificated Bonds

DTC may discontinue providing its services as securities depository with respect to the Series E Bonds at any time by giving reasonable notice to the Authority or the Trustee. In addition, the Authority may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners. If for either reason the book-entry-only system is discontinued, Series E Bond certificates will be delivered as described in the Agreement and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Series E Bondowner. Thereafter, the Series E Bonds may be exchanged for an equal aggregate principal amount of the Series E Bonds in other authorized denominations upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Series E Bond may be registered on the books maintained by the Paying Agent for such purpose only upon assignment in the form satisfactory to the Paying Agent. For every exchange or registration of transfer of the Series E Bonds, the Authority and the Paying Agent may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the Series E Bondowner for any exchange or registration of transfer of the Series E Bonds. The Trustee will not be required to transfer or exchange any Series E Bond during the notice period preceding any redemption if such Series E Bond (or any part thereof) is eligible to be selected or has been selected for redemption.

Redemption Provisions

Optional Redemption. The Series E Bonds maturing on or before July 1, 2014 are not subject to optional redemption prior to maturity. The Series E Bonds maturing after July 1, 2014 are subject to optional redemption prior to maturity, beginning on July 1, 2014, in whole or in part and in such order of

maturity or sinking fund installments as is directed by the Institution, at any time on and after July 1, 2014 at 100% of their principal amount, plus accrued interest to the date fixed for redemption.

Selection of Bonds. The Series E Bonds to be so redeemed shall be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee; provided that so long as DTC or its nominee is the Bondowner, if less than all of the Series E Bonds of any one maturity shall be called for redemption, the particular Series E Bonds or portions of Series E Bonds of such maturity to be redeemed shall be selected by lot by DTC in such manner as DTC may determine. If a Series E Bond is of a denomination in excess of five thousand dollars (\$5,000), portions of the principal amount in the amount of five thousand dollars (\$5,000) or any multiple thereof may be redeemed.

Acceleration. In addition to the foregoing redemption provisions, it should be noted that under the Agreement the Trustee may declare all of the Series E Bonds due and payable by the Institution upon the occurrence and continuance of an Event of Default, as defined in the Agreement. See Appendix C-2 — “SUMMARY OF THE AGREEMENT.”

Notice of Redemption and Other Notices

So long as DTC or its nominee is the Bondowner, the Authority, and the Trustee will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. 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 and regulatory requirements as may be in effect from time to time.

The Trustee shall give notice of redemption to the Bondowner not less than thirty (30) days nor more than forty-five (45) days prior to the date fixed for redemption. Failure to mail notice to a particular Bondowner or any defect in the notice to such Bondowner shall not affect the redemption of any other Series E Bond. So long as DTC or its nominee is the Bondowner, any failure on the part of DTC or failure on the part of a nominee of the Bondowner, any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a Direct Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series E Bonds, net of accrued interest, are expected to be used as follows:

Sources of Funds

Principal amount of the Series E Bonds	\$17,705,000
Plus: Net Original Issue Premium	<u>664,960</u>
Plus: Amount in Series C Debt Service Fund	<u>337,500</u>
Total Estimated Sources of Funds	<u><u>\$18,707,460</u></u>

Uses of Funds

Deposit to the Refunding Trust Fund	\$15,302,519
Deposit to the Construction Fund	3,056,640
Costs of Issuance	168,595
Underwriter's Discount	<u>179,706</u>
Total Estimated Uses of Funds	<u><u>\$18,707,460</u></u>

PLAN OF REFUNDING

The outstanding principal amount of Series C Bonds will be currently refunded with the proceeds of the Series E Bonds. The refunding of the Series C Bonds will be achieved through the deposit of a portion of the Series E Bond proceeds and other available funds in the Refunding Trust Fund (the "Refunding Trust Fund") established under the Refunding Trust Agreement dated as of April 1, 2004 (the "Refunding Trust Agreement") among the Authority, the Institution and U.S. Bank National Association, as successor Trustee for the Series C Bonds, for the optional redemption of the Series C Bonds. Moneys in the Refunding Trust Fund will be applied to the purchase of Permitted Investments (the "Obligations"), as defined under the Loan and Trust Agreement dated as of February 1, 1994, pursuant to which the Series C Bonds were issued. The Obligations, together with interest thereon will be sufficient in amount and available when necessary to pay when due the principal of and interest on the Series C Bonds until the redemption date and the outstanding principal and redemption premium with respect thereto on such date.

None of the funds in the Refunding Trust Fund will serve as security for or be available to pay principal of or interest on the Series E Bonds.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series E Bonds and the Authority will not provide any such information. The Institution has undertaken all responsibilities for any continuing disclosure to Bondowners as described below, and the Authority shall have no liability to the Bondowners or any other person with respect to such disclosures.

The Institution has covenanted for the benefit of Bondowners to provide certain financial information and operating data relating to the Institution by not later than 150 days after the end of each fiscal year, beginning with the fiscal year ending June 30, 2004 (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events, if deemed by the Institution to be material. The Annual Report will be filed on behalf of the Institution with each Nationally Recognized Securities Information Repository and with the appropriate State Repository if such repository is established. The notices of material events will be filed on behalf of the Institution with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in Appendix E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the successful bidder for the Series E Bonds in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission.

TAX EXEMPTION

In the opinion of Palmer & Dodge LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series E Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

Bond Counsel is also of the opinion that, under existing law, interest on the Series E Bonds and any profit on the sale of the Series E Bonds are exempt from Massachusetts personal income taxes and that the Series E Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Series E Bonds. Prospective Bondowners should be aware, however, that the Series E Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Series E Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Series E Bonds or the income therefrom under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series E Bonds is less than the amount to be paid at maturity of such Series E Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series E Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series E Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Series E Bonds is the first price at which a substantial amount of such maturity of the Series E Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series E Bonds accrues daily over the term to maturity of such Series E Bonds on the

basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounded dates). The accruing original issue discount is added to the adjusted basis of such Series E Bonds to determine taxable gain or less upon disposition (including sale, redemption, or payment on maturity) of such Series E Bonds. Bondowners should consult their own tax advisors with respect to the tax consequences of ownership of Series E Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority and the Institution have covenanted to comply with certain restrictions designed to insure that interest on the Series E Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Series E Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series E Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Certain requirements and procedures contained or referred to in the Agreement, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series E Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series E Bonds may adversely affect the value of, or the tax status of interest on, the Series E Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any regulatory or administrative development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the Series E Bonds. Prospective Bondowners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the Series E Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series E Bonds may otherwise affect a Bondowner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondowner or the Bondowner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondowners should consult with their own tax advisors with respect to such consequences.

LEGALITY OF SERIES E BONDS FOR INVESTMENT AND DEPOSIT

The Act provides that the Series E Bonds are securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all Massachusetts insurance companies, trust companies, savings banks, co-operative banks, banking associations, investment companies, executors, administrators, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. The Series E Bonds, under the Act, are securities which may properly and legally be deposited with and received by any Commonwealth or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

COMMONWEALTH NOT LIABLE ON SERIES E BONDS

The Series E Bonds shall not be deemed to constitute a debt or liability of the Commonwealth or any political subdivision thereof, or a pledge of the faith and credit of the Commonwealth or any such political subdivision, but shall be payable solely from the Revenues derived by the Authority under the Agreement. Neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series E Bonds. The Act does not in any way create a so-called moral obligation of the Commonwealth or of any political subdivision thereof to pay debt service in the event of default by the Institution. The Authority does not have taxing power.

DESCRIPTION OF RATING

Moody's Investors Service, Inc. has assigned the Series E Bonds the rating of "A2."

No application has been made to any other rating agency in order to obtain additional ratings on the Series E Bonds. Any further explanation as to the significance of the above rating may be obtained only from Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions by the rating agencies.

The above rating is not a recommendation to buy, sell or hold the Series E Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series E Bonds.

SALE AT COMPETITIVE BIDDING

The Series E Bonds were offered for sale at competitive bidding on March 23, 2004, in accordance with the terms of the Official Notice of Sale and were awarded to UBS Financial Services Inc. (the "Underwriter"). The Underwriter has supplied the information as to the public offering prices and yields of the Bonds as set forth on the cover hereof. The Series E Bonds are being purchased from the Authority by the Underwriter at an aggregate price of \$18,203,229.97, reflecting the principal amount of \$17,705,000, plus original issue premium of \$664,960.20, minus Underwriter's discount of \$179,705.75, plus accrued interest of \$12,975.52. The Underwriter may offer to sell the Bonds to certain dealers and others at prices other than the initial public offering prices, and the public offering prices may be changed from time to time by the Underwriter.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Series E Bonds by the Authority are subject to the approval of Palmer & Dodge LLP, Bond Counsel, whose opinion approving the validity and tax exempt status of the Bonds will be delivered with the Series E Bonds. A copy of the proposed form of the opinion of Bond Counsel is attached hereto as Appendix D. Certain legal matters will be passed on for the Institution by its counsel, Ropes and Gray LLP, Boston, Massachusetts.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series E Bonds or questioning or affecting the validity of the Series E Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the Authority, nor the title of the present members or other officers of the Authority to their respective offices is being contested. There is no litigation pending which in any manner questions the right of the Authority to make a loan to the Institution to finance and refinance the Project in accordance with the

provisions of the Act and the Agreement. See Appendix A with respect to the absence of material litigation affecting the Institution.

BONDOWNERS' CONSIDERATIONS

Factors Generally Affecting Institutions of Higher Education

The following factors, which are not all-inclusive, may adversely affect the operations of institutions of higher education in the future, including the operations of the Institution, to an extent that cannot be determined at this time.

1. The reduced demand for university education or other services arising from a change in demographics, or from adverse or declining economic conditions in the areas from which the Institution draws a significant portion of its enrollment.
2. Cost increases without corresponding increases in revenue could result from, among other factors, increases in the salaries, wages and fringe benefits of college employees and inflation.
3. The Institution's need to fund financial aid and the availability of student loans in general.
4. Competition from universities located elsewhere in Massachusetts and throughout the United States, some of which may enjoy public subsidies permitting lower tuition and fees than those which the Institution is required to charge, and from alternative or substitute educational programs.

MISCELLANEOUS

The references to the Act and the Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the Act and the Agreement for full and complete statements of such provisions. The agreements of the Authority with the Bondowners are fully set forth in the Agreement, and neither any advertisement of the Series E Bonds nor this Official Statement is to be construed as constituting an agreement with Bondowners. Statements involving matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of the Authority and the Trustee.

Information relating to DTC and the book-entry-only system described under the heading "THE SERIES E BONDS—Book-Entry-Only System" has been furnished by DTC and is believed to be reliable, but none of the Authority, the Underwriter or the Institution make any representations or warranties whatsoever with respect to such information.

Attached hereto as Appendix A is a letter from the Institution to the Authority which contains certain information relating to the Institution. With respect to the letter from the Institution, while the information contained therein is believed to be reliable, the Authority does not make any representations or warranties whatsoever with respect to such information. Appendix B to this Official Statement sets forth the audited financial statements of the Institution for the fiscal year ended June 30, 2003, and the report of the independent certified public accountants. The Authority has relied on the information contained in Appendix A and Appendix B.

Appendix C-1 — “DEFINITIONS OF CERTAIN TERMS” and Appendix C-2 — “SUMMARY OF THE AGREEMENT” have been prepared by Palmer & Dodge LLP, Bond Counsel to the Authority. Appendix D contains the proposed legal opinion of Palmer & Dodge LLP, Bond Counsel to the Authority. Appendix E contains the form of the Continuing Disclosure Agreement.

All appendices are incorporated as an integral part of this Official Statement.

The Institution has reviewed the portions of this Official Statement describing the Institution, including the section entitled “ESTIMATED SOURCES AND USES OF FUNDS” and has furnished Appendix A to this Official Statement. At the closing, the Institution will certify that such portions of this Official Statement (except for any forecasts and opinions contained herein) do not contain an untrue statement of a material fact or omit a statement of material fact necessary to make the statements made therein, in the light of the circumstances under which they are made, not misleading and that the aforesaid forecasts and opinions are believed to be reasonable in the light of the experience of the officers of the Institution and the facts known to them at that time.

The execution and delivery of this Official Statement by its Executive Director have been duly authorized by the Authority.

**MASSACHUSETTS HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY**

By: /s/ Benson T. Caswell
Benson T. Caswell
Executive Director

APPENDIX A



March 23, 2004

Massachusetts Health and Educational
Facilities Authority
99 Summer Street, Tenth Floor
Boston, Massachusetts 02110

Dear Members of the Authority:

We are pleased to submit to the Massachusetts Health and Educational Facilities Authority (the "Authority") the following information with respect to Wheaton College ("Wheaton" or "the College") for inclusion in the Official Statement relating to the Authority's Revenue Bonds, Wheaton College Issue, Series E (2004) (the "Series E Bonds"). Except as otherwise specified, all references to years refer to the academic and fiscal year ending June 30.

Overview

Wheaton is a four-year, private, residential college, drawing students from across the country and around the globe. The College is located in Norton, Massachusetts, approximately half-way between Boston, Massachusetts and Providence, Rhode Island. Wheaton was founded in 1834 as a female seminary and accepted only women before becoming coeducational in 1987.

Wheaton's mission is to provide an excellent liberal arts education in a small, residential, coeducational learning community, enabling students to understand and participate in shaping the multicultural, interdependent world of which they are a part. Collaborations with faculty and staff challenge and transform students into lifelong learners with skills to become problem solvers committed to justice and the global community. Wheaton teaches men and women to live and work as equal partners by linking learning, work, and service in a community that values equally the contributions of men and women.

Since its decision to become coeducational in 1987, applications for admission have nearly doubled. Selectivity and quality of the student body have strengthened based on a number of criteria. Wheaton has also improved its student-faculty ratio, bringing it from 14:1 in 1999 to 11:1 in 2003. In its fundraising, the Campaign for Wheaton established in 1995 an initial goal of \$65 million, the College's most ambitious target ever. By 2000, the Campaign had raised over \$90 million in gifts and pledges, affirming Wheaton's values, and increasing alumnae/i giving participation to record levels. The improved finances resulting from the campaign provided resources to expand enrollment, support management of the College, and make major investments in academic departments, salaries, student financial aid, and facilities, each of which have improved the quality of the overall educational offerings.

Enrollment

Over the past ten years (from 1993 to 2003), Wheaton's full-time student enrollments have increased by 16% from 1,335 to 1,545 and selectivity improved from 81% to 43%.

Academic Programs and Faculty

Wheaton offers over 600 courses leading to a Bachelor of Arts degree in 42 major concentrations, with additional minors in 12 interdisciplinary areas. In the fall of 2003, Wheaton introduced a new curriculum. The centerpiece of the curriculum, "Course Connections", is a commitment to linking two or three courses across disciplines to explore a shared set of questions. Course Connections helps students recognize concerns shared by different academic disciplines, and allows them to explore and appreciate varying approaches to shared problems. Some courses are connected by common readings, others by shared out-of-classroom activities, and others by faculty visiting each other's classes.

Wheaton has 121 full-time faculty members and 41 part-time faculty. The total faculty has grown by more than 20% over the past five years, and 57% of the faculty have come to Wheaton within the last decade. Ninety-seven percent (97%) of full-time faculty hold the highest academic degree in their field. The College has also reduced its reliance on part-time faculty by almost 50% in the last five years.

Financial Resources

As of June 30, 2003, the College's total net assets were \$192 million (an increase of \$108 million or 128% from 1993); endowment market value was \$132 million (an increase of \$70 million or 53% from 1993); and, the College had an estimated plant replacement value of approximately \$200 million.

Fundraising

The Annual Fund met its annual targets in each of the past ten years prior to 2003. In 2003, the Annual Fund contributed approximately \$3 million towards the operating budget and alumnae/i participation was 39%. The five-year capital Campaign for Wheaton was successfully completed in 2000, during which the College raised over \$90 million in gifts and pledges (compared to the original goal of \$65 million). One of the major components of this Campaign was the construction of an expanded and fully renovated Arts Facility. This \$18 million project was fully funded by donor gifts.

Facilities

Wheaton's facilities have been enhanced to meet the needs of the growing student body. Improvements over the past ten years have occurred in areas such as athletic fields, campus network upgrades and enhancements to student residence halls. In recent years the College also completed several major construction projects, including two new student residence halls (Keefe and Beard Halls), and the new Arts Facility (Watson Fine Arts Center and Mars Arts and Humanities Center).

Governance

Wheaton's governance structure is set forth in its charter and in a governance document similar to corporate by-laws that are referred to as the Statutes of Wheaton College. The Statutes require that the College will be governed by a Board of Trustees and that the internal administration of the College is the responsibility of the President, who is Chief Executive Officer. The Board exercises its responsibilities for the institution's overall quality, integrity, realization of its mission, and fiscal solvency. The Board is currently at its maximum size of 30 members, including five alumnae/i trustees, the President and the President of the Alumnae/i Association, who are ex officio members.

Trustees are nominated and elected at the annual meeting of the Board, as are five alumnae/i trustees, one each year, from nominees submitted by the Alumnae/i Association. Trustees hold office for five-year terms, and the retirement age for trustees is 72. Terms of service are staggered

so that the terms of not more than six of the non-Alumnae/i Association trustees terminate annually and the vacancies thus created are filled at the annual meeting of the Board. Vacancies otherwise occurring are filled at any regularly-called meetings for the unexpired portion of the five-year term.

The Board meets three times during the academic year. The Executive Committee meets at least four times each year and may meet additionally as required.

The following is a list of the Board of Trustees for the academic year 2003-2004, including the year of election to the Board, their Wheaton graduating class year if applicable, the current principal business or professional affiliation, and the term expiration of each member. Members of the Executive Committee are indicated by an asterisk.

<u>Name of Trustee</u>	<u>Date Appointed</u>	<u>Date Term Expires</u>	<u>Principal Affiliation</u>
Patricia Higgins Arnold '66 *	1986	2006	Civic Volunteer Mattapoisett, MA
Lawrence S. Bacow	1999	2004	President Tufts University Medford, MA
Anson M. Beard, Jr. *	1971	2008	Advisory Director Morgan Stanley & Company New York, NY
Carol Samuels-Botts '74	2001	2006	Pediatrician Kaiser Permanente Largo, MD
Richard Chait *	2000	2005	Professor of Higher Education Harvard University Cambridge, MA
Nancy Pearlstine Conger '67	2002	2007	President Ezray Investment Advisors Millington, NJ
Karen S. Cook '74 *	1989	2004	General Partner Steinhardt Management Co., Inc. New York, NY
Deborah Haigh Dluhy '62 *	1994	2005	Dean and Deputy Director School of the Museum of Fine Arts Boston, MA
Haegan Forrest '94	1999	2004	Director of Annual Giving Brooks School North Andover, MA

<u>Name of Trustee</u>	<u>Date Appointed</u>	<u>Date Term Expires</u>	<u>Principal Affiliation</u>
Debra Kent Glidden '68 *	2000	2005	President Cumberland Capital Company Atlanta, GA
Patricia Dunn Grey '80	2002	2007	Civic Volunteer New York, NY
Janet F. Haas	2004	2009	Chair William Penn Foundation Philadelphia, PA
Thomas J. Hollister *	1998	2008	President and CEO Citizens Bank of Massachusetts Boston, MA
Emily C. Hood '53	1998	2004	Civic Volunteer Boston, MA
James S. Hoyte	2002	2007	Associate Vice President for Equal Opportunity Programs/ Institutional Equity, and Adjunct Lecturer in Public Policy, Harvard University Cambridge, MA
Denise Jefferson '65	2000	2005	Director The Ailey School New York, NY
James B. Karman	2001	2006	Chairman and CEO Spaulding & Slye Boston, MA
Robert E. Keiter *	1993	2008	Retired Jennison Associates Capital Corp. New York, NY
Patricia A. King '63 *	1989	2004	Professor of Law Georgetown University Law Center Washington, DC
Adrienne Bevis Mars '58 *	1974	2004	Mars Incorporated McLean, VA

<u>Name of Trustee</u>	<u>Date Appointed</u>	<u>Date Term Expires</u>	<u>Principal Affiliation</u>
Dale Rogers Marshall, ex officio *	1992	2004	President Wheaton College Norton, MA
Susan Stampler Paresky '68 *	1994	2004	Sr. Vice President, Development Dana Farber Cancer Institute Brookline, MA
Hope Hamilton Pettegrew '61	1990	2005	Civic Volunteer Hancock, NH
Monique Shire Slap '81 President of Alumnae Association	2003	2006	Civic Volunteer Armonk, NY
Diana Davis Spencer '60 *	1993	2008	Grants Evaluator/Administrator Shelby Cullom Davis Foundation Washington, DC
Cheryl A. Vedoe '74	2003	2008	President and CEO Apex Learning Bellevue, WA
Louis N. Vinios	1990	2005	President JPA Corporation Boston, MA
David L. Wagner	2003	2008	CEO and Principal Evanston Capital Management Evanston, IL
Sukey Nichols Wagner '56	1995	2005	Civic Volunteer New York, NY
Virginia A. Weil '65	1997	2007	Senior Advisor Business Council for International Understanding Washington, DC

Officers of the Board of Trustees:

Patricia A. King '63, Chair
Robert E. Keiter, Vice Chair
Adrienne B. Mars '58, Vice Chair
Roderick G. Wallick, Treasurer
Susan M. Colson '96, Secretary

The Board conducts its business through nine committees: Executive, Advancement, Audit, Faculty/Staff, Finance and Facilities, Facilities Sub-Committee, Governance, Investment, and Student/Trustee Liaison. The Chairs of each committee are listed below.

<u>Committee</u>	<u>Chair</u>
Advancement	Susan Stampler Paresky
Audit	Louis N. Vinios
Executive	Patricia A. King
Faculty/Staff	Deborah Haigh Dluhy
Finance and Facilities	Thomas J. Hollister
Facilities Sub-Committee	Louis N. Vinios
Governance	Patricia Higgins Arnold
Investment	Robert E. Keiter
Student/Trustee Liaison	Sukey Nichols Wagner, Vice Chair

Administration

The administration of Wheaton is the responsibility of the President. Assisting the President are the principal officers of the College: the Provost and Academic Vice President; the Vice President for Finance and Operations; the Vice President for Enrollment and Student Financial Services; the Vice President for College Advancement; and the Dean of Students. Information concerning these individuals is set forth below.

Dale Rogers Marshall, age 66, has been President of the College since 1992. Prior to her appointment as President, she was Dean of the College and Professor of Political Science at Wellesley College, where she also served as Acting President for one year. Dr. Marshall's academic experience also includes administrative and faculty positions at the University of California at Davis, the University of California at Berkeley, and the University of California at Los Angeles. She received her Bachelor's degree in Government from Cornell University, her Master's degree in Political Science from the University of California at Berkeley, and her Ph.D. in Political Science from the University of California at Los Angeles. Dr. Marshall is a member of the council on Foreign Relations and has served on the boards of Cornell University, Newton-Wellesley Hospital, the American Student Assistance Corporation, and New England Financial's Zenith Fund.

New Presidential Appointment

After serving Wheaton College for the past 12 years, President Marshall has announced her retirement to occur on June 30, 2004. The Board of Trustees unanimously agreed to appoint Dr. Ronald A. Crutcher as the seventh president of Wheaton College.

Ronald A. Crutcher comes to Wheaton from Miami University in Oxford, Ohio, where he has served as provost and executive vice president for academic affairs and professor of music for the past five years. He is scheduled take office on July 15, 2004.

Prior to Miami, Dr. Crutcher served as Director of the School of Music at the University of Texas at Austin. Earlier he was Vice President of Academic Affairs at the Cleveland Institute of Music, and Associate Vice Chancellor for Academic Affairs at the University of North Carolina at Greensboro.

A Phi Beta Kappa graduate of Miami University, Dr. Crutcher pursued graduate studies at Yale University as a Woodrow Wilson and Ford Foundation Fellow. In 1979, he was the first cellist to receive the Doctor of Musical Arts degree from Yale. The recipient of a Fulbright Award, Dr. Crutcher studied in Germany. He made his Carnegie Hall debut in March 1985 and currently

performs in this country and Europe with the Klemperer Piano Trio. His publications include journal articles on valuing cultural diversity in the arts, chamber music, and Black classical music. Dr. Crutcher is Vice Chair of the Association of American Colleges and Universities.

Susanne Woods, age 60, has been Provost, Academic Vice President and Professor of English at Wheaton since 1999. A graduate of UCLA with a doctorate degree from Columbia University, she first taught at the University of Hawaii and then spent 20 years at Brown University where she was Professor of English and Associate Dean of the Faculty. Immediately before coming to Wheaton, she spent eight years as Vice President for Academic Affairs and Professor of English at Franklin & Marshall College in Pennsylvania. She is considered an expert on liberal arts curriculum and on the strategic use of information resources, topics on which she has given over 20 talks and presentations in the last ten years. An internationally recognized scholar of renaissance literature, she has also published numerous books and articles, including *Natural Emphasis: English Versification from Chaucer through Dryden* (1985), *Lanyer: A Renaissance Woman Poet* (1999), and *A Handbook of Literary Feminisms* (with Shari Benstock and Suzanne Ferriss, 2002). She has also edited the *Poems of Aemilia Lanyer* (1993) and co-edited, with Margaret P. Hannay, *Teaching Tudor and Stuart Women Writers* (2001). In 1996, she received the Inaugural Award for Special Achievement from the Society for the Study of Early Modern Women, in large part for her founding of the Brown University Women Writers Project, a computer textbase of works by early women writers in English, 1350-1850.

Roderick G. Wallick, age 56, has been Vice President for Finance and Operations since 1999 and served as Assistant Vice President for Finance from 1988 to 1999. Prior to joining the administration of Wheaton, Mr. Wallick served from 1976 to 1988 as the Assistant to the Executive Vice President and Director of Space Management at Boston College in Chestnut Hill, Massachusetts. Mr. Wallick received a Bachelor of Arts degree from Dartmouth College and holds a Master of Business Administration degree from Boston College. Mr. Wallick serves as a board member of The Boston Consortium for Higher Education and also is an officer of this Board.

Gail Berson, age 51, Dean of Admission and Student Aid, has served in this position since 1984. Prior to coming to Wheaton, Ms. Berson was Director of Admissions and Financial Aid from 1979 to 1983 at Mills College, Oakland, California, where she also served as Assistant Dean of Admissions and Acting Dean of Admissions from 1977 to 1979. She also has worked in higher education administration at the University of San Francisco. She received an A.B. degree magna cum laude from Bowdoin College, and completed additional course work at the Barbieri Center in Rome and at Wellesley College. She earned an M.A. degree in integrated communications marketing from Emerson College. She is an elected member of the Regional Council of the New England College Board and sits on the program planning and financial aid advisory committees of that organization. Additionally, she belongs to the National Association of College Admission Counseling, the New England Association of College Admission Counseling, and serves as a delegate to the College Board. She is a frequent speaker at organization meetings and at high school programs. Ms. Berson recently was elected to the Bowdoin Alumni Council.

Eric Snoek, age 43, has served as Wheaton's Vice President for College Advancement since 2001. Prior to coming to Wheaton, he was Director of Development at Bucknell University. He earned a Bachelors degree from the University of Massachusetts at Amherst in Communication with a minor in Journalism in 1983. He worked at his *alma mater* for ten years, first as Assistant Director of Alumni Relations, then as Director of Annual and Leadership Giving. In 1993 he went to Bucknell to serve as Associate Director for Planned and Major Gifts. He was thereafter promoted to Director of Major Gifts, and became Director of Development in 1998. Mr. Snoek is a member of the Association of Fund Raising Professionals and is an elected member and officer of the Board for the Council for the Advancement and Support of Education (CASE, District One).

Sue A. Alexander, age 61, has been Dean of Students since 1987. Prior to coming to Wheaton, she was Dean of Students at Hampshire College in Amherst, Massachusetts from 1985 to 1987 and was Associate Dean of Students and Supervisor of Residence Life at Hampshire College from 1980 to 1985. Prior to that, Dean Alexander served in a number of administrative positions at Hampshire College and at Park East High School, New York, New York. She holds a Bachelor's degree from Antioch College, Yellow Springs, Ohio. She is active in a number of human services programs including the Human Rights Committee of the Groden Center in Providence, RI, and she was a Founder/Director of the East Harlem College Counseling Program.

Faculty

Wheaton's faculty for the current year includes 162 teaching faculty (of whom 121 members are full-time and 41 are part-time) with a gender balance of 50% male and 50% female. Ninety-seven percent (97%) of the full-time members hold Ph.D.s or terminal degrees in their field of study. Over half of the faculty (65 members) hold tenured positions, and the average age of the faculty is 48.

The number of full-time and part-time faculty for the last five academic years and for the current academic year is provided in the table below.

	Faculty					
	Academic Year					
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Full-time	91	96	109	120	122	121
Part-time	<u>46</u>	<u>44</u>	<u>35</u>	<u>30</u>	<u>31</u>	<u>41</u>
Total	<u>137</u>	<u>140</u>	<u>144</u>	<u>150</u>	<u>153</u>	<u>162</u>

Faculty members are asked to serve on both standing and ad-hoc committees as part of their service commitment to the Wheaton community. The standing committees are listed below.

- Committee on Tenure
- Provost's Advisory Group on Academic Personnel
- Budget Advisory Committee (the College administrative affairs committee)
- Committee on Committees and Agenda
- Advisory Committee
- Committee on Educational Policy
- Appeals and Hearing Committee
- Committee on Admissions and Academic Standing
- Committee on Faculty Scholarship and Promotions
- Committee on Faculty Workload and Economic Status

Staff

The College employs approximately 375 non-faculty members, of whom 326 are full-time and 49 are part-time. The average age of the staff is 45, and 57% of the staff have a length of employment of five years or more. The table below provides the number of staff for the past five years and for the current 2003-2004 academic year.

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Full-time	252	265	287	312	323	326
Part-time	<u>41</u>	<u>39</u>	<u>46</u>	<u>43</u>	<u>53</u>	<u>49</u>
Total	<u>293</u>	<u>304</u>	<u>333</u>	<u>355</u>	<u>376</u>	<u>375</u>

Employees at Wheaton College are not represented by labor unions. Management is not aware of any organizing activities, and considers its relations with its employees to be excellent. Wheaton College has established a Staff Association to promote the welfare of non-faculty employees and to provide for formal and direct involvement by non-faculty employees in the administration of the College.

Curriculum

The Wheaton curriculum features more than 600 courses of study and 42 majors in subjects from physics to philosophy, political science to computer science, art history to economics. The Wheaton curriculum encourages students to explore their interests fully through connected courses that examine related topics from multiple perspectives. This educational program is designed to combine the breadth of the liberal arts with an opportunity to develop a fully multi-dimensional view of the world.

The Wheaton curriculum consists of four parts:

- Foundations, to assure skills in writing and quantitative analysis, and a knowledgeable approach to the broader world.
- Core Connections, pairs or sets of courses connected across disciplinary boundaries to provide a broad view of the world of knowledge.
- The Major and an optional Minor, to ensure students conduct an in-depth exploration of their interests.
- Electives, to allow students to expand their intellectual and creative interests.

Wheaton's curriculum centers on the interdisciplinary connectedness of knowledge and the student's particular interests. Students work with advisors to design programs of study that meet individual interests and needs, as they take a variety of courses that develop critical reading, writing and speaking skills, ease with quantitative material, and sensitivity to ethical and social issues. The curriculum invites students to become more self-confident, articulate and better prepared to act beyond self-interest in meeting the challenges of responsible leadership.

With faculty guidance, students may also create independent study courses and self-designed majors or programs of study around a particular issue or area of interest. Students may cross-register for selected courses at Brown University, the Maritime Studies Consortium in Boston, or nine other local institutions through SACHEM, the Southeastern Association of Colleges of Higher Education in Massachusetts.

The emphasis on forging connections in learning goes beyond the classroom, to include internships, research fellowships and field experiences. With the support of the Filene Center for Work and Learning, students undertake outside-the-classroom learning experiences such as internships, volunteer activities, work-study jobs or campus leadership positions.

Being a responsible citizen of a world made smaller by technology and scarce resources means learning to appreciate differences among people of other countries, within the United States, and even on the college campus. To increase students' awareness of perspectives beyond their own, Wheaton has made the study of cultural diversity and the non-Western world an integral part of its curriculum, through courses and experiential learning opportunities in the United States and abroad. With leadership from the Center for Global Education, the College's study abroad offerings now include more than 33 programs in 20 countries, which approximately 120 students participated in during 2003. Students also participate in internship programs in London, Paris, Moscow, Haifa and Sidney, and in summer fellowships at a language camp in Istanbul, Turkey. Similarly, opportunities exist for faculty to expand their overseas experience; many have gained

new insights through work and study in countries such as Egypt, Israel, Korea, Thailand, Bhutan, and the Seychelles.

Degree Offerings

The Wheaton curriculum offers study in the humanities, the social sciences, and the natural sciences. Wheaton offers the Bachelor of Arts degree at the undergraduate level, and the Masters of Arts degree under special circumstances.

Wheaton has joined eleven other regional colleges to cooperate in an exchange program during the student's junior year (the "Twelve College Exchange"). Each year a number of Wheaton juniors attend Amherst College, Bowdoin College, Connecticut College, Dartmouth College, Mount Holyoke College, Smith College, Trinity College, Vassar College, Wellesley College, Wesleyan University or Williams College. Students may also participate in other special programs including the Williams College/Mystic Seaport Program in American Maritime Studies, Mystic, Connecticut; Marine Biological Laboratory in Environmental Science at Woods Hole, Massachusetts; Salt Institute for Documentary Studies, Portland, Maine; The National Theater Institute at the Eugene O'Neill Theater Center, Waterford, Connecticut; Washington Semester Program of American University, Washington, D.C.; and cross-registration with Brown University, Providence, Rhode Island, and Stonehill College, Easton, Massachusetts.

Dual Degree Programs

Wheaton, in conjunction with ten institutions that have graduate degree programs, offers students the opportunity to earn both the Wheaton B.A. degree and a professional master's degree in a five or six-year period. These dual degree programs make it possible to combine a liberal arts education with specialized professional training in communication, engineering, business, theology and optometry. Students participating in these programs normally spend their first three years at Wheaton to complete a major program of study, and then attend one of the participating institutions for one to three years to earn an advanced degree. The participating institutions include Clark University Graduate School of Management; Emerson College; Georgia Institute of Technology; Thayer School of Engineering, Dartmouth College; Andover-Newton Theological School; The School of Museum of Fine Arts, Boston; Worcester Polytechnic Institute; New England School of Optometry; Graduate School of Management, University of Rochester; and George Washington University.

Student Life

Norton, Massachusetts is a quiet town of approximately 14,265 residents. Students are drawn to Wheaton for the beauty of the place and because it is accessible to both Boston and Providence, with their large student populations. Traditionally, the College focused on the classroom and residence hall experience. Increasingly, it focuses on the full range of campus life.

Wheaton guarantees residence hall housing to all students for four years, and all but a handful of students choose to live on campus. The College has 19 residence halls and 11 special interest houses. Students can choose from traditional residence halls, single sex housing, wellness housing, a 24-hour quiet hall, or a variety of theme houses. In the special interest houses, students can explore themes that connect with their academic pursuits or their future aspirations, from science and music to gender equality and environmental activism.

Wheaton has recently piloted a residential learning community that includes a faculty member in residence to encourage students to connect their educational interests with life outside of the classroom. This learning community fosters intellectual connections among students and between

faculty and students outside classes, and offers ways for students to extend the pursuit of their academic interests. This initiative is perceived as a complement to the new curriculum, so that the theme of connections and interdisciplinary focus can now flow from the classroom across campus and into the residence halls.

Wheaton is a NCAA Division III school and participated in the formation of the New England Women's and Men's Athletic Conference (NEWMAC) in 1998. NEWMAC includes Babson, Massachusetts Institute of Technology, Smith, Wellesley, and Mount Holyoke. Wheaton women play competitively on twelve teams, Wheaton men on nine.

Since the inception of NEWMAC, Wheaton teams have captured 22 conference championships, played in 30 NCAA post-season tournaments and won eight national championships. In the past ten years, Wheaton scholar-athletes have won All-American honors more than 150 times. Based on the National Association of Collegiate Directors of Athletics, Director's Cup Division, the College's athletics program has been ranked among the top 25 in the nation for the last few years, finishing 21st in the country at the end of the 2002-2003 school year.

Wheaton also offers a wide and growing variety of coeducational intramural sports, including basketball, soccer, flag football, volleyball, floor hockey, and inner-tube water polo, among other sports.

Accreditation and Memberships

Wheaton is accredited by the New England Association of Schools and Colleges, Inc. Wheaton is a member of the American Council on Education, the Association of American Colleges and Universities, the Association of Governing Boards of Universities and Colleges, the Association of Independent Colleges and Universities in Massachusetts, the New England College Fund, the National Association of College and University Business Officers, the National Association of Student Personnel Administrators, the National Association of College Admission Counselors, and the Council for the Advancement and Support of Education.

Admissions (Student Applications, Acceptances and Matriculation)

The size of Wheaton's applicant pool has increased by 43% since 1998. In 2003, 3,465 applicants competed for 445 openings in the first-year class. This increase in interest has allowed Wheaton's selectivity to improve from accepting 72% of its applicants in 1998 to 43% in 2003. The number of early decision applicants has doubled in the past two years alone. The percentage of incoming first-year students in the top 10% of their high school graduating class has increased from 24% in 1998 to 43% in 2003. Entering students' average high school grade point average has risen from 3.05 in 1999 to 3.45 in 2003. Yield for the 2003 academic year was 30%. Wheaton considers its principal overlap group of schools for the 2003 admission year as being Bates, Connecticut College, Skidmore, Mount Holyoke, Boston University, Clark, Trinity, Hamilton, and the University of Vermont.

The College has improved its ability to recruit students from diverse backgrounds through innovative partnerships with other organizations, including the Posse Foundation of New York. The College has adopted a new multicultural plan that focuses on strategies for the recruitment and retention of minority students as well as faculty and staff.

The table below summarizes Wheaton's application, acceptance, and matriculation statistics for the past five academic years and for the most recent academic year 2003-2004.

First Year Students						
Academic Year						
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Applicants	2,417	2,463	3,137	3,249	3,534	3,465
Acceptances	1,731	1,759	2,037	1,974	1,541	1,492
Acceptance Rate	72%	71%	65%	61%	44%	43%
Matriculants	436	427	450	494	412	445
Matriculation Rate	25%	24%	22%	25%	27%	30%

The table below highlights the matriculants' average Scholastic Aptitude Test (SAT) scores, high school grade point average (GPA) and class rank statistics for the past five academic years and for the most recent academic year 2003-2004.

Statistics for Matriculants						
Academic Year						
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
SAT Mean *	1,190	1,200	1,200	1,200	1,240	1,230
Average GPA	3.05	3.05	3.35	3.40	3.40	3.45
Class Rank **						
Within upper 10%	24%	24%	27%	29%	43%	43%
Within upper 50%	84%	90%	92%	92%	93%	93%

*Submission of SAT scores for applicants became optional in the fall of 1992. SAT mean is based only on students submitting scores.

** Class Rank is reported by approximately one-half of all secondary schools sending students to Wheaton.

The table below shows the geographical distribution of Wheaton's students for the past five academic years and for the current 2003-2004 academic year.

Geographical Distribution of Students						
Academic Year						
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
New England ¹	1,043	1,079	1,096	1,107	1,094	1,097
Mid-Atlantic ²	179	192	218	231	238	261
Southeast ³	33	37	40	51	52	48
Midwest ⁴	29	42	48	48	52	43
West ⁵	94	88	98	105	104	115
Other ⁶	0	0	0	0	0	13
International	<u>65</u>	<u>57</u>	<u>58</u>	<u>57</u>	<u>52</u>	<u>50</u>
Total	<u>1,443</u>	<u>1,495</u>	<u>1,558</u>	<u>1,599</u>	<u>1,592</u>	<u>1,627</u>

1. New England states include Massachusetts, Connecticut, Maine, New Hampshire, Rhode Island, and Vermont.
2. Mid-Atlantic states include Delaware, Maryland, New Jersey, New York, Pennsylvania, and District of Columbia.
3. Southeast states include Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.
4. Midwest states include Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Ohio, Wisconsin.

5. West states include Arizona, California, Colorado, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wyoming, and Texas.
6. Other states include Alaska, Hawaii, Puerto Rico, and the US Virgin Islands.

Enrollment

Wheaton enrolled 1,545 full-time students in the fall of 2003, an overall FTE increase of 2.4% from 2002 and a 7.9% increase since the fall of 1998. The percentage of male students is 37% compared to female students of 63%. Total resident students are 1,509 compared to 36 day students.

The table below shows the fall semester total enrollments for the past five academic years and for the current 2003-2004 academic year.

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Full-time	1,433	1,480	1,459	1,532	1,505	1,545
Part-time	13	20	15	19	16	20
FTEs	1,438	1,490	1,465	1,541	1,515	1,552
FTE % Change	-	+3.6%	-1.7%	+5.2%	-1.7%	+2.4%

The table below shows the number of total fall full-time enrollments by gender for the past five academic years and for the current 2003-2004 academic year.

	<u>1998-99</u>		<u>1999-00</u>		<u>2000-01</u>		<u>2001-02</u>		<u>2002-03</u>		<u>2003-04</u>	
Men	480	33.5%	508	34.3%	530	36.3%	533	34.8%	547	36.3%	564	36.5%
Women	953	66.5%	972	65.7%	929	63.7%	999	65.2%	958	63.7%	981	63.5%
Total	<u>1,433</u>	<u>100%</u>	<u>1,480</u>	<u>100%</u>	<u>1,459</u>	<u>100%</u>	<u>1,532</u>	<u>100%</u>	<u>1,505</u>	<u>100%</u>	<u>1,545</u>	<u>100%</u>

Tuition, Room and Board Fees

The table below shows Wheaton's tuition, room, board, and student activity fee (comprehensive fee) for the past five academic years and for the current 2003-2004 academic year. During this time frame, annual increase in the comprehensive fee has ranged from 4.3% to 5.0% with an average annual increase of 5.0%.

	Comprehensive Fee					
	Academic Year					
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Tuition	\$21,640	\$22,950	\$24,225	\$25,565	\$27,105	\$28,675
Room	3,490	3,550	3,650	3,770	3,830	3,920
Board	3,310	3,180	3,270	3,380	3,430	3,510
Student Fee	<u>200</u>	<u>200</u>	<u>225</u>	<u>225</u>	<u>225</u>	<u>225</u>
Total	<u>\$28,640</u>	<u>\$29,880</u>	<u>\$31,370</u>	<u>\$32,940</u>	<u>\$34,590</u>	<u>\$36,330</u>

Wheaton also benchmarks its comprehensive fee to other colleges and universities with which Wheaton competes for students. It continues to be an objective of the College to maintain its comprehensive fee within the mid-range of the comparison group as indicated in the table below.

Comparative Comprehensive Fees for 2003-2004

Tufts University	\$38,270
Boston University	\$38,194
Middlebury College	\$38,100
Trinity College	\$38,040
Skidmore College	\$37,935
Connecticut College	\$37,900
Bowdoin College	\$37,790
Mt. Holyoke College	\$37,750
Colby College	\$37,570
Bates College	\$37,500
Smith College	\$37,034
Boston College	\$36,822
Hobart/Wm Smith College	\$36,572
Wellesley College	\$36,516
Holy Cross College	\$36,451
Wheaton College	\$36,330
St. Lawrence College	\$35,945
Clark University	\$32,115

Source: The Cambridge Associates LLC survey.

Financial Aid

Through a comprehensive financial aid program, Wheaton has maintained its commitment to helping students attain their educational goals. Eligibility for all aid from the College is based on a combination of financial need and academic performance. Wheaton does not offer aid based solely on athletic ability. Financial aid is in the form of a “package” that includes need-based grants, merit grants, loans, and work opportunities.

In 2003 approximately 78% of all Wheaton students received some sort of financial assistance (including parent loans, student loans and student employment), with 52% of the students receiving grants and scholarships in need-based packages (federal, state, and institutional funds included) and an additional 11% of the students receiving institutional merit scholarships only.

Over the past five years, the College has been able to stabilize its aid as a percentage of gross student revenues at under 26%. This was assisted by the increase in the applicant pool and the increase in selectivity during this same time frame. With assistance from an outside consultant, in 1996 the College began implementing a comprehensive set of aid strategies designed to enhance student quality, promote diversity, and strengthen net student revenue, including the use of merit scholarships. Management believes these strategies have proven generally successful.

The tables below represent the past five academic years of Wheaton institutionally funded aid programs and total financial aid for all sources, respectively.

Institutional Funded Student Aid

	Academic Year				
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Grants	\$8,189,769	\$8,160,889	\$7,662,487	\$8,135,384	\$8,208,782
Merit	1,573,000	2,252,500	2,658,000	3,433,735	3,978,440
Loan	23,500	43,000	31,000	13,200	29,625
Work	<u>459,715</u>	<u>416,992</u>	<u>500,418</u>	<u>521,397</u>	<u>602,297</u>
Total	\$10,245,984	\$10,873,381	\$10,851,905	\$12,103,716	\$12,819,144
% of Gross Student Revenues	26%	24%	24%	24%	24%

Total Student Financial Aid (all sources)

	Academic Year				
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Grants and Scholarships					
From Wheaton	\$9,762,769	\$10,413,389	\$10,320,487	\$11,569,119	\$12,187,222
From Other Sources	<u>2,014,957</u>	<u>1,879,000</u>	<u>2,054,966</u>	<u>2,148,010</u>	<u>2,156,041</u>
Total	11,777,726	12,292,389	12,375,453	13,717,129	14,343,263
Loans					
From Wheaton	23,500	43,000	31,000	13,200	29,625
From Other Sources	<u>7,292,859</u>	<u>8,612,908</u>	<u>9,043,490</u>	<u>9,703,657</u>	<u>9,721,177</u>
Total	7,316,359	8,655,908	9,074,490	9,716,857	9,750,802
Work					
From Wheaton	459,715	416,992	500,418	521,397	602,297
From Other Sources	<u>232,431</u>	<u>250,234</u>	<u>287,574</u>	<u>329,996</u>	<u>322,803</u>
Total	<u>692,146</u>	<u>667,226</u>	<u>787,992</u>	<u>851,393</u>	<u>925,100</u>
Total Financial Aid	<u>\$19,786,231</u>	<u>\$21,615,523</u>	<u>\$22,237,935</u>	<u>\$24,285,379</u>	<u>\$25,019,165</u>

Financial Planning/Budget Cycle

The annual resource allocation process is based on widespread collaboration in which division officers receive and screen departmental budget requests and submit budget proposals linked to divisional/institutional priorities for review by the President's Council, which is comprised of the officers of the College. After receiving recommendations from the President's Council and the Budget Advisory Committee (BAC), the President submits a formal budget proposal for approval by the Board of Trustees. In May of each year the Trustees approve a preliminary operating budget for the coming year. The final operating budget is approved by the Trustees in October, when there is less uncertainty concerning critical budget variables such as enrollment and financial aid.

Endowment/Investment Management

Wheaton's endowment is an important part of the College's overall financial health. Valued at more than \$131,895,000 (excluding life income and annuity funds) as of June 30, 2003, earnings from the endowment provide approximately 12% of the College's annual operating budget.

The endowment is comprised of unitized, individually named funds that are invested collectively. Wheaton's endowment spending policy is designed to provide support for current operations while maintaining the future purchasing power of the endowment. In order to achieve long-term financial equilibrium, the Wheaton Board of Trustees has established an annual spending rate of 5% of the trailing 12-quarter average of each fund's total market value.

The Investment Committee of the Board of Trustees takes an active role in managing the endowment, selecting fund managers and investment options intended to achieve long-term financial equilibrium. The Committee meets frequently to review the results of investments made by the fund managers and to make adjustments in the overall portfolio. As of February 1, 2004, approximately 62% of Wheaton's endowment was invested in equities; the remaining 38% was in fixed income vehicles.

In the past ten years, the endowment has grown by 95% due to market results and new gifts, from \$62,319,356 in 1993 to \$131,895,934 in 2003 with cumulative market returns over this time frame averaging 9.6%.

Certain endowed funds may be restricted by donors for specific purposes. **Neither the principal of nor the income from funds restricted to purposes other than general purposes may be used to make payments to the Authority in accordance with the Loan and Trust Agreement or to meet claims of general creditors. However, board designated unrestricted endowment may be used for general purposes as the Board of Trustees may designate.**

The market value of the portion of the College's endowment that is categorized as board designated unrestricted endowment is as shown in the table below.

Market Value of Board Designated Unrestricted Endowment
Fiscal Year Ended June 30,

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$23,675,652	\$30,359,853	\$28,460,756	\$28,633,464	\$26,852,922

Fundraising

Overall responsibility for development, communications and alumnae/i relations rest with the Vice President for College Advancement. With current staffing of 20 development professionals, College Advancement is responsible for fundraising from individuals through the Annual Fund, planned giving, and major gifts programs as well as for support from corporations and foundations. The Annual Fund involves over 200 alumnae/i and parents as volunteer solicitors. Volunteers, including trustees, also aid in solicitations for the major gifts, planned giving, and corporate/foundation grant programs.

Wheaton's fundraising has remained consistent over the past five years. In 2003, the College's fundraising totaled \$8,685,273. During this period, the Annual Fund, which helps support the operating budget of the College, has remained stable. Alumnae/i participation has remained in the 38%-40% range.

The table below represents total gifts and bequests, including the Annual Fund, raised over the last five fiscal years from alumnae/i, parents, friends, foundations, corporations, and other sources. The results of 2000 include a \$10 million gift to the College.

Total Gifts and Bequests				
Fiscal Year Ended June 30,				
<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$7,609,720	\$21,942,715	\$9,785,106	\$8,729,725	\$8,685,273

Wheaton is currently in the preliminary stages of planning its next fundraising campaign. A primary objective will be to raise funds for the construction and endowment support of a new state of the art science building. Other components of the campaign will be support for academic programs, student scholarships, faculty support, and unrestricted endowment. The specific financial objectives of the campaign are not expected to be finalized by the new President and the Board of Trustees for at least two years.

Facilities

The College owns approximately 450 acres in the Town of Norton, Massachusetts, which is located 35 miles south of Boston, Massachusetts and 15 miles northeast of Providence, Rhode Island. The core campus covers approximately 120 acres and contains more than 25 major buildings – including 19 student resident halls, two dining halls, classroom and faculty office buildings, a science center, a computing center, a library, a fine arts center, two athletic facilities, a student center and a chapel. The replacement value of the physical plant (including all buildings and mechanical infrastructure) is estimated to be \$200 million as of 2003. The gross square footage of all buildings exceeds one million.

The core campus was constructed between 1910 and 1930. Since 1930, 19 buildings have been constructed. More recent additions to the physical plant are the Haas Athletic Center (constructed in 1991 at a cost of \$10 million), Gebbie Residence Hall (constructed in 1992 at a cost of \$1.6 million and accommodating 52 students), Keefe Residence Hall (constructed in 1998 at a cost of \$2.7 million and accommodating 50 students) and Beard Residence Hall (constructed in 2002 at a cost of \$6.0 million accommodating 100 students). In addition, significant building renovations were completed for the arts facility (renovated and expanded in 2001 at a cost of \$18 million), and outdoor athletic facilities have been constructed in recent years, including Keefe Field (1989), Sidell Baseball Stadium (1997) and Mirroine Field (2003).

The College places a high priority on preserving the value of plant assets and identifies facilities maintenance as one of the several essential elements in achieving long-term financial equilibrium. As a result of a comprehensive facilities maintenance program, the College implemented an approach known as “Managing the Facilities Portfolio.” As a result of this approach, annual maintenance funding has increased from \$1.5 million in 1993 to \$3.6 million in 2003. This represents a facilities reinvestment rate (annual maintenance funding as a percent of plant replacement value) of 1.82% which by Board resolution is to remain at this level

Future Building Plans

The College undertook a comprehensive planning effort in 1998 to examine the potential development of the campus over the following ten years. Wheaton updated its Campus Master Plan in 2001. The College is in the planning phase for two major capital projects: expansion and renovation of the existing Science Center, and replacement or renovation of the existing waste water treatment facility. Management currently expects to incur \$13 to \$15 million in debt to finance the Science Center project which has an estimated cost of \$40 to \$50 million. The remainder of the estimated project cost will be financed by internal College funds and philanthropy. Management expects the wastewater treatment facility project will have an estimated cost of \$3 to \$5 million, and will be financed by internal College funds and philanthropy. Other long range plans include the construction of a new visiting center, an outdoor track and field facility, renovations to the library, and student residence hall upgrades. No funding sources have been identified for these long term projects.

Insurance

Wheaton carries insurance policies that Management believes to be consistent with industry standards for similarly sized institutions, including real and personal property, general comprehensive liability, workers' compensation, employer's liability and automobile liability.

Outstanding Indebtedness

As of June 30, 2003, the College's outstanding indebtedness included the following general obligations:

1. \$635,000 principal amount outstanding of collateralized Department of Housing and Urban Development Dormitory and Dining Hall bonds with an interest rate of 3.5% and a final maturity in 2013.
2. \$15,300,000 principal amount outstanding of Massachusetts Health and Educational Facilities Authority Revenue Bonds, Wheaton College Series C, with an average interest rate of 5.4% in 2003 and a final maturity in 2019 (to be refunded with the proceeds of the Series E Bonds).
3. \$1,480,000 principal amount outstanding of Massachusetts Health and Educational Facilities Authority Revenue Bonds, Wheaton College Series D, with an average interest rate of 6.0% in 2003 and a final maturity in 2018.
4. \$10,000,000 principal amount outstanding of Massachusetts Health and Educational Facilities Authority Revenue Bonds, Wheaton College Series J-5 Capital Asset Program, with a variable interest rate and a final maturity in 2024.
5. \$49,027 principal amount outstanding of Marriott Management Services Corporation note with interest rate of 5.21% in 2003 and a final maturity on October 1, 2004.

Retirement Plan

The College has a defined contribution retirement plan that is designed to meet the requirements of Section 403(b) of the Internal Revenue Code. The plan is administered by Teachers Insurance and Annuity Association of America (TIAAA) and College Retirement Equities Fund (CREF). Any Wheaton employee (excluding student employees) may make voluntary pre-tax contributions to the plan. Employees are eligible to receive a contribution from the College after

meeting specific requirements. There is no required employee contribution in order to receive the College's contribution. The College's costs under the retirement plan amounted to \$1,645,117 and \$1,759,349 in 2002 and 2003, respectively.

Litigation

The College is not aware of any litigation pending or threatened to which Wheaton is a party wherein any unfavorable decision would have a material adverse impact on the College or on its ability to enter into the Loan and Trust Agreement and carry out its obligations thereunder.

The College is in continuing negotiations with the Massachusetts Department of Environmental Protection ("DEP") and the United States Environmental Protection Agency ("EPA") concerning the performance and regulatory status of its aging wastewater treatment plant. The College plans to renovate or replace the plant within the next few years (see "Future Building Plans"). It is possible that either DEP or EPA may seek to impose fines against the College in connection with alleged violations of effluent limitations imposed on the current plant under existing permits. Management does not believe the imposition of fines, if any, or the cost of repairing or replacing the plant would have a material adverse effect on the College's ability to make debt service payments with respect to the Series E Bonds.

Financial Performance

The tables that follow, Statement of Financial Position and Statement of Activities, illustrate the College's assets, liabilities, and net assets and Wheaton's operating results for the most recent five fiscal years. The information has been derived from Wheaton's audited financial statements for the respective periods which are prepared in accordance with generally accepted accounting principles for colleges and universities.

The financial statements for the fiscal year ended June 30, 2003, and the report of Wheaton's independent auditors, PricewaterhouseCoopers LLP are included as Appendix B to this Official Statement. The financial statements include statement of financial position, statement of activities, statement of cash flows and notes to the financial statements.

WHEATON COLLEGE
STATEMENTS OF FINANCIAL POSITION
Fiscal Year Ended June 30,

	<u>1999</u>	<u>2000</u>	<u>2001*</u>	<u>2002</u>	<u>2003</u>
ASSETS					
Cash and cash equivalents	\$9,582,872	\$22,481,886	\$15,489,351	\$7,372,256	\$8,022,872
Deposit held by trustee	-	-	9,006,489	1,410,581	-
Student receivables, net	386,093	385,436	433,629	259,771	243,540
Related party and other receivables	818,523	598,873	655,266	858,422	324,056
Prepaid expenses and other assets	1,159,989	1,678,872	1,825,455	1,796,916	2,210,847
Short-term investments	1,238,789	1,175,781	2,030,873	1,396,789	1,403,080
Student loans receivable, net	2,239,694	2,377,009	2,528,535	2,709,666	2,881,329
Pledges receivable, net	14,006,851	9,761,699	10,333,465	7,211,825	7,138,509
Contributions receivable from remainder trusts	1,003,758	1,432,474	1,280,306	737,571	651,709
Investments of annuity and life income agreements	8,039,726	9,975,181	10,070,552	8,710,994	7,707,434
Endowment investments	118,282,519	140,636,514	139,959,510	128,679,435	131,895,934
Land, buildings, equipment, and construction in progress (net)	<u>35,370,649</u>	<u>37,092,864</u>	<u>46,944,312</u>	<u>66,136,084</u>	<u>67,080,426</u>
Total assets	<u>\$192,129,463</u>	<u>\$227,596,589</u>	<u>\$240,557,743</u>	<u>\$227,280,310</u>	<u>\$229,559,736</u>
LIABILITIES					
Accounts payable and accrued expenses	\$3,733,684	\$3,884,350	\$5,052,799	\$4,069,511	\$3,014,186
Student deposits	503,942	589,595	655,827	245,450	532,275
Deferred revenue	1,675,230	1,745,272	1,692,740	1,474,208	1,371,872
Government advances for student loans	2,209,720	2,260,862	2,266,797	2,325,882	2,370,232
Annuity obligations	2,176,193	2,324,508	2,509,684	2,680,435	2,528,548
Bonds and notes payable	20,666,758	20,106,298	29,235,833	28,329,823	27,464,027
Total liabilities	<u>30,965,527</u>	<u>30,910,885</u>	<u>41,413,680</u>	<u>39,125,309</u>	<u>37,281,140</u>
NET ASSETS					
Unrestricted	67,939,837	73,732,688	74,322,853	87,943,316	89,906,655
Temporarily restricted	55,251,563	77,450,908	74,055,687	49,097,662	47,584,472
Permanently restricted	<u>37,972,536</u>	<u>45,502,108</u>	<u>50,765,523</u>	<u>51,114,023</u>	<u>54,787,469</u>
TOTAL NET ASSETS	<u>161,163,936</u>	<u>196,685,704</u>	<u>199,144,063</u>	<u>188,155,001</u>	<u>192,278,596</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$192,129,463</u>	<u>\$227,596,589</u>	<u>\$240,557,743</u>	<u>\$227,280,310</u>	<u>\$229,559,736</u>

*Certain amounts have been reclassified to conform with 2002 presentation.

WHEATON COLLEGE
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30,

	1999*	2000*	2001	2002	2003
Operating revenues:					
Tuition and fees	\$ 30,647,708	\$ 34,356,022	\$ 35,939,164	\$ 39,493,256	\$ 41,557,813
Less scholarships and grants	<u>(9,896,085)</u>	<u>(10,590,581)</u>	<u>(10,474,944)</u>	<u>(11,760,261)</u>	<u>(12,367,348)</u>
Net tuition and fee revenue	20,751,623	23,765,441	25,464,220	27,732,995	29,190,465
Auxiliary services	9,611,312	10,869,464	11,029,900	12,084,117	11,926,313
Private gifts, bequests, and grants	3,408,907	4,688,005	3,539,428	4,220,914	4,403,430
Government grants and contracts	1,196,343	1,195,774	1,192,287	1,314,192	1,449,812
Other revenues	1,699,719	1,360,893	1,120,099	863,508	968,998
Investment return designated for current operations	4,929,049	5,220,275	5,919,291	6,526,912	6,831,703
Net assets released from restrictions for operations	-	-	-	-	-
Total operating revenues	<u>41,596,953</u>	<u>47,099,852</u>	<u>48,265,225</u>	<u>52,742,638</u>	<u>54,770,721</u>
Operating expenses:					
Instruction	10,217,159	10,496,214	13,355,327	13,950,106	15,165,750
Academic support	4,236,379	4,309,395	3,674,029	4,240,308	4,551,884
Student services	8,541,005	9,068,452	9,660,493	10,923,939	10,147,130
Institutional support	8,158,684	8,949,042	10,264,085	11,491,894	11,402,672
Scholarships and fellowships	1,971,275	1,904,872	2,094,918	2,232,621	2,415,438
Auxiliary services	<u>7,720,079</u>	<u>7,974,144</u>	<u>8,118,825</u>	<u>9,199,639</u>	<u>9,967,240</u>
Total operating expenses	<u>40,844,581</u>	<u>42,702,119</u>	<u>47,167,677</u>	<u>52,038,507</u>	<u>53,650,114</u>
Increase in net assets from operations	752,372	4,397,733	1,097,548	704,131	1,120,607
Nonoperating:					
Private gifts and pledges	12,908,766	13,225,068	\$ 7,718,099	4,518,643	4,186,994
Loss on Pledges	-	-	-	(2,200,000)	-
Net assets released from restriction	-	-	-	-	-
Excess (deficiency) of investment return over amounts designated for current operations	3,601,956	17,898,967	(6,357,288)	(14,011,836)	(1,184,006)
Total nonoperating	<u>16,510,722</u>	<u>31,124,035</u>	<u>1,360,811</u>	<u>(11,693,193)</u>	<u>3,002,988</u>
Increase (decrease) in net assets	17,263,094	35,521,768	2,458,359	(10,989,062)	4,123,595
NET ASSETS, BEGINNING OF YEAR	<u>143,900,842</u>	<u>161,163,936</u>	<u>196,685,704</u>	<u>199,144,063</u>	<u>188,155,001</u>
NET ASSETS, END OF YEAR	<u>\$ 161,163,936</u>	<u>\$ 196,685,704</u>	<u>\$ 199,144,063</u>	<u>\$ 188,155,001</u>	<u>\$ 192,278,596</u>

* Fiscal year 1999 and fiscal year 2000 financial information was reformatted to conform with the new presentation format in 2001.

Management's Discussion of Recent Financial Performance

During the five years ended June 30, 2003, Wheaton generated an excess of revenues from operations over expenses of \$750,000, \$4.4 million, \$1.1 million, \$700,000, and \$1.1 million, respectively. From 1999 to 2003, total operating revenues increased from \$41.6 million to \$54.8 million, or by 31.7%. Management attributes 20.3% of the increase in operating revenues to increases in net tuition and fees, and an additional 4.6% to an increase in investment return designated for current operations (discussed further below).

During the same five-year period, total operating expenses increased from \$40.8 million to \$53.7 million, or by 31.6%. Management attributes 12.0% of this increase to instruction (which includes faculty salaries), 3.9% to student services, and 14.5% to general institutional expenses (which includes institutional support, scholarships and fellowships, and auxiliary services).

Despite a volatile stock market during the five-year period ended June 30, 2003, the College's net assets increased to \$192.3 million, representing a \$31.1 million or 19.3% increase over the five-year period. During 2003, total net assets increased by \$4.1 million or 2.2%. Management attributes the growth in total net assets over the most recent five years to increases in market value of the College's investments, contributions, efficiencies achieved by investment in plant operations, and operating surpluses.

The market value of Wheaton's endowment investments (excluding life income and annuity funds) was \$131.9 million as of June 30, 2003. This represents an increase of \$3.2 million during 2003 and an aggregate increase of 11.5% from 1999 to 2003. During this five-year period, total contributions were \$56.8 million. In 2002, the College reported a \$2.2 million loss on pledges, when a pledge by a foundation became uncollectible after the foundation dissolved. Wheaton's Board of Trustees has adopted a spending policy that seeks to preserve the purchasing power of the endowment while permitting subsidization of the College's mission. The spending policy sets an annual spending rate of 5% of the trailing 12-quarter average of each fund's total market value. The amount appropriated for current operations each year has ranged from \$4.9 million in 1999 to \$6.8 million in 2003.

The net book value of the College's property, plant and equipment as of June 30, 2003, was \$67.1 million, representing a \$31.7 million or 89.6% increase for the five years ended June 30, 2003. During the same time period, long-term debt increased by \$6.8 million.

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This letter and the information contained herein are submitted to the Authority for inclusion in its Official Statement relating to its Revenue Bond, Wheaton College, Series E. The use of this letter by the Authority in connection with the sale and delivery of the Series E Bonds has been duly authorized by the Board of Trustees of Wheaton College.

WHEATON COLLEGE

By: /s/ Dale Rogers Marshall
Dale Rogers Marshall, President

By: /s/ Roderick G. Wallick
Roderick G. Wallick, Vice
President for Finance and
Operations

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WHEATON COLLEGE

**Financial Statements
For The Years Ended
June 30, 2003 and 2002**

Report of Independent Auditors

To the Board of Trustees of
Wheaton College

In our opinion, the accompanying statements of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of the Wheaton College (the "College") at June 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the College's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

September 12, 2003

WHEATON COLLEGE
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

ASSETS	2003	2002
Cash and cash equivalents	\$ 8,022,872	\$ 7,372,256
Deposit held by trustee	-	1,410,581
Student receivables, net	243,540	259,771
Related party and other receivables	324,056	858,422
Prepaid expenses and other assets	2,210,847	1,796,916
Short-term investments	1,403,080	1,396,789
Student loans receivable, net	2,881,329	2,709,666
Pledges receivable, net	7,138,509	7,211,825
Contributions receivable from remainder trusts	651,709	737,571
Investments of annuity and life income agreements	7,707,434	8,710,994
Endowment investments	131,895,934	128,679,435
Land, buildings, equipment, and construction in progress (net)	67,080,426	66,136,084
Total assets	\$ 229,559,736	\$ 227,280,310
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,014,186	\$ 4,069,511
Student deposits	532,275	245,450
Deferred revenue	1,371,872	1,474,208
Government advances for student loans	2,370,232	2,325,882
Annuity obligations	2,528,548	2,680,435
Bonds and notes payable	27,464,027	28,329,823
Total liabilities	37,281,140	39,125,309
NET ASSETS		
Unrestricted	89,906,655	87,943,316
Temporarily restricted	47,584,472	49,097,662
Permanently restricted	54,787,469	51,114,023
 TOTAL NET ASSETS	 192,278,596	 188,155,001
 TOTAL LIABILITIES AND NET ASSETS	 \$ 229,559,736	 \$ 227,280,310

The accompanying notes are an integral part of the financial statements.

WHEATON COLLEGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003
(with comparative totals for 2002)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2003	Total 2002
Operating revenues:					
Tuition and fees	\$ 41,557,813			\$ 41,557,813	\$ 39,493,256
Less scholarships and grants	(12,367,348)			(12,367,348)	(11,760,261)
Net tuition and fee revenue	29,190,465			29,190,465	27,732,995
Auxiliary services	11,926,313			11,926,313	12,084,117
Private gifts, bequests, and grants	2,330,541	\$ 2,072,889		4,403,430	4,220,914
Government grants and contracts	1,449,812			1,449,812	1,314,192
Other revenues	933,124	35,874		968,998	863,508
Investment return designated for current operations	2,521,746	4,309,957		6,831,703	6,526,912
Net assets released from restrictions for operations	6,051,817	(6,051,817)		-	-
Total operating revenues	54,403,818	366,903		54,770,721	52,742,638
Operating expenses:					
Instruction	15,165,750			15,165,750	13,950,106
Academic support	4,551,884			4,551,884	4,240,308
Student services	10,147,130			10,147,130	10,923,939
Institutional support	11,402,672			11,402,672	11,491,894
Scholarships and fellowships	2,415,438			2,415,438	2,232,621
Auxiliary services	9,967,240			9,967,240	9,199,639
Total operating expenses	53,650,114			53,650,114	52,038,507
Increase in net assets from operations	753,704	366,903		1,120,607	704,131
Nonoperating:					
Private gifts and pledges	965,269	(569,303)	\$ 3,791,028	4,186,994	4,518,643
Loss on pledges	-	-	-	-	(2,200,000)
Net assets released from restriction	2,486,452	(2,368,870)	(117,582)	-	-
Excess (deficiency) of investment return over amounts designated for current operations	(2,242,086)	1,058,080		(1,184,006)	(14,011,836)
Total nonoperating	1,209,635	(1,880,093)	3,673,446	3,002,988	(11,693,193)
Increase (decrease) in net assets	1,963,339	(1,513,190)	3,673,446	4,123,595	(10,989,062)
NET ASSETS, BEGINNING OF YEAR	87,943,316	49,097,662	51,114,023	188,155,001	199,144,063
NET ASSETS, END OF YEAR	\$ 89,906,655	\$ 47,584,472	\$ 54,787,469	\$ 192,278,596	\$188,155,001

The accompanying notes are an integral part of the financial statements.

**WHEATON COLLEGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues:				
Tuition and fees	\$ 39,493,256			\$ 39,493,256
Less scholarships and grants	<u>(11,760,261)</u>			<u>(11,760,261)</u>
Net tuition and fee revenue	27,732,995			27,732,995
Auxiliary services	12,084,117			12,084,117
Private gifts, bequests, and grants	2,334,375	\$ 1,886,539		4,220,914
Government grants and contracts	1,314,192			1,314,192
Other revenues	820,005	43,503		863,508
Investment return designated for current operations	2,443,113	4,083,799		6,526,912
Net assets released from restrictions for operations	<u>5,679,134</u>	<u>(5,679,134)</u>		<u>-</u>
Total operating revenues	<u>52,407,931</u>	<u>334,707</u>		<u>52,742,638</u>
Operating expenses				
Instruction	13,950,106			13,950,106
Academic support	4,240,308			4,240,308
Student services	10,923,939			10,923,939
Institutional support	11,491,894			11,491,894
Scholarships and fellowships	2,232,621			2,232,621
Auxiliary services	<u>9,199,639</u>			<u>9,199,639</u>
Total operating expenses	<u>52,038,507</u>			<u>52,038,507</u>
Increase in net assets from operations	<u>369,424</u>	<u>334,707</u>		<u>704,131</u>
Nonoperating:				
Private gifts and pledges	1,850,806	1,975,959	691,878	4,518,643
Loss on pledges	-	(2,200,000)	-	(2,200,000)
Net assets released from restriction	14,945,319	(14,598,239)	(347,078)	-
Excess of investment return over amounts Designated for current operations	<u>(3,545,084)</u>	<u>(10,470,452)</u>	<u>3,700</u>	<u>(14,011,836)</u>
Total nonoperating	<u>13,251,039</u>	<u>(25,292,732)</u>	<u>348,500</u>	<u>(11,693,193)</u>
Increase in net assets	<u>13,620,463</u>	<u>(24,958,025)</u>	<u>348,500</u>	<u>(10,989,062)</u>
NET ASSETS, BEGINNING OF YEAR	<u>74,322,853</u>	<u>74,055,687</u>	<u>50,765,523</u>	<u>199,144,063</u>
NET ASSETS, END OF YEAR	<u>\$ 87,943,316</u>	<u>\$ 49,097,662</u>	<u>\$ 51,114,023</u>	<u>\$ 188,155,001</u>

The accompanying notes are an integral part of the financial statements.

WHEATON COLLEGE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$4,123,595	\$ (10,989,061)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	3,661,596	2,864,196
(Decrease) in provision for bad debts	(35,763)	(53,415)
Decrease (increase) in student accounts and other receivables	586,360	(138,692)
Decrease in pledges and contributions receivable	159,178	3,664,375
(Increase) in prepaid expenses and other assets	(457,702)	(15,232)
(Decrease) in accounts payable and accrued expenses	(1,055,325)	(820,479)
Increase (decrease) in student deposits	286,825	(410,377)
(Decrease) in deferred giving arrangements	(254,223)	(47,781)
Contributions restricted for long-term investments	(4,195,136)	645,538
Realized (gains) losses and change in unrealized appreciation on long term investments, net	(3,464,454)	10,716,567
Net cash (used in) provided by operating activities	<u>(645,049)</u>	<u>5,415,639</u>
Cash flows from investing activities:		
Student loans granted	(426,450)	(534,982)
Student loans repaid	254,787	353,851
Purchase of land, buildings, and equipment	(4,562,167)	(22,012,197)
Proceeds from the sale of investments	16,285,483	62,259,279
Purchase of investments	(15,040,259)	(59,702,130)
Net cash (used by) investing activities	<u>(3,488,606)</u>	<u>(19,636,179)</u>
Cash flows from financing activities:		
Payments on bonds and notes payable	(865,796)	(906,010)
Change in deposit held with trustee	1,410,581	7,595,908
Increase in advances for student loans	44,350	59,085
Contributions, grants, and investment income restricted for:		
Investment in endowment and facilities	4,653,162	(869,848)
Investment in life income and annuity funds	(458,026)	224,310
Net cash provided by financing activities	<u>4,784,271</u>	<u>6,103,445</u>
Net increase (decrease) in cash and cash equivalents	650,616	(8,117,095)
Cash and cash equivalents, beginning of year	<u>7,372,256</u>	<u>15,489,351</u>
Cash and cash equivalents, end of year	<u>\$ 8,022,872</u>	<u>\$ 7,372,256</u>
Supplemental Disclosure:		
Cash paid during the year for interest	\$1,029,217	\$ 1,147,136
Gifts in kind received	\$268,939	\$ 18,500

The accompanying notes are an integral part of the financial statements.

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

A. Significant Accounting Policies

Background

Wheaton College (the “College”) is a private, coeducational, liberal arts college located in Norton, Massachusetts. Founded as a seminary for women in 1834 and chartered as a four-year college for women in 1912, the College became coeducational in 1987. Current enrollment consists of approximately 1,500 undergraduate students, most of which reside on campus.

Significant accounting policies followed by Wheaton College are set forth below.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Donor Imposed Restrictions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

The three net asset categories that are reflected in the accompanying financial statements are as follows:

Unrestricted net assets are those which are free of donor-imposed restrictions, and include the carrying value of physical properties, revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted net assets generally result from contributions and other inflows of assets whose use by the College is limited by donor-imposed restrictions that expire by the passage of time or can be fulfilled and removed by actions of the College. Gifts specified for the acquisition or construction of long-lived assets are reported initially as temporarily restricted net assets, and are subsequently released to unrestricted net assets when the assets are placed in service. Realized gains and losses and changes in unrealized appreciation on permanently and temporarily restricted assets from Pool A are reported as temporarily restricted net assets in accordance with Massachusetts law.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted net assets are those that are subject to donor-imposed restrictions requiring that they be maintained permanently, thereby restricting the use of the principal. Such assets primarily include the College’s permanent endowment funds. Donor stipulations often allow part or all of the income earned to be used currently for restricted purposes.

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

A. Significant Accounting Policies (continued)

Cash Equivalents

Cash equivalents consist of interest-bearing money market accounts and overnight investments with maturities of less than 90 days when purchased. These amounts do not include cash equivalents held as collateral or cash that is held in investment accounts until suitable investment opportunities are identified. Certain cash and cash equivalent account balances exceed the amount insured by the Federal Depository Insurance Corporation.

Cash and cash equivalents included \$ 41,961, and \$54,801, of monies held for the Perkins loan program as of June 30, 2003 and 2002, respectively.

Short-Term Investments

Short-term investments include certain investment accounts that are invested primarily in U.S. Treasury notes with an original maturity of one year or less. These accounts are collateral for certain debt agreements.

Student Receivables and Student Loan Receivables

Student receivables include amounts due from students and other miscellaneous receivables and are reported net of allowance for doubtful accounts of \$130,822 and \$166,585 at June 30, 2003 and 2002, respectively. The provisions are intended to provide for student accounts of current and graduated students and for loans that may not be collected.

Student loan receivables are reported at cost, less an allowance for doubtful accounts of \$193,330 and \$358,330 at June 30, 2003 and 2002, respectively. Determination of fair value of student loan receivables, which include donor-restricted and federally sponsored student loans with mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition, could not be made without incurring excessive costs.

Related Party and Other Receivables

Related party receivables include mortgages issued in conjunction with property sales to faculty and staff members and loans issued to employees related to computer sales.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Prepaid Expenses and Other Assets

Included in the prepaid expenses and other assets are certain costs related to the 1994 bond issuance, the 1998 MHEFA Series D bond issuance and the 2001 Series J-5 Capital Asset Program bond issuance. These costs have been capitalized and are being amortized on a straight-line basis over the respective terms of each bond. Bond issuance costs of \$881,709 at June 30, 2003 and June 30, 2002, are recorded net of accumulated amortization of \$340,536 and \$296,765 respectively.

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

A. Significant Accounting Policies (continued)

Pledges

Unconditional promises to give are recorded as temporarily or permanently restricted revenues in the financial statements when the donor's commitment is received. Unconditional promises to give that are expected to be fulfilled within one year are recorded at their net realizable value. Multiyear unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances.

Investments

The College carries its investments at market value based on quoted market prices. Certain securities for which no quotation or valuations are readily available are carried at fair values established by outside parties. The College has established three consolidated investment pools ("Pools A, B, & C"). The original consolidated pool, Pool A, represents the majority of endowment funds of the College. Pool B funds are designated by the Board of Trustees, the purpose of which is to fund capital projects. The College established a third pool, Pool C, which holds the College's annuity funds.

The College's Trustees define the investment strategies and objectives of the consolidated investments, as well as engage in the selection of a diverse group of investment managers. Certain of these managers may utilize hedging strategies, invest in securities with exposure to foreign currencies, or they may invest in futures, forward contracts or other financial instruments whose value and performance are derived, at least in part, from the performance of an underlying asset and the creditworthiness of the counterparty to the transaction.

Endowment Distribution for Current Operations

The College's policy governing the amounts paid annually from the endowment to support current operations is designed to protect the value of the endowment against the expected impact of inflation and to provide real growth of the endowment, while also funding a relatively constant portion of the College's current operating expenditures. As such, the Board of Trustees designates only a portion of the College's cumulative investment return for support of current operations. The portion to be spent is determined by a budgetary process whereby the objective of the governing board is that the actual spending does not exceed a certain percentage (5.0% in 2003 and 2002) of the trailing 12 quarter average of the market value of the Pool A consolidated funds. The amount of investment income and appreciation earned by the consolidated investments of Pool B is used for capital projects at the discretion of the Board of Trustees. The College distributed \$845,000 of the Pool B earnings for the years ended June 30, 2003 and 2002.

Under the College's total return policy, during periods when consolidated investment return exceeds the distribution, such excess return is added to the consolidated funds as unrestricted and temporarily restricted net assets. Conversely, when consolidated investment return is less than the distribution, such deficit is funded by accumulated excess return of the respective funds.

Charitable Remainder Trusts, Annuities and Deferred Giving Arrangements

The College's deferred giving arrangements consist primarily of gift annuities and pooled life income funds. The obligations associated with these arrangements are recorded at the present value of the aggregate liability to beneficiaries based upon their life expectancy. Discount rates ranging from 4.63% to 7.00% were used to calculate the present value of the obligations at June 30, 2003 and 2002. The

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

A. Significant Accounting Policies (continued)

assets of gift annuities and pooled life income funds are included at market value in investments of annuities and life income agreements on the Statement of Financial Position.

The College is also a beneficial owner of charitable remainder trusts that are held and administered by an independent trustee at the direction of the donor. Since the College is not a trustee, a liability is not recognized and the trust assets are included at their actuarial present value in contributions receivable from remainder trusts on the Statement of Financial Position.

Land, Buildings, and Equipment

Land, building, and equipment are valued at cost if purchased or constructed or at fair market value at the date of the gift if donated, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of the assets as follows:

Land improvements	10 years
Buildings	40 years
Building improvements	15-20 years
Moveable equipment	5 years
Automobiles	3 years

Land, buildings and equipment are removed from the College's records at the time of disposal and any resulting gain or loss is reflected in the Statement of Activities. Ordinary repairs and maintenance are charged to expenses, whereas major improvements are capitalized.

Government Advances for Student Loans

Government advances for student loans include funds advanced to the College by the U.S. government under the Federal Perkins Loan Program (the "Program"). Student loans under the Program are subject to significant restrictions. Such funds are re-loaned by the College after collection, but in the event that the College no longer participates in the Program, the amounts are generally refundable to the U.S. government.

Long-Term Debt

The fair values of notes payable approximate cost because they bear interest at rates that approximate current market rates for debt with similar maturities and credit quality.

Nonoperating Activities

Nonoperating activities include transactions such as contributions or grants to be used for facilities and equipment. Nonoperating activities also include the investment return in excess of amounts used for operations in accordance with the College's spending policy.

Allocation of Certain Expenses

The statement of activities presents expenses by functional classification. Operation and maintenance of plant is allocated to program and supporting activities based upon building usage. Depreciation of plant assets is allocated based principally upon square footage of facilities. Interest expense is allocated to the functional classifications that benefited from the use of the proceeds of the debt.

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

A. Significant Accounting Policies (continued)

Income Tax Status

The College has a determination letter from the Internal Revenue Service stating that the College is a tax-exempt organization according to the Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses reported for the period. Actual results could differ from those estimates.

At June 30, 2003, reserves had been established for uncollectible student accounts and pledges receivable. These reserves were estimated based on historical collection and allowance practices as well as on management's evaluation of current trends. The College believes that the methods and assumptions used in computing these liabilities are appropriate.

B. Pledges Receivable

Unconditional promises to give, either written or oral, supported by verifiable documentation, are included in the accompanying financial statements as pledges receivable. These amounts are recorded at their estimated fair value, less an appropriate reserve. Amounts due in more than one year are recorded at the present value of the estimated future cash flows, discounted at risk-free rates applicable to the years in which the promises were received.

Conditional promises in the form of bequest intentions are not recognized as contributions until the College is notified of its valid interest in an estate by the appropriate court.

Unconditional promises are expected to be realized as follows:

	2003	2002
In one year or less	\$ 2,223,408	\$ 2,949,698
Between one year and five years	4,398,428	4,093,929
More than five years	1,900,000	1,700,000
Total	8,521,836	8,743,627
Less:		
Discount to present value	(873,030)	(1,080,014)
Allowance for unfulfilled pledges	(510,297)	(451,788)
Pledges Receivable, net	\$ 7,138,509	\$ 7,211,825

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

C. Investments

Investments are classified as consolidated (Pools A, B, and C) and nonconsolidated. The components of these classifications by type of investment are as follows:

	2003		2002	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Consolidated Investments				
Cash	\$258,604	\$258,604	\$ 3,322,056	\$ 3,322,056
Fixed income securities	51,036,078	51,923,441	42,485,213	40,861,011
Equity	60,200,963	77,756,811	66,919,677	84,751,581
	<u>111,495,645</u>	<u>129,938,856</u>	<u>112,726,946</u>	<u>128,934,648</u>
Nonconsolidated Investments				
Real estate	-	306,637	-	214,240
Fixed income securities	1,906,342	2,169,493	1,652,538	2,354,025
Common stocks	539,169	1,030,855	602,494	1,355,495
Cash equivalents	7,560,607	7,560,607	5,928,810	5,928,810
	<u>10,006,118</u>	<u>11,067,595</u>	<u>8,183,842</u>	<u>9,852,570</u>
Total investments	<u>\$ 121,501,763</u>	<u>\$ 141,006,448</u>	<u>\$ 120,910,788</u>	<u>\$ 138,787,218</u>

The division of the investments among the various funds is as follows:

	2003		2002	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Endowment funds				
Consolidated	\$ 107,207,106	\$ 125,259,820	\$ 107,598,922	\$ 123,559,658
Nonconsolidated	6,156,164	6,636,114	4,524,476	5,119,777
	<u>113,363,270</u>	<u>131,895,934</u>	<u>112,123,398</u>	<u>128,679,435</u>
Life income and annuity funds				
Consolidated	4,288,539	4,679,035	5,128,023	5,374,990
Nonconsolidated	2,446,874	3,028,399	2,262,578	3,336,004
	<u>6,735,413</u>	<u>7,707,434</u>	<u>7,390,601</u>	<u>8,710,994</u>
Short-term investments				
Nonconsolidated	1,403,080	1,403,080	1,396,789	1,396,789
Total Investments	<u>\$ 121,501,763</u>	<u>\$ 141,006,448</u>	<u>\$ 120,910,788</u>	<u>\$ 138,787,218</u>

As of June 30, 2003 and 2002, the market value attributable to certain endowment funds was less than the permanently restricted original gift amount by an aggregate amount of \$562,879 and \$98,948. In accordance with FASB Statement 124, this amount has been recorded as a reduction in unrestricted net assets.

At June 30, 2003 and 2002, investments with a market value of approximately \$1,403,080 and \$1,396,789 respectively (included in nonconsolidated investments) are held as collateral for bonds payable (See Note E).

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

C. Investments (continued)

State law allows the Board of Trustees to appropriate so much of net appreciation on donor restricted endowment funds as is prudent considering the College's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. For fiscal years 2003 and 2002 the Board of Trustees authorized an endowment-spending rate of 5.0%, to support current operations. The following schedule summarizes the investment return in excess (deficit of) and its classification in the Statement of Activities.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2003 Total</u>	<u>2002 Total</u>
Dividends, interest and rents	\$ 1,846,183	\$ 72,220	\$ -	\$ 1,918,403	\$ 3,391,663
Net realized and unrealized gains	(1,698,099)	5,296,984	-	3,598,885	(11,187,324)
Return on long-term investments	148,084	5,369,204	-	5,517,288	(7,795,661)
Other investment income	131,576	(1,166)		130,410	310,737
Total return on investments	279,660	5,368,038		5,647,698	(7,484,924)
Investment return designated for Current operations	2,521,746	4,309,957		6,831,703	(6,526,912)
Investment return in excess of amounts designated for current operations	<u>\$ (2,242,086)</u>	<u>\$ 1,058,081</u>		<u>\$ (1,184,005)</u>	<u>\$ (14,011,836)</u>

Management, custodial and performance fees for the endowment investments and other College investments are charged to the investment portfolios and were estimated to be \$1,468,830 and \$2,175,542 at June 30, 2003 and 2002, respectively. Net unrealized and realized gains are presented net of these fees.

The College participates in certain limited partnership arrangements as part of its endowment portfolio. Unfunded capital commitments as of June 30, 2003, on these investments approximated \$2,875,000 .

D. Land, Buildings, and Equipment

Land, buildings, and equipment are as follows:

	<u>2003</u>	<u>2002</u>
Land	\$ 3,795,206	\$ 3,317,482
Buildings and building improvements (including fixed equipment)	88,176,695	85,340,661
Moveable equipment	9,074,376	8,061,043
Library books	428,666	375,666
Automobiles	229,814	229,814
Construction in progress	445,364	263,288
	<u>102,150,121</u>	<u>97,587,954</u>
Less: Accumulated depreciation	<u>(35,069,695)</u>	<u>(31,451,870)</u>
	<u>\$ 67,080,426</u>	<u>\$ 66,136,084</u>

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

Depreciation expense was \$3,617,825 and \$2,820,425 for the years ending June 30, 2003 and June 30, 2002, respectively.

E. Bonds and Notes Payable

Outstanding bonds and notes payable are as follows:

	2003	2002
Department of Housing and Urban Development (HUD) Dormitory and Dining Hall bonds Series C, 3.50%, maturing serially until 2013	\$ 635,000	\$ 685,000
Massachusetts Health and Educational Facilities Authority (MHEFA) Series C, 5.4% average interest rate maturing serially until 2019	15,300,000	15,925,000
Series D, 6.0% average interest rate maturing serially until 2018	1,480,000	1,540,000
Series J-5, Capital Asset Program issue, variable interest rate, maturing June 15, 2024	10,000,000	10,000,000
Marriott Management Services Corporation Note, 5.21%, maturing October 1, 2004	49,027	95,791
Massachusetts Health and Educational Facilities Authority (MHEFA) Master Lease and Sublease Agreement, 5.475% interest rate, maturing on August 1, 2002	-	84,032
	\$ 27,464,027	\$28,329,823

In 1994, the College utilized \$15,268,293 of the proceeds from the Series C revenue bonds to advance refund the Series B bond issue. In addition, \$1,652,198 from the College debt service reserve funds was deposited into the Series B Refunding Trust. The outstanding principal of the defeased Series B bonds, at June 30, 2003 and 2002, which is not reflected in the College's financial statements, was \$12,625,000 and \$13,005,000 respectively. The Refunding Trust Fund is invested in cash and U.S. Government obligations and will provide for future payments of principal, redemption premium, and interest on the Series B bonds. In order to meet these obligations, the amount deposited in escrow was greater than the par value of the Series B bonds.

The Dormitory and Dining Hall Bonds payable to the U.S. Department of Housing and Urban Development (HUD) are collateralized by an indenture of trust that provides for a mortgage on the related buildings and sites (Meadows and Chase Halls), a first lien and pledge of the net revenues derived from the operations of the mortgaged facilities and collateral account with the trustee with an aggregate market value of at least \$260,000. At June 30, 2003 and 2002, collateralized marketable securities had a market value of approximately \$332,713 and \$329,292 respectively. The debt service reserve account had a market value of approximately \$278,238 and \$275,378 as of June 30, 2003 and 2002, respectively.

In 2001, the Massachusetts Health and Educational Facilities Authority Capital Asset Program, Series J-5 Bonds were issued in the amount of \$10,000,000. The proceeds were used to finance the construction and equipping of a new student residence hall, a parking lot and various other campus renovation projects. The debt service reserve account had a market value of \$791,685 as of June 30, 2003 and 2002 respectively.

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

E. Bonds and Notes Payable (continued)

The aggregate required principal payments of all bonds and notes payable for each of the next five fiscal years, and to maturity, are as follows.

2004	1,074,072
2005	1,060,048
2006	1,125,951
2007	1,177,808
2008	1,235,677
2009 and thereafter	21,790,471
Total	<u>\$ 27,464,027</u>

In accordance with the provisions of the MHEFA revenue bonds, the College remits funds to the Trustee fifteen days prior to the due date of the semi-annual debt service payments.

F. Net Assets

The net assets as of June 30, 2003 are summarized as follows:

June 30, 2003

Detail of Net Assets	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating funds:				
Undesignated	\$ 2,020,657			\$ 2,020,657
College designated	187,120			187,120
Donor restricted		\$ 3,685,357		3,685,357
Funds for facilities and student loans	42,265,644	6,296,945		48,562,589
Annuity, life income and unitrust funds	764,275		\$ 3,956,555	4,720,830
Endowment funds and other funds functioning as endowment	44,668,959	37,602,170	50,830,914	133,102,043
Total Net Assets	\$ 89,906,655	\$ 47,584,472	\$ 54,787,469	\$ 192,278,596

WHEATON COLLEGE
NOTES TO FINANCIAL STATEMENTS

G. Commitments and Contingencies

During 1996, the College entered into an agreement to lease certain land. The agreement provides for the land ownership to be retained by Wheaton College and for the lessee to lease the property for 99 years.

Concurrent with the land lease, the lessee constructed a medical center on the property and assumed the role of the College's health center and also is serving the residents of the Town of Norton. As part of this arrangement, an agreement was entered into by the two parties whereby the College pays \$100,000 annually for the aforementioned provided services and the rental of the space used by the College's employees who are housed at the center. This agreement is automatically renewable annually (unless otherwise agreed to by the parties) at a rate of \$100,000 per year adjusted by the value of the CPI. For the fiscal years ended June 30, 2003 and 2002, the expense was \$116,954 and \$111,374, respectively.

The College is engaged in legal cases, which have arisen in the normal course of its operations. The College believes the outcome of these cases will have no material adverse effect on the financial position of the College.

H. Retirement Plan

The College has a defined contribution retirement plan that is designed to meet the requirements of Section 403(b) of the Internal Revenue Code. The plan is administered by Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF). Any Wheaton employee (excluding student employees) may make voluntary pre-tax contributions to the plan. Employees are eligible to receive a contribution from the College after meeting specific requirements. There is no service requirement and no required employee contribution in order to receive the College's contribution.

The College's costs under the retirement plan amounted to \$1,759,349 and \$1,645,117 in 2003 and 2002, respectively.

I. Fund-raising

Expenses incurred in carrying out the fund-raising activities of the College, which amounted to \$3,108,383 and 2,771,081 for the years ended June 30, 2003 and 2002, respectively, are included primarily in the Institutional Support expense category on the statement of activities.

DEFINITIONS OF CERTAIN TERMS

In addition to terms defined elsewhere in this Official Statement, the following terms have the following meanings in this Official Statement, unless the context otherwise requires:

“Act” means Chapter 614 of the Massachusetts Acts of 1968 as amended from time to time.

“Additional Indebtedness” means Indebtedness of the Institution incurred in accordance with the Agreement.

“Authorized Officer” means: (i) in the case of the Authority, the Chairman, Vice Chairman, Executive Director, Director of Financing Programs or Director of Finance, and when used with reference to an act or document of the Authority also means any other person authorized to perform the act or execute the document; and (ii) in the case of the Institution, the Chairman or other presiding officer of the Board of Trustees, the President, Director or other chief executive or administrative officer, any Vice President or Vice Chairman, the Treasurer or other chief financial officer or any Assistant Treasurer, and when used with reference to an act or document of the Institution, also means any other person authorized to perform the act or execute the document.

“Balloon Indebtedness” means Long-Term Indebtedness which is secured by a refinancing arrangement meeting the requirements of the Agreement or which is part of an issue of Indebtedness twenty-five percent (25%) or more of which has its Date of Maturity in the same twelve (12) month period.

“Bond Counsel” means any attorney at law or firm of attorneys selected by the Authority, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States, but shall not include counsel for the Institution.

“Bond Year” means each one year period (or shorter period from the date of issue of a series of Bonds) ending on June 30.

“Bondowners” means the registered owners of the Bonds from time to time as shown in the books kept by the Trustee as bond registrar and transfer agent.

“Bonds” or “Series E Bonds” means the Massachusetts Health and Educational Facilities Authority Revenue Bonds, Wheaton College Issue, Series E (2004), dated April 1, 2004, and the term “Bonds” also means any additional Bonds issued under the Agreement, and any Bond or Bonds duly issued in exchange or replacement therefor.

“Business Day” means a day on which banks in the city in which the principal office of the Trustee is located is not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of the date of issuance of each series of Bonds between the Institution and U.S. Bank National Association, as Trustee, as originally executed and as it may be amended from time to time in accordance with its terms.

“Core Campus” means the real property bounded by East Main Street, Pine Street, Filmore Drive and Howard Street as shown on the “Base Map of Wheaton College in Norton, Massachusetts” attached as an exhibit to the Agreement.

APPENDIX C-1

“Date of Maturity” means as to any Indebtedness of the Institution, as of any date of determination, the first date thereafter on which such Indebtedness is payable, whether at maturity, by mandatory redemption (or purchase) or by redemption (or purchase) at the option of the holders; provided, that if portions of any Indebtedness are payable on different dates, the Date of Maturity shall be separately determined for each such portion. Balloon Indebtedness may be deemed to be payable as provided in the Agreement in order to adjust actual Dates of Maturity for such Indebtedness to assumed Dates of Maturity, to be used in calculating Total Principal and Interest Requirements.

“Government or Equivalent Obligations” means (i) obligations issued or guaranteed by the United States; (ii) certificates evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (i), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee or the Authority, as the case may be, in a special account separate from the general assets of such custodian; and (iii) shares of any open-end or closed-end management type investment company or trust registered under 15 U.S.C. §80(a)-1 *et seq.*, provided that the portfolio of such investment company or trust is limited to obligations described in clause (i) and repurchase agreements fully collateralized by such obligations, and provided further that such investment company or trust shall take custody of such collateral either directly or through a custodian satisfactory to the Trustee or the Authority.

“Hedge Agreement” means an interest rate swap, cap, collar, floor, forward, or other hedging agreement, arrangement or security, however denominated, expressly identified pursuant to its terms as being entered into in connection with and in order to hedge interest rate fluctuations on all or a portion of any Indebtedness.

“Indebtedness” shall mean all obligations of the Institution for borrowed money, or installment sale and capitalized lease obligations, incurred or assumed, including guaranties, Long-Term Indebtedness, Short-Term Indebtedness, subordinated Indebtedness or any other obligation of the Institution for payments of principal and interest with respect to money borrowed.

“IRC” means the Internal Revenue Code of 1986, as it may be amended and applied to each series of Bonds from time to time.

“Long-Term Indebtedness” means any Indebtedness which is not Short-Term Indebtedness.

“Moody’s” means Moody’s Investors Service, Inc., or any successor rating agency.

“Net Revenues Available for Debt Service” means the excess of revenues over expenses (excluding from revenues and expenses (i) extraordinary items, (ii) any unrealized market gains or losses attributable to investment assets, and (iii) losses on other than temporarily impaired assets, and excluding from expenses (i) depreciation, (ii) interest on Long-Term Indebtedness, and (iii) amortization of bond discount and financing expenses), as determined in accordance with generally accepted accounting principles, provided further that there shall be excluded from revenues and expenses, as the case may be, any gain or loss resulting from the valuation any Hedge Agreements at market value.

“Opinion of Bond Counsel” means an opinion of Bond Counsel to the effect that the matter or action in question will not have an adverse impact on the tax-exempt status of the Bonds for federal income tax purposes.

“Outstanding,” when used to modify Bonds, refers to Bonds issued under the Agreement, excluding: (i) Bonds which have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment or a sinking fund installment; (ii) Bonds which have been paid; (iii) Bonds

which have become due and for the payment of which moneys have been duly provided; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations described in clause (i) or (ii) of the definition thereof bearing interest at such rates, and with such maturities as will provide sufficient funds, to pay or redeem them, provided, however, that if any such Bonds are to be redeemed prior to maturity, the Authority shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee.

“Project” means the acquisition of land, site development, construction or alteration of buildings or the acquisition or installation of furnishings and equipment, or any combination of the foregoing, in connection with the following:

Existing Part of the Project:

(A) Series A Project

(1) construction and renovation of the 66,439 gross square foot Wallace Memorial Library; and

(2) renovation and restoration of the Science Center; and

(B) Series B Project

(3) construction of the 95,000 gross square foot Haas Athletic Center;

(4) renovation of several office buildings used as dormitory space; and

(5) acquisition of a 3.7 acre parcel of land and the buildings thereon.

(C) HEFA Capital Asset Program Loan

(6) construction and renovation of existing facilities for the Balfour-Hood Campus Center.

New Part of the Project:

The new construction and acquisition of routine capital improvements, including but not limited to, equipment replacement, campus networking equipment, fire safety improvements to residence halls and interior renovations to academic and non-academic buildings.

The word “Project” also refers to the facilities which result or have resulted from the foregoing activities. The scope of the Project may be increased or decreased upon certification by the Project Officer on behalf of the Institution to the Trustee and the Authority describing the change, estimating the resulting increase or decrease in the cost of the Project and stating that the amendment will not cause the Project to violate any applicable building, zoning, land use, environmental protection, historical, sanitary, safety or educational laws, rules and regulations or applicable grant, reimbursement or insurance requirements or the provisions of the Agreement. The signers of the certificate may rely, as to conclusions of law, on an opinion of counsel furnished to the Authority and referred to in the certificate. The Authority may waive any provision required to be contained in the certificate upon advice of counsel that such waiver will not adversely affect the security for the Bonds. The scope of the Project may be

APPENDIX C-1

increased only upon receipt by the Trustee of an Opinion of Bond Counsel regarding the increase in scope.

“Project Costs” means the costs of issuing the Bonds and carrying out the Project, including repayment of external loans and internal advances for the same to the extent permitted by the Agreement and the Tax Certificate, working capital expenditures directly related to the Project to the extent permitted by the IRC, and interest prior to, during and for up to one year after construction is substantially complete, but excluding general administrative expenses, overhead of the Institution and interest on internal advances.

“Project Officer” means the Vice President for Finance and Operations or the Controller or an alternate or successor appointed by the Institution.

“Property” means any and all of the Institution’s rights, titles and interests in and to any and all property, whether real or personal, tangible or intangible and wherever situated including, without limitation, accounts, accounts receivable, contract rights and general intangibles, and all proceeds of all of the foregoing, whether cash or non-cash.

“Refunding Trust Agreement” means the Refunding Trust Agreement dated as of April 1, 2004 among the Authority, the Institution and U.S. Bank National Association, as successor to The First National Bank of Boston, as Trustee for the Series C Bonds.

“Restricted Indebtedness” means indebtedness of the Institution incurred after the issuance of the Series E Bonds, as security for which the Institution grants a mortgage on all or any part of its Core Campus and/or a lien on its Tuition Receipts.

“Revenues” means all rates, mortgage payments, rents, fees, charges, and other income and receipts, including proceeds of insurance, eminent domain and sale, and including proceeds derived from any security provided under the Agreement, payable to the Authority or the Trustee under the Agreement, excluding administrative fees of the Authority, fees of the Trustee, reimbursements to the Authority or the Trustee for expenses incurred by the Authority or the Trustee, and indemnification of the Authority and the Trustee.

“S&P” means Standard & Poor’s Ratings Group, Inc., or any successor rating agency.

“Series C Bonds” means the Authority’s Revenue Bonds, Wheaton College Issue, Series C, dated February 1, 1994, originally issued in a principal amount of \$17,660,000.

“Short-Term Indebtedness” means any indebtedness of the Institution no portion of which has a date of maturity more than one (1) year from the date of original issuance thereof.

“Tax Certificate” means each Tax Certificate and Agreement between the Authority and the Institution dated the date of original issuance of each series of Bonds.

“Total Principal and Interest Requirements” means amounts required during a year (or twelve (12) consecutive calendar months) to amortize principal and to pay interest (other than capitalized interest) on Long-Term Indebtedness, taking into account in determining the Total Principal and Interest Requirements for any future period that (i) at the election of the Institution, Indebtedness described in the Agreement shall be deemed payable on the dates and in the amounts contemplated in the Agreement; (ii) principal on all Indebtedness shall be deemed to be payable on the Date of Maturity thereof; (iii) the amounts of principal and interest taken into account during such period shall exclude amounts payable

from proceeds of any refunding Indebtedness issued during such period or from interest earnings on the proceeds of such refunding Indebtedness; and (iv) in the event that there shall have been issued or entered into in respect of all or a portion of any Indebtedness a Hedge Agreement, and (A) interest on such Indebtedness or such portion of such Indebtedness is payable at a variable rate of interest for any future period of time or is calculated at a varying rate per annum, and (B) a fixed rate is specified as payable by the Institution in such Hedge Agreement or such Indebtedness, taken together with the Hedge Agreement, results in a net fixed rate payable by the Institution for such period of time (the “Hedge Fixed Rate”), assuming the Institution and the party(ies) with whom the Institution has entered into the Hedge Agreement make all payments required to be made by the terms of the Hedge Agreement, then such Indebtedness shall be deemed for all purposes under the Agreement to bear interest for such period of time at the Hedge Fixed Rate and all provisions hereof applicable for fixed rate indebtedness shall apply with respect thereto. If any issue of Additional Indebtedness or other Long-Term Indebtedness bears other than a fixed rate of interest, calculations for the purposes of determining the maximum Total Principal and Interest Requirements with respect to such Indebtedness shall be made in accordance with the Agreement.

“Tuition Receipts” means revenues and receipts of the Institution from tuition receipts or general student fee receipts, which include fees for instruction, or the accounts or general intangibles giving rise to such receipts.

“UCC” means the Massachusetts Uniform Commercial Code.

Words importing persons include firms, associations and corporations, and the singular and plural form of words shall be deemed interchangeable wherever appropriate.

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APPENDIX C-2

SUMMARY OF THE LOAN AND TRUST AGREEMENT

The following is a brief summary, prepared by Palmer & Dodge LLP, Bond Counsel to the Authority, of certain provisions of the Loan and Trust Agreement (the “Agreement”), pertaining to the Bonds and the Project. The summary does not purport to be complete, and reference is made to the Agreement for full and complete statements of such and all provisions.

Establishment of Funds

The following funds have been established and shall be maintained with the Trustee for the account of the Institution, to be held in trust by the Trustee and applied subject to the provisions of the Agreement:

Debt Service Fund; and

Redemption Fund.

A Construction Fund and Expense Fund have been established with the Authority to be held by the Authority in trust for the account of the Institution and applied subject to the provisions of the Agreement. (Sections 303, 304, 306 and 401)

Construction Fund

The moneys in the Construction Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in the Agreement, shall be applied by the Authority solely to the payment or reimbursement of Project Costs. If there is an Event of Default known to the Authority with respect to payments to the Debt Service Fund or to the Authority or the Trustee, the Authority may use the Construction Fund without requisition to make up the deficiency, and the Institution shall restore the funds so used. (Section 401)

Debt Service Fund

The moneys in the Debt Service Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal (including sinking fund installments), redemption premium, if any, and interest on the Bonds. (Section 303)

Redemption Fund

The moneys in the Redemption Fund and any investments held as a part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee on behalf of the Authority solely to the redemption of Bonds. The Trustee may, and upon written direction of the Institution for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid from the Debt Service Fund.

If on any date the amount in the Debt Service Fund is less than the amount then required to be applied by the Trustee to pay the principal (including sinking fund installments) and interest then due on the Bonds, the Trustee shall apply the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding

purchase contracts) to the Debt Service Fund to the extent necessary to meet the deficiency. The Institution shall remain liable for any sums which it has not paid into the Debt Service Fund and any subsequent payment thereof shall be used to restore the funds so applied. (Section 304)

Expense Fund

The moneys in the Expense Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in the Agreement, shall be applied by the Authority at the written direction of the Institution solely to the payment or reimbursement of the costs of issuing the Bonds. The Authority shall pay from the Expense Fund the costs of issuing the Bonds, among other fees. Earnings on the Expense Fund shall not be applied to pay costs of issuance of the Bonds, but shall be transferred to the Construction Fund. After all costs of issuing the Bonds have been paid any amounts remaining in the Expense Fund shall be transferred to the Construction Fund. To the extent the Expense Fund is insufficient to pay any of the above costs, the Institution shall be liable for the deficiency and shall pay such deficiency as directed by the Authority. (Section 306)

Payment of Rebate

No later than sixty (60) days after the close of the fifth Rebate Year following the date of issue of a series of Bonds (or any earlier date that may be required) and the close of each fifth Rebate Year thereafter, the Institution shall pay to the United States on behalf of the Authority the full amount then required to be paid under IRC §148(f) and the regulations thereunder (the “Rebate Provision”). Within sixty (60) days after the Bonds of a series have been paid in full, the Institution shall pay to the United States on behalf of the Authority the full amount then required to be paid under the Rebate Provision. If the Institution has elected to pay a penalty in lieu of rebate pursuant to IRC §148(f)(4)(C)(vii), the Institution shall pay any such penalty when due. Each such payment shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 or any successor location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other similar information reporting form) prepared by the Institution.

No later than fifteen (15) days prior to each date on which a payment could become due under the paragraph above (a “Rebate Payment Date”), the Institution shall deliver to the Authority and the Trustee a certificate either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid pursuant to the paragraph above. If the certificate specifies an amount to be paid, (A) such certificate shall be accompanied by a completed Form 8038-T, which is to be signed by an officer of the Authority, and shall include a certification stating that the Form 8038-T is accurate and complete, and (B) no later than ten (10) days after the Rebate Payment Date the Institution shall furnish to the Authority and the Trustee a certificate stating that such amount has been timely paid. (Section 305)

Application of Moneys

If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal (including sinking fund installments), redemption price and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee in accordance with the Agreement, be applied (in the order such Funds are named in this paragraph) first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal (including sinking fund installments) and redemption premiums, if any, without

APPENDIX C-2

regard to the order in which the same became due (in proportion to the amounts due). For this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied pursuant to this paragraph, such moneys shall be applied at such times, and from time to time, as the Trustee in its discretion 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 exercise such discretion it shall fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Trustee may require presentation of the Bond for endorsement of the payment. (Section 307)

Payments by the Institution

On or before December 15 and June 15 in each year, the Institution shall pay to the Trustee for deposit in the Debt Service Fund an amount equal to the interest coming due on the Bonds on the next January 1 or July 1, as the case may be, plus one-half (1/2) of the principal (including any sinking fund installment) coming due on the Bonds on the next July 1.

At any time when any principal (including sinking fund installments) of the Bonds is overdue, the Institution shall also have a continuing obligation to pay to the Trustee for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required under the Agreement shall not otherwise bear interest. Redemption premiums shall not bear interest.

Payments by the Institution to the Trustee for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Institution to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay principal (including sinking fund installments) and interest on the Bonds when due, the Institution shall supply the deficiency. (Section 308)

Special Redemption

If moneys are transferred to the Redemption Fund upon completion of the Project or in the event that there is damage to or destruction or taking of the Project which produces proceeds of insurance or condemnation awards, such moneys (and earnings thereon) shall be used to redeem Bonds within one (1) year, except to the extent previously used to purchase Bonds or transferred to the Debt Service Fund in accordance with the Agreement or this paragraph. The Series E Bonds are subject to redemption pursuant to this paragraph as a whole or in part at any time, in such order of maturity or sinking fund installments as directed by the Institution, (provided that, if less than all of the Bonds outstanding of any maturity shall be called for redemption, the Bonds to be so redeemed shall be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee), at their principal amounts plus accrued interest to the redemption date. If the amount available in the Redemption Fund to redeem Bonds at any time is less than \$50,000, the Trustee may, and upon written direction of the Institution shall, transfer it to the Debt Service Fund for credit against deposits otherwise required to be made therein with respect to principal instead of calling Bonds for redemption. (Section 304)

Investments

As more fully described in the Agreement, pending their use under the Agreement, moneys in the Funds and Accounts established pursuant to the Agreement may be invested by the Trustee or the

Authority, as the case may be, in Permitted Investments (as defined below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Institution if there is not then an Event of Default known to the Trustee or the Authority, as appropriate, provided that the Institution shall not request, authorize or permit any investment which would cause any Bonds to be classified as “arbitrage bonds” as defined in IRC §148. Notwithstanding the foregoing, any amount of moneys deposited in the Construction Fund pursuant which has not been expended within three (3) years of the date of closing shall be invested only in Permitted Investments with a yield not more than 1/8% higher than the yield on the Bonds, unless otherwise permitted by an Opinion of Bond Counsel. Any investments pursuant to the Agreement shall be held by the Trustee or the Authority, as applicable, as a part of the applicable Fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such Fund, subject to the notice provisions of Section 9-611 of the UCC to the extent applicable.

Except as set forth below, any interest realized on investments in any Fund and any profit realized upon the sale or other disposition thereof shall be credited to the Fund with respect to which they were earned and any loss shall be charged thereto. Earnings (which for this purpose include net profit and are after deduction of net loss) on accrued interest deposited in the Debt Service Fund and on the Expense Fund shall be transferred to the Construction Fund not less often than quarterly. Earnings the Redemption Fund shall be transferred to the Debt Service Fund and credited against payments otherwise required to be made thereto not less often than quarterly.

Unless otherwise required by the laws of The Commonwealth of Massachusetts, the term “Permitted Investments” means (A) Government or Equivalent Obligations, (B) “tax exempt bonds” as defined in IRC §150(a)(6), other than “specified private activity bonds” as defined in IRC §57(a)(5)(C), rated at least “AA” or “Aa” by S&P and Moody’s, respectively, or the equivalent by any other nationally recognized rating agency at the time of acquisition thereof or shares of a so-called money market or mutual fund that do not constitute “investment property” within the meaning of IRC §148(b)(2), provided either that the fund has all of its assets invested in “tax-exempt bonds” of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated “AAm” or “AAm-G” if rated by S&P, (C) negotiable certificates of deposit or other evidences of deposit issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank, which have assets of not less than \$1,000,000,000, provided that the senior debt obligations of the issuing institution are rated “Aa3” or “AA-” or better by Moody’s or S&P and mature not more than two years after the date of purchase, (D) bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances), provided that such bankers acceptances may not exceed 180 days maturity, and provided further that the accepting bank has the highest short-term letter and numerical rating as provided by Moody’s or S&P, (E) Repurchase Agreements, (F) money market funds rated at least “Aam” or “AAm-G” by S&P, (G) investment agreements with providers rated at least “AA-” and “Aa3” by S&P and Moody’s, respectively, (H) collateralized investment agreements with providers rated at least “A-” and “A3” by S&P and Moody’s, respectively, (I) Federal Agency Securities and participation certificates issued by the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank System, Student Loan Marketing Association, World Bank or Federal Agricultural Mortgage Corporation, and (J) commercial paper which is rated at the time of purchase at least “A-1+” by S&P or “P-1” by Moody’s and which matures not more than 270 days after the date of purchase. The term “Repurchase Agreement” shall mean a written agreement under which a bank or trust company which has a capital and surplus of not less than \$50,000,000 or a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York sells to, and agrees to repurchase from the Authority or the Trustee obligations issued or guaranteed by the United States; provided that the market value of such obligations

APPENDIX C-2

is at the time of entering into the agreement at least one hundred and three percent (103%) of the repurchase price specified in the agreement and that such obligations are segregated from the unencumbered assets of such bank or trust company or government bond dealer; and provided further that unless the agreement is with a bank or trust company, such agreement shall require the repurchase to occur on demand or on a date certain which is not later than one (1) year after such agreement is entered into and shall expressly authorize the Trustee or the Authority, as the case may be, to liquidate the purchased obligations in the event of the insolvency of the party required to repurchase such obligations or the commencement against such party of a case under the federal Bankruptcy Code or the appointment of or taking possession by a trustee or custodian in a case against such party under the Bankruptcy Code. Any such investments may be purchased from or through the Trustee.

Notwithstanding the immediately preceding paragraph, Permitted Investments shall not include the following:

(1) Government or Equivalent Obligations, certificates of deposit and bankers' acceptances, in each case with yields lower than either (1) the yield available on comparable obligations then offered by the United States Treasury or (2) the highest yield published or posted by the provider of the Permitted Investments to be currently available from the provider on reasonably comparable investments;

(2) any demand deposit or similar account with a bank, trust company or broker, unless (1) the account is used for holding funds for a short period of time until such funds are reinvested or spent, and (2) substantially all the funds in the account are withdrawn for reinvestment or expenditure within fifteen (15) days of their deposit therein; or

(3) Repurchase Agreements or investment agreements, unless (1) at least three (3) bids are obtained on the proposed Repurchase Agreement or investment agreement from persons other than those with an interest in the Bonds, (2) the highest yielding Repurchase Agreement or investment agreement for which a qualifying bid is received is purchased, (3) the provider of the Repurchase Agreement or investment agreement certifies that the yield on the Repurchase Agreement or investment agreement is not less than the yield then available from the provider on reasonably comparable Repurchase Agreements or investment agreements, as applicable, if any, offered to persons who are purchasing the agreement from a source other than proceeds of tax-exempt bonds, (4) the terms of the Repurchase Agreement or investment agreement, including collateral requirements, are reasonable, and (5) a written record of the yield offered by each bidder is maintained.

Any of the requirements of the foregoing three paragraphs shall not apply to moneys allocable to any investment as to which the Trustee and the Authority shall have received an Opinion of Bond Counsel regarding the waiver of such requirements. Permitted Investments shall not include any investment that would cause any of the Bonds to be federally guaranteed within the meaning of IRC §149(b). (Section 311)

Additional Indebtedness

The Authority may issue Additional Indebtedness to complete the Project or to refund Indebtedness previously issued under the Agreement, and (ii) upon fulfillment of the following conditions, (A) the Authority may issue Additional Indebtedness to finance or refinance any other project permitted under the Act ("Authority Additional Indebtedness"), and (B) the Institution may incur Additional Indebtedness for any purpose of the Institution or guarantee the Indebtedness of others

(provided that the Indebtedness guaranteed, if issued directly by the Institution, could be issued as Additional Indebtedness under the Agreement), provided however, no Restricted Indebtedness may be incurred unless such Indebtedness meets the requirements in summarized below under the heading “Restricted Indebtedness.” Authority Additional Indebtedness may be issued only with Authority approval after considering the interests of the Bondowners and other owners of Additional Indebtedness.

Authority Additional Indebtedness may be issued as additional series of Bonds pursuant to a supplement to the Agreement executed and delivered by the Institution, the Authority and the Trustee prior to the delivery of such additional Bonds, which supplement shall provide for the details of the additional Bonds, including the application of the proceeds thereof, substantially in accordance with the provisions hereof relating to the Series E Bonds. The supplemental agreement shall require payments by the Institution at such times and in such manner as shall be necessary to provide for full payment of the debt service on the additional Bonds as it becomes due. The supplemental agreement may also amend any other provision of the Agreement, provided that it will not have a material adverse effect upon the security for the Bonds, if any, and any other Authority Additional Indebtedness other than that implicit in the authorization of parity Indebtedness.

Authority Additional Indebtedness also may be issued in any other form pursuant to a separate agreement executed and delivered by the Institution, the Authority and a trustee named therein prior to the delivery of such Authority Additional Indebtedness. Such agreement shall provide for the details of the Authority Additional Indebtedness, including the application of the proceeds thereof. The agreement shall require payments by the Institution at such times and in such manner as shall be necessary to provide for full payment of the debt service on the Authority Additional Indebtedness as it becomes due. The agreement may also amend any other provision of the Agreement, provided that it will not have a material adverse effect upon the security for the Bonds, if any, and any other Authority Additional Indebtedness other than that implicit in the authorization of parity Indebtedness.

If the Additional Indebtedness is issued by a lender other than the Authority (an “Alternative Lender”), the Institution shall deliver to the Authority and the Trustee an executed counterpart of any agreement between the Institution and the Alternative Lender.

No Additional Indebtedness shall be incurred by the Institution (except to complete the Project or to refund Bonds) unless there shall have been filed with the Authority and the Trustee:

(1) In the case of Authority Additional Indebtedness only, a certificate of the Project Officer setting forth (A) the estimated cost of the project being financed or refinanced with the proceeds of the Additional Indebtedness, (B) the estimated amounts which will be required from month to month for paying such cost, and (C) the estimated date of completion of such project; and

(2) a certificate of the Institution’s chief financial officer stating that Net Revenues Available for Debt Service for the most recent fiscal year of the Institution for which audited financial statements are available or for any twelve (12) consecutive calendar months ending not more than one hundred and eighty (180) days prior to the issuance of the Additional Indebtedness were at least 1.00 times the maximum Total Principal and Interest Requirements (including the proposed Additional Indebtedness) for such period or any subsequent fiscal year during which Bonds or other Authority Additional Indebtedness will be Outstanding; or

(3) a certificate of the Institution’s chief financial officer stating that the estimated Net Revenues Available for Debt Service during the first two full fiscal years of operation of the

APPENDIX C-2

facilities to be financed by the Additional Indebtedness or the first two full fiscal years after a refinancing, if the facilities being refinanced are already in use and operation, are not expected to be less than 1.00 times the maximum Total Principal and Interest Requirements (including the proposed Additional Indebtedness) during the first two full fiscal years of operation of the facilities to be financed by the Additional Indebtedness or the first two full fiscal years after a refinancing, if the facilities being refinanced are already in use and operation..

Subject to the provisions of the Agreement limiting encumbrances on Tuition Receipts and the Core Campus in connection with the incurring of Restricted Indebtedness, Additional Indebtedness may be secured by a pledge, lien, mortgage, security interest or other encumbrance on property, other than money or other property on deposit in the funds created under the Agreement.

The Authority, the Institution and the Trustee may enter into a supplemental agreement amending the Agreement to provide for the incurring of Additional Indebtedness by the Institution in accordance with the provisions of the Agreement governing Additional Indebtedness and, with respect to Restricted Indebtedness, the provisions summarized below under the heading "Restricted Indebtedness." Such a supplemental agreement may provide, among other things, for the appointment of a security agent to act on behalf of the Authority and the Trustee with respect to the recovery and application of insurance proceeds and with respect to the enforcement of any lien on Tuition Receipts or Core Campus in the event of a default under the Agreement, for notices from the Trustee and the Authority to the Alternative Lender and the trustee for any Additional Indebtedness regarding defaults by the Institution, the duties and limitations of duties of the Trustee, the security agent and/or the Authority to pursue remedies, and the sharing of the rights of the Bondowners and the owners of other Authority Additional Indebtedness to control the exercise of remedies with the holders of Additional Indebtedness.

Notwithstanding the foregoing provisions, the Institution may incur Short-Term Indebtedness without meeting the conditions set forth above, provided that (i) such Short-Term Indebtedness is not at any time outstanding in an amount exceeding twenty per cent (20%) of the Institution's total unrestricted revenues as shown on its most recent audited financial statements; and (ii) for at least thirty (30) days in each fiscal year such Short-Term Indebtedness is not outstanding in an amount exceeding ten per cent (10%) of such total unrestricted revenues. (Section 501)

Debt Service on Balloon Indebtedness, Put Indebtedness and Variable Rate Indebtedness

At the election of the Institution, for the purpose of computations of Total Principal and Interest Requirements and debt service coverage ratios, whether historical or projected, the principal and interest deemed to be payable on Balloon Indebtedness or Indebtedness subject to tender by the holder thereof ("Put Indebtedness") for the period for which such calculation is being made shall be in accordance with the following: (1) if the Institution has obtained a binding commitment to refinance such Balloon Indebtedness or Put Indebtedness (or a portion thereof), including without limitation, a letter of credit or a line of credit, which commitment is subject only to usual conditions applicable to loans to entities similar to the Institution, the Balloon Indebtedness or Put Indebtedness (or portion thereof) may be deemed to be payable in accordance with the terms of the refinancing arrangement; provided, however, that if such refinancing arrangement has a term of not less than eighteen months, the Balloon Indebtedness or Put Indebtedness may be deemed to be payable in accordance with the provisions of the following paragraph or (2) if (a) the Date of Maturity of any portion of such Balloon Indebtedness or Put Indebtedness is more than eighteen (18) months after the date of any transaction for which a projection is made, or (b) the condition of paragraph (1) above is satisfied by a financing arrangement having a term not less than 18 months, or (c) if the aggregate amount of all outstanding Balloon Indebtedness and Put Indebtedness does not exceed 25% of the Institution's total revenues as shown on its most recent audited financial

statements, or (d) the Institution is making annual sinking fund payments with respect to such Balloon Indebtedness or Put Indebtedness and at the time of the transaction for which the projection is made, the Institution could incur \$1 of Additional Indebtedness under the section above entitled “Additional Indebtedness”, such portion of such Balloon Indebtedness or Put Indebtedness, as the case may be, may be deemed to be Indebtedness payable over a twenty (20) year term, at the interest rate certified below, or, with respect to Indebtedness which bears interest at other than a fixed rate, as provided in the paragraph below, in equal annual installments of principal and interest, provided that the Institution has delivered to the Authority a certificate of an investment banker satisfactory to the Authority stating that it is reasonable to assume that such Indebtedness could be sold and stating the interest rate then applicable to twenty (20) year obligations of comparable quality and type.

In determining Total Principal and Interest Requirements and debt service coverage ratios, whether historical or projected, the interest deemed to be payable on Indebtedness which bears interest at other than a fixed rate shall be calculated either at (1) the average interest rate for the preceding twelve months, or (2) the interest rate on comparable obligations with a maturity of twenty (20) years as set forth in a certificate of an investment banking firm acceptable to the Authority; provided, however, that the Institution may make other assumptions with respect to such Indebtedness as it deems reasonable and as are reasonably acceptable to the Authority. (Section 502)

Restricted Indebtedness.

The Institution has covenanted in the Agreement that it shall not incur Restricted Indebtedness except as permitted below:

The Institution may incur Restricted Indebtedness in the form of Short-Term Indebtedness provided that:

- (1) such Restricted Indebtedness is not at any time outstanding in an amount exceeding twenty per cent (20%) of the Institution’s total unrestricted revenues as shown on its most recent audited financial statements; and
- (2) for at least thirty (30) days in each fiscal year it is not outstanding in an amount exceeding ten per cent (10%) of such total unrestricted revenues.

The Institution may grant liens upon fixtures comprising part of the Core Campus to finance their acquisition or renovation.

The Institution may grant mortgages on then unoccupied portions of the Core Campus to finance construction of new buildings on such portions; provided that in connection with any such construction, there shall be a subdivision of land thereunder giving the minimum land area required to comply with applicable zoning bylaws and land use restrictions and also provided that such subdivision shall not affect adversely the title to or operations of any other facilities of the Institution.

The Institution may also incur Restricted Indebtedness provided that the lien that secures the Restricted Indebtedness also secures the Bonds equally and ratably. To this end, the parties hereto shall enter into a debt servicing agreement with any Alternative Lender or trustee acting on behalf of Alternative Lender of Restricted Indebtedness which may restrict the rights and duties of the parties hereto relating to, and which shall make provisions relating to, declarations of Events of Default, acceleration of indebtedness, the giving of notice, realizing upon the security for the Bonds and the Restricted Indebtedness and the application of proceeds derived from the exercise of rights and remedies to realize upon such security so that Bondowners and Alternative Lender of Restricted Indebtedness are

APPENDIX C-2

on a parity with each other, and may recover from such proceeds on a pro rata basis. (Section 1007)

Default by the Institution

“Event of Default” in the Agreement means any one of the events set forth below and “default” means any Event of Default without regard to any lapse of time or notice.

(1) Debt Service. Any principal or interest or redemption premium on the Bonds shall not be paid when due or the Institution shall fail to make any payment of debt service required of it under the Agreement within seven (7) days after the same becomes due and payable.

(2) Other Obligations. The Institution shall fail to make any other required payment to the Trustee, and such failure is not remedied within seven (7) days after written notice thereof is given by the Trustee to the Institution, or the Institution shall fail to perform its obligations under the Agreement, and such failure is not remedied within seven (7) days after written notice thereof is given by the Trustee to the Institution; or the Institution shall fail to observe or perform any of its other agreements, covenants or obligations under the Agreement and such failure is not remedied within sixty (60) days after written notice thereof is given by the Trustee to the Institution.

(3) Warranties. There shall be a material breach of warranty made herein by the Institution as of the date it was intended to be effective and the breach is not cured within sixty (60) days after written notice thereof is given by the Trustee to the Institution.

(4) Voluntary Bankruptcy. The Institution shall commence a voluntary case under the federal bankruptcy laws, or shall become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property.

(5) Appointment of Receiver. A trustee, receiver, custodian or similar official or agent shall be appointed for the Institution or for any substantial part of its property and such trustee or receiver shall not be discharged within sixty (60) days.

(6) Involuntary Bankruptcy. The Institution shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for sixty (60) days.

(7) Breach of Other Agreements. A breach shall occur (and continue beyond any applicable grace period) with respect to the payment by the Institution of debt service on Indebtedness of the Institution for borrowed money with respect to loans exceeding \$1,000,000, or with respect to the performance of any agreement securing Indebtedness or pursuant to which the same was issued or incurred, or an event shall occur with respect to provisions of any such agreement relating to matters of the character referred to in this paragraph, so that a holder or holders of such Indebtedness or a trustee or trustees under any such agreement accelerates any such Indebtedness; but an Event of Default shall not be deemed to be in existence or to be continuing under the Agreement if (A) the Institution is in good faith contesting the existence of such breach or event and if such acceleration is being stayed by judicial proceedings and (B) such breach or event is remedied and the acceleration, if any, is wholly annulled. The Institution is

required to notify the Authority and the Trustee of any such breach or event immediately upon the Institution's becoming aware of its occurrence and shall from time to time furnish such information as the Authority or the Trustee may reasonably request for the purpose of determining whether a breach or event described in this paragraph has occurred and whether such acceleration continues to be in effect.

If the Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Trustee may waive the default and its consequences, including any acceleration, with the written consent of the Authority, by written notice to the Institution and shall do so upon written instruction of the owners of at least twenty-five percent (25%) in principal amount of the Outstanding Bonds. (Section 601)

Remedies for Events of Default

If an Event of Default occurs and is continuing:

(1) Acceleration. The Trustee may by written notice to the Institution and the Authority declare immediately due and payable the principal amount of the Outstanding Bonds and the payments to be made by the Institution therefor, and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.

(2) Rights as a Secured Party. The Trustee may exercise all of the rights and remedies of a secured party under the UCC with respect to securities in the Debt Service Fund, the Redemption Fund, the Construction Fund and the Expense Fund, including the right to sell or redeem such securities and the right to retain securities in satisfaction of the obligations of the Institution under the Agreement. Notice sent by registered or certified mail, postage prepaid, or delivered during business hours, to the Institution at least seven (7) days before an event under UCC Sections 9-610 and 611 or any successor provision of law shall constitute reasonable notification of such event. (Section 602)

Proceedings by Bondowners

No Bondowner shall have any right to institute any legal proceedings for the enforcement of the Agreement or the obligations of the Institution or the Authority under the Agreement or any applicable remedy under the Agreement, unless the Bondowners have directed the Trustee to act and furnished the Trustee indemnity as provided in Subsection 702(d) and have afforded the Trustee reasonable opportunity to proceed, and the Trustee shall thereafter fail or refuse to take such action.

Subject to the foregoing, any Bondowner may by any available legal proceedings enforce and protect its rights under the Agreement and under the laws of The Commonwealth of Massachusetts. (Section 902)

Amendment

The Agreement may be amended by the parties without Bondowner consent for any of the following purposes: (a) to provide for the issuance of additional Bonds or the incurring of Additional Indebtedness pursuant to the Agreement, (b) to revise the description of the Core Campus to include additional property, (c) to provide for the establishment or amendment of a book entry system of registration for any series of Bonds through a securities depository (which may or may not be DTC), (d) to add to the covenants and agreements of the Institution or to surrender or limit any right or power of the Institution, or (e) to cure any ambiguity or defect, or to add provisions which are not inconsistent with the Agreement and which do not impair the security for the Bonds.

APPENDIX C-2

Except as provided in the foregoing paragraph, the Agreement may be amended only with the written consent of the owners of at least two-thirds (2/3) in principal amount of the Outstanding Bonds; provided, however, that no amendment of the Agreement may be made without the unanimous written consent of the affected Bondowners for any of the following purposes: (i) to extend the maturity of any Bond, (ii) to reduce the principal amount or interest rate of any Bond, (iii) to make any Bond redeemable other than in accordance with its terms, (iv) to create a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) to reduce the percentage of the Bonds required to be represented by the Bondowners giving their consent to any amendment. (Section 1101)

Defeasance

When there are in the Debt Service Fund and Redemption Fund sufficient funds, or Government or Equivalent Obligations described in clause (i) or (ii) of the definition thereof in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights under the Agreement of the Authority and the Trustee have been provided for, upon written notice from the Institution to the Authority and the Trustee, the Bondowners shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien hereof (including obligations of the Institution under the Agreement), the security interests created by the Agreement (except in such funds and investments) shall terminate, and the Authority and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Authority shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, subject, however, to Section 312 hereof, and moneys held for defeasance shall be invested only as provided above in this paragraph. Any funds or property held by the Trustee and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Authority and the Trustee, be distributed to the Institution upon such indemnification, if any, as the Authority or the Trustee may reasonably require. (Section 202)

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PALMER & DODGE LLP111 HUNTINGTON AVENUE AT PRUDENTIAL CENTER
BOSTON, MA 02199-7613

[PROPOSED FORM OF OPINION OF BOND COUNSEL]

[Date of Delivery]

Massachusetts Health and Educational
Facilities Authority
99 Summer Street, Suite 1000
Boston, Massachusetts 02110

We have acted as bond counsel to the Massachusetts Health and Educational Facilities Authority (the “Authority”) in connection with the issuance by the Authority of the following bonds (the “Bonds”):

\$17,705,000
Revenue Bonds, Wheaton College Issue,
Series E (2004) dated April 1, 2004

We have examined the law and such certified proceedings and other papers as deemed necessary to render this opinion, including the Loan and Trust Agreement (the “Agreement”) dated as of March 9, 2004, among the Authority, Wheaton College (the “Institution”) and U.S. Bank National Association (the “Trustee”).

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

The Bonds are issued pursuant to the Agreement. Under the Agreement the Institution has agreed to make payments sufficient to pay when due the principal (including sinking fund installments) of, and redemption premium (if any) and interest on the Bonds. Such payments and other moneys payable to the Authority or the Trustee under the Agreement, including proceeds derived from any security provided thereunder (collectively the “Revenues”), and the rights of the Authority under the Agreement to receive the same (excluding, however, certain administrative fees, indemnification, and reimbursements), are pledged and assigned by the Authority as security for the Bonds. The Bonds are payable solely from the Revenues.

Reference is made to an opinion of even date of Ropes & Gray LLP, counsel to the Institution, with respect to, among other matters, the corporate existence of the Institution, the power of the Institution to carry out the Project (as defined in the Agreement) being financed and refinanced by the Bonds, the power of the Institution to enter into and perform the Agreement, the authorization, execution and delivery of the Agreement by the Institution and the extent to which the Agreement is binding and enforceable upon the Institution.

We express no opinion with respect to compliance by the Institution with applicable legal requirements in connection with the construction, equipping or operation of the Project.

Based on our examination, we are of opinion, as of the date hereof and under existing law, as follows:

1. The Authority is a duly created and validly existing body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts with the power to enter into and perform the Agreement and to issue the Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Authority and is a valid and binding obligation of the Authority enforceable upon the Authority. As provided in Chapter 614 of the Acts of 1968 of The Commonwealth of Massachusetts, as amended, the Agreement creates a valid lien on the Revenues and on the rights of the Authority or the Trustee on behalf of the Authority to receive Revenues under the Agreement (except certain rights to indemnification, reimbursements and fees) on a parity with other bonds (if any) issued or to be issued under the Agreement.

3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from the Revenues.

4. Under existing law, interest on the Bonds (including any original issue discount properly allocable to the owners thereof) is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds will not be treated as a preference item in calculating the alternative minimum tax imposed under the Internal Revenue Code of 1986 (the "IRC") on individuals and corporations. However, we call your attention to the fact that interest on the Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). We also call your attention to the fact that failure by the Authority or the Institution to comply subsequent to the issuance of the Bonds with certain requirements of the IRC may cause interest on the Bonds to become includable in the gross income of the owners of the Bonds for federal income tax purposes retroactive to the date of issuance of the Bonds. The Institution and, to the extent necessary, the Authority have covenanted in the Agreement to take all lawful action necessary under the IRC to ensure that interest on the Bonds will remain excluded from the gross income of the owners of the Bonds for federal income tax purposes and to refrain from taking any action which would cause interest on the Bonds to become included in such gross income. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. Under existing law, interest on the Bonds (including any original issue discount properly allocable to the owners thereof) and any profit made on the sale thereof are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion as to other Massachusetts tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Agreement are 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.

Yours faithfully,

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by Wheaton College (the “Institution”) and U.S. Bank National Association (the “Trustee”) in connection with the issuance of \$17,705,000 Massachusetts Health and Educational Facilities Authority Revenue Bonds, Wheaton College Issue, Series E (2004) (the “Series E Bonds”). The Series E Bonds are being issued and the proceeds thereof loaned to the Institution pursuant to the Loan and Trust Agreement dated as of March 9, 2004 (the “Agreement”) among the Massachusetts Health and Educational Facilities Authority (the “Issuer”), the Institution and the Trustee. The Institution and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Institution and the Trustee for the benefit of the Owners of the Series E Bonds and in order to assist the Participating Underwriters in complying with the Rule. The Institution and the Trustee acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any owner of the Series E Bonds, with respect to any such reports, notices or disclosures.

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

“Annual Report” shall mean any Annual Report provided by the Institution pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Disclosure Representative” shall mean the Vice President for Finance and Operations of the Institution or its designee, or such other person as the Institution shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Institution and which has filed with the Trustee a written acceptance of such designation.

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

“National Repository” shall mean any nationally recognized municipal securities information repository for purposes of the Rule. The current National Repositories are listed on Exhibit A attached hereto.

“Owners of the Series E Bonds” shall mean the registered owners, including beneficial owners, of the Series E Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Series E Bonds required to comply with the Rule in connection with the offering of the Series E Bonds.

“Repository” shall mean each National Repository and each State Depository.

“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.

“State Depository” shall mean any public or private depository or entity designated by The Commonwealth of Massachusetts as a state information depository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Depository.

SECTION 3. Provision of Annual Reports.

(a) The Institution shall, or shall cause the Dissemination Agent to, not later than 150 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2004, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) business days prior to said date, the Institution shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Institution may be submitted, when available, separately from the balance of the Annual Report. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and the Institution shall provide the audited financial statements as soon as practicable after the audited financial statements become available.

(b) If by fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Institution and the Dissemination Agent to determine if the Institution is in compliance with subsection (a).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Trustee shall send a notice to each Repository in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Depository, if any; and

(ii) file a report with the Institution, the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Institution's Annual Report shall contain or incorporate by reference the following:

(a) Financial information and operating data for the preceding fiscal year of the type presented in Appendix A to the Issuer's Official Statement dated March 23, 2004 relating to the Series E Bonds in the tables found in the sections entitled "Faculty," "Staff," "Admissions (Student Applications, Acceptances and Matriculation)," "Enrollment" and "Tuition, Room and Board Fees."

(b) The most recently available audited financial statements of the Institution, prepared in accordance with generally accepted accounting principles.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Institution is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Institution shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Series E Bonds, to the extent known by the Institution or the Trustee as applicable:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Receipt by the Issuer of an adverse tax opinion or the occurrence of an event affecting the tax-exempt status of the Series E Bonds.
7. Modifications to rights of the Owners of the Series E Bonds.
8. Bond calls.
9. Defeasance of the Series E Bonds or any portion thereof
10. Release, substitution or sale of property securing repayment of the Series E Bonds.

11. Rating changes.

(b) The Trustee shall, within one (1) business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Institution promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (e).

(c) Whenever the Institution obtains knowledge of the occurrence of a Listed Event, because of a notice from the Trustee pursuant to subsection (b) or otherwise, if such Listed Event is material under applicable federal securities laws, the Institution shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (e).

(d) If such Listed Event is not material, the Institution shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (e).

(e) If the Trustee has been instructed by the Institution to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and the National Depositories and State Depositories, if any, with a copy to the Institution.

SECTION 6. Termination of Reporting Obligation. The Institution's obligations under this Disclosure Agreement shall terminate upon the legal defeasance in accordance with the terms of the Agreement, prior redemption or payment in full of all of the Series E Bonds. If the Institution's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Institution and the original Institution shall have no further responsibility hereunder.

SECTION 7. Dissemination Agent. The Institution may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Institution and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Institution) and any provision of this Disclosure Agreement may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law, which may also include bond counsel to the Issuer, to the effect that such amendment or waiver would not cause the Disclosure Agreement to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Agreement shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment pertains to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall include a

comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Institution to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to each Repository.

SECTION 9. Default. In the event of a failure of the Institution or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Owners of at least 10% aggregate principal amount of Outstanding Bonds, shall), or any Owner of Series E Bonds may, seek a court order for specific performance by the Institution or Trustee of its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Agreement or the Series E Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Institution or Trustee to comply with this Disclosure Agreement shall be an action for specific performance of the defaulting party's obligations hereunder and not for money damages in any amount.

SECTION 10. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VII of the Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Agreement. The Dissemination Agent (if other than the Trustee, or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. The Institution agrees, to the extent permitted by law, to indemnify and hold the Dissemination Agent, 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 Dissemination Agent's negligence or willful misconduct. The obligations of the Institution under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series E Bonds.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, and the Owners from time to time of the Series E Bonds, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure 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.

SECTION 13. Notices. Unless otherwise expressly provided, all notices to the Issuer, the Institution, the Trustee, and the Dissemination Agent shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered during a Business Day to such parties at the address specified in Section 1103 of the Agreement and with respect to the Dissemination Agent, at One Federal Street, P.O. Box 960778, Boston, Massachusetts 02196, attention Corporate Trust Services or, as to all of the foregoing, to such

other address as the addressee shall have indicated by prior written notice to the one giving notice.

SECTION 14. Governing Law. This instrument shall be governed by the laws of The Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the parties have caused this Disclosure Agreement to be duly executed under seal all as of the date hereof.

Date: April 8, 2004

WHEATON COLLEGE

By _____
Title:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

EXHIBIT A

NATIONAL REPOSITORIES

Bloomberg Municipal Repositories
100 Business Park Drive
Skillman, New Jersey 08558
PH: (609) 279-3225
FAX: (609) 279-5962
E-mail: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
PH: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
PH: (212) 771-6999
FAX: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@ftid.com

Standard & Poor's J. J. Kenny Repository
55 Water Street, 45th Floor
New York, New York 10041
PH: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Massachusetts Health and Educational Facilities Authority

Name of Issue: Revenue Bonds, Wheaton College Issue, Series E (2004)

Date of Issuance: April 8, 2004

NOTICE IS HEREBY GIVEN that Wheaton College (the "Institution") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated April __, 2004 between the Institution and the Trustee. [The Institution anticipates that the Annual Report will be filed by _____.]

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
on behalf of the Institution

cc: Wheaton College