

**NEW ISSUE - BOOK-ENTRY ONLY SYSTEM**

**Rating: Moody's Aa2/VMIG-1  
(See "Description of Rating", herein)**

*In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended. Interest on the 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 Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the 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 Bonds. See "TAX EXEMPTION" herein.*

**\$26,000,000 Maximum Aggregate Principal Amount of  
MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY  
Variable Rate Demand Revenue Bonds  
The Henry Heywood Memorial Hospital Issue, Series C (2008)  
Initial Tranche of Bonds: \$6,715,000**

**Dated: Date of Issuance**                      **CUSIP No.: 57586C 7E9**                      **Price: 100%**                      **Due: July 1, 2038**

The Massachusetts Health and Educational Facilities Authority (the "Authority") expects to issue up to \$26,000,000 aggregate principal amount of Massachusetts Health and Educational Facilities Authority Variable Rate Demand Revenue Bonds, The Henry Heywood Memorial Hospital Issue, Series C (2008) (the "Bonds"), with an initial tranche of \$6,715,000 (the "Initial Tranche of Bonds"). The Bonds will be issued only as fully registered bonds, registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form, in the denominations of \$100,000 principal amount or any multiple of \$5,000 in excess thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds and nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. Principal of, and premium if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National Association, as Trustee (the "Trustee"), so long as DTC or its nominee, Cede & Co., is the Bondowner. See "THE BONDS--Book-Entry-Only System" herein. The Authority expects to issue Additional Tranches of Bonds (defined herein) under the Agreement (as defined herein) from time to time.

The Bonds will be issued initially in the Daily Mode. The initial interest rate in the Daily Mode will be communicated by the Remarketing Agent to the prospective purchasers of the Bonds. Interest will be payable on the first Business Day of each month, commencing July 1, 2008, so long as the Bonds are in the Daily Mode.

**The Bonds are subject to redemption prior to maturity in certain circumstances as set forth herein. The Bonds are also subject to optional and mandatory tender for purchase prior to maturity in certain circumstances as set forth herein.**

As further described herein, the Bonds may be converted or reconverted from time to time to or from the Daily Mode or Weekly Mode, and may be converted to the Fixed Mode. Owners of the Bonds will be mailed notice of such event and of the requirement that they tender such Bonds for purchase. Thereafter, except in the case of a failed conversion, such Bonds shall be in the interest mode or bear interest at a fixed interest rate as provided in the notice. This Official Statement should not be relied on when determining to purchase Bonds other than in the Daily Mode or the Weekly Mode.

The Bonds will be special obligations of the Authority payable solely from the Revenues of the Authority paid to the Trustee for the account of the Authority under the Agreement.

The payment of principal and the purchase price of and interest on the Bonds is secured by a transferable irrevocable direct pay letter of credit (the "Letter of Credit") issued by:

**TD Bank, N. A.**

(the "Bank") to be held by the Trustee. The Letter of Credit will permit the Trustee to draw an amount sufficient to pay, as due, the principal of and up to 45 days' interest on the Initial Tranche of Bonds at the Maximum Interest Rate of 12%, and the Purchase Price of the Initial Tranche of Bonds tendered for purchase and not remarketed. The Letter of Credit will expire on June 19, 2018, unless sooner terminated or extended. The Letter of Credit may be replaced by a substitute Credit Facility, as described herein.

**IN MAKING AN INVESTMENT DECISION, INVESTORS SHOULD RELY SOLELY ON THE LETTER OF CREDIT AND THE BANK AND SHOULD NOT RELY ON THE CREDIT OR ASSETS OF THE INSTITUTION.**

**The Bonds shall not be deemed to constitute a debt or liability of The Commonwealth of Massachusetts or any political subdivision thereof, or a pledge of the faith and credit of The Commonwealth of Massachusetts or any such political subdivision, but shall be payable solely from the Revenues derived by the Authority under the Financing Documents (as defined herein). Neither the faith and credit nor the taxing power of The Commonwealth of Massachusetts or of any political subdivision thereof is pledged to the payment of the principal of, or redemption premium if any, or interest on the Bonds. Chapter 614 of the Massachusetts Acts of 1968, as amended from time to time, the Act under which the Bonds are to be issued, does not in any way create a moral obligation of The Commonwealth of Massachusetts to pay debt service in the event of default by the Institution (as defined herein). The Authority does not have any taxing power.**

*The Bonds are offered when, as and if issued and received by the Underwriter subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of their legality and certain other matters by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel to the Authority. Certain matters will be passed upon for the Institution by its counsel, Bowditch & Dewey, Boston, Massachusetts, for the Bank by its counsel, Fletcher, Tilton and Whipple, P.C., Worcester, Massachusetts and for the Underwriter by its counsel, Foley & Lardner LLP, Boston, Massachusetts. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about June 19, 2008.*

**Piper Jaffray & Co.**

June 13, 2008

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT A PRICE LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

No dealer, broker, salesperson, or other person has been authorized by the Authority, The Henry Heywood Memorial Hospital (the "Institution") or Piper Jaffray & Co. (the "Underwriter") to give any information or to make any representations with respect to the 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. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Certain information contained herein has been obtained from TD Bank, N.A., 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 this 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.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information and nothing contained in this Official Statement shall be relied upon as a representation or promise by the Underwriter.

**IN MAKING AN INVESTMENT DECISION, INVESTORS SHOULD RELY SOLELY ON THE LETTER OF CREDIT AND THE BANK AND SHOULD NOT RELY ON THE CREDIT OR ASSETS OF THE INSTITUTION.**

The CUSIP number shown on the cover of this Official Statement has been assigned by an independent company not affiliated with the Authority and is included solely for the convenience of the owners of the Bonds. None of the Authority, the Institution, the Bank, the Trustee or the Underwriter is responsible for the selection or uses of the CUSIP number, and no representation is made as to its correctness on the Bonds or as indicated on the cover of this Official Statement. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

## TABLE OF CONTENTS

INTRODUCTION .....	1
SECURITY FOR THE BONDS .....	2
THE AUTHORITY .....	3
THE BONDS .....	6
PLAN OF FINANCE .....	13
HEDGE AGREEMENT .....	13
THE BANK AND THE LETTER OF CREDIT .....	13
ESTIMATED SOURCES AND USES OF FUNDS .....	15
BONDOWNERS' RISKS .....	15
TAX EXEMPTION .....	17
LEGALITY OF THE BONDS FOR INVESTMENT AND DEPOSIT .....	18
COMMONWEALTH NOT LIABLE ON THE BONDS .....	18
UNDERWRITING .....	18
REMARKETING AGENT .....	18
CERTAIN CONSIDERATIONS AFFECTING SALES OF VARIABLE RATE BONDS .....	19
DESCRIPTION OF RATING .....	19
LEGAL MATTERS .....	20
LITIGATION .....	20
MISCELLANEOUS .....	20

Appendix A	Certain Information Concerning the Bank
Appendix B	Definitions of Certain Terms
Appendix C	Summary of the Agreement
Appendix D	Summary of the Reimbursement Agreement
Appendix E	Proposed Form of Bond Counsel Opinion

[THIS PAGE INTENTIONALLY LEFT BLANK]

**MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY**

**99 SUMMER STREET, BOSTON, MASSACHUSETTS 02110**

ALLEN R. LARSON, *Chairman*  
MARVIN A. GORDON, *Vice Chairman*

TIMOTHY O'CONNOR  
ROBERT M. PLATT  
CHRISTINE C. SCHUSTER

BENSON T. CASWELL, Executive Director

**OFFICIAL STATEMENT**

**Relating to**

**\$26,000,000 Maximum Aggregate Principal Amount of  
MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY  
Variable Rate Demand Revenue Bonds  
The Henry Heywood Memorial Hospital Issue, Series C (2008)**

**Initial Tranche of Bonds: \$6,715,000**

**INTRODUCTION**

The purpose of this Official Statement is to set forth certain information concerning the Massachusetts Health and Educational Facilities Authority (the "Authority") and its issuance of up to \$26,000,000 aggregate principal amount of Massachusetts Health and Educational Facilities Authority Variable Rate Demand Revenue Bonds, The Henry Heywood Memorial Hospital Issue, Series C (2008) (the "Bonds"). The Bonds are to be issued under a Loan and Trust Agreement, dated as of June 1, 2008 (the "Agreement") by and among the Authority, The Henry Heywood Memorial Hospital (the "Institution") and U.S. Bank National Association, as trustee (the "Trustee"). Payment of the principal, purchase price and interest on the Initial Tranche of Bonds will be secured by a transferable, irrevocable, direct-pay letter of credit (the "Letter of Credit") issued by TD Bank, N.A. (the "Bank") pursuant to a Reimbursement Agreement dated as of June 1, 2008 (the "Reimbursement Agreement") by and between the Bank and the Institution. For definitions of certain capitalized terms not defined herein see Appendix B -- "Definitions of Certain Terms."

The Bonds will be issued in accordance with the provisions of the Agreement and Chapter 614 of the Massachusetts Acts of 1968, as amended from time to time (the "Act") to provide funds (a) to finance and refinance the construction, renovation and equipping of an approximate 72,000 square foot expansion of emergency and radiology facilities located at 242 Green Street, Gardner, Massachusetts (the "Campus"); and to finance and refinance other routine capital expenditures in connection with the aforementioned facilities at the Campus (collectively, the "New Project"); and (b) to currently refund the Authority's Revenue Bonds, Henry Heywood Memorial Hospital Issue, Series B (the "Series B Bonds"), which were used to finance the construction, furnishing and equipping of an approximately 35,000 square foot Ambulatory Care/Maternity Building, related relocation costs, and renovation and refurbishing of the Institution's facilities at the Campus (collectively, the "Project"). See "PLAN OF FINANCE" herein.

The Bonds will be issued in tranches in an aggregate amount not to exceed \$26,000,000. The Initial Tranche of Bonds is in the amount of \$6,715,000. The Initial Tranche of Bonds and any Additional Tranches of Bonds issued under the Agreement from time to time will be secured by the Letter of Credit as amended or an additional direct-pay letter of credit issued by the Bank with terms identical to the initial Letter of Credit that, in the aggregate, is in the stated amount necessary to secure the payment of the principal and purchase price of and interest for at least 45 days at the Maximum Interest Rate on all Outstanding Bonds, including the Additional Tranche of

Bonds. Proceeds of the Initial Tranche of Bonds will be applied to currently refund the Series B Bonds, to fund the purchase of a CT scanner, to reimburse the Institution for certain costs previously incurred with respect to the New Project; and to pay certain costs of issuing the Initial Tranche of Bonds. The Authority may issue Additional Tranches of Bonds under the Agreement from time to time to provide additional funds to finance and refinance other elements of the Project, which will be on parity with the Bonds previously issued and Outstanding, including the Initial Tranche of Bonds. See “SECURITY FOR THE BONDS - Additional Tranches of Bonds.”

The proceeds from the sale of each Tranche of Bonds will be used (i) to finance or refinance the Project, and (ii) to pay a portion of the costs of issuing the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” below.

Set forth in this Official Statement is certain information concerning the Bonds, the Agreement, the Project, the Authority, the Bank, the Reimbursement Agreement, the Letter of Credit and related matters.

**THE BONDS ARE BEING OFFERED SOLELY ON THE BASIS OF THE FINANCIAL STRENGTH OF THE BANK AND NOT ON THE FINANCIAL CONDITION OF THE AUTHORITY OR THE INSTITUTION. THE OWNERS OF THE BONDS WILL NOT BE ABLE TO ASSESS THE LIKELIHOOD THAT PAYMENT ON ANY PORTION OR ALL OF THE BONDS WILL BE ACCELERATED BEFORE THE STATED MATURITY THEREOF BECAUSE OF AN EVENT OF DEFAULT UNDER THE REIMBURSEMENT AGREEMENT, UPON WHICH ACCELERATION THE PORTION OF THE BONDS SUBJECT TO ACCELERATION WOULD CEASE TO ACCRUE INTEREST AND WOULD BE PAYABLE AT PAR.**

## **SECURITY FOR THE BONDS**

### **General**

Upon the issuance of the Bonds, the Authority will loan the proceeds of the Bonds to the Institution pursuant to the Agreement. The Institution is obligated pursuant to the Agreement to pay the amounts at the times necessary to pay the principal of, premium, if any, and interest on the Bonds, and other costs incurred by the Authority in connection with the Bonds, when due.

### **Special Obligations**

The 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 Bonds by the Trustee for the account of the Authority, pursuant to the Agreement. The obligation of the Institution to make payments under the Agreement is a general obligation of the Institution to which the full faith and credit of the Institution are pledged. The Bonds are not secured by a mortgage lien or security interest in any real or tangible personal property of the Institution. However, so long as the Bonds remain Outstanding in the Daily Mode or the Weekly Mode, the Institution is obligated to provide the Letter of Credit or a substitute Credit Facility in a stated amount sufficient to pay principal of all Outstanding Bonds, plus interest thereon for no less than 45 days at a Maximum Interest Rate of twelve percent (12%) per annum.

### **Pledge of Revenues**

Under the Agreement, the Authority assigns and pledges to the Trustee for the benefit of the owners of the Bonds, in trust upon the terms of the Agreement (i) all Revenues received by the Authority with respect to the Bonds from the Institution pursuant to the Agreement, or derived from any security provided under the Agreement; (ii) all of the Authority’s rights to receive such Revenues under the Agreement and the proceeds of such rights. As additional security, the Institution grants to the Trustee with respect to the Bond Fund and to the Authority with respect to the Expense Fund and the Project Fund a security interest in the Institution’s interest in the moneys and other investment and any proceeds thereof held from time to time in such Funds established under the Agreement. 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, 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.

**The 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 (other than the Authority, as expressly described herein), but shall be payable solely from the Revenues derived by the Authority under the Agreement and from the proceeds of the Letter of Credit. The Authority does not have taxing power.**

### **Letter of Credit**

The Letter of Credit issued by the Bank will secure the payment of the principal of, purchase price of and interest on the outstanding amount of the Initial Tranche of Bonds. The Letter of Credit will provide liquidity for the purchase of the Initial Tranche of Bonds which are delivered to the Trustee pursuant to an optional tender or mandatory tender but are not remarketed by the Remarketing Agent. The Letter of Credit, dated as of the date of issuance of the Initial Tranche of Bonds, will be in the stated amount of \$6,814,345.21, which is equal to the principal amount of the Initial Tranche of Bonds plus 45 days of interest thereon at twelve percent (12%) per annum (the “Maximum Interest Rate”), and is scheduled to expire on June 19, 2018, which is prior to the scheduled maturity of the Bonds, unless extended beyond such date or terminated prior to such date as described herein. As a condition to the issuance of each Additional Tranche of Bonds, an amended or additional direct-pay Letter of Credit with terms identical to the initial Letter of Credit must be delivered that, in the aggregate, is in the stated amount necessary to secure the payment of the principal and purchase price of and interest for at least 45 days at the Maximum Interest Rate on all Outstanding Bonds, including the Additional Tranche of Bonds. See “THE BANK AND THE LETTER OF CREDIT” herein.

Under certain circumstances under the Agreement, a Substitute Credit Facility may be provided by the Authority.

### **Additional Tranches of Bonds**

The Authority may issue Additional Tranches of Bonds under the Agreement from time to time to provide additional funds to finance and refinance the Project, which Additional Tranches of Bonds will be on a parity with the Bonds and shall be payable from the same funds and accounts established under the Agreement for the Bonds. The aggregate amount of Bonds that may be issued under the Agreement may not exceed \$26,000,000. As a condition to the issuance of each Additional Tranche of Bonds, an amended or additional direct-pay Letter of Credit with terms identical to the initial Letter of Credit must be delivered that, in the aggregate, is in the stated amount necessary to secure the payment of the principal and purchase price of and interest for at least 45 days at the Maximum Interest Rate on all Outstanding Bonds, including the Additional Tranche of Bonds.

### **THE AUTHORITY**

The Authority is a body politic and corporate and a public instrumentality of 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 nonprofit public and private institutions for higher education, 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:

ALLEN R. LARSON, Chairman; term as Member expires July 1, 2014.

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 Inc., Vice President of TeenAIDS-PeerCorps, Inc. and a member of the Board of Directors of the Highlands Center, Inc. Mr. Larson graduated from Dartmouth College and earned a J.D. from Albany Law School and an M.B.A. from the University of Minnesota.

MARVIN A. GORDON, Vice Chairman; 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 Mansfield, Massachusetts. From 1974 to 2001, Mr. Gordon was Chief Executive Officer and Chairman of Whitehall Co. Ltd. of Norwood, Massachusetts. From 1994 to 1996, Mr. Gordon served on the Board of Directors to Techniek 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 Member of the Executive Committee from 1971 to 1974. Mr. Gordon has been actively engaged in non-profit, charitable and civic activities. His present affiliations include Board Member and Chairman of the Audit and Compliance Committee of The Milton Hospital Foundation, Inc. and Board Member of Milton Hospital, Inc., and President of Milton Fuller Housing Corporation. Mr. Gordon has been elected to and appointed to a number of public boards including serving as a Milton Selectman from 1986 to 1993 and belongs to several civic associations. Mr. Gordon holds a degree from Harvard College and Harvard Business School.

TIMOTHY O'CONNOR; term as Member expires July 1, 2009.

Mr. O'Connor, a resident of Salem, is Executive Vice President, Chief Financial Officer and Treasurer of Lahey Clinic Foundation, Inc.; Lahey Clinic Hospital, Inc.; Lahey Clinic, Inc.; Lahey Clinic Affiliated Services, Inc. and Lahey Clinic Canadian Foundation. In addition Mr. O'Connor is also President, Chief Financial Officer and Treasurer of Lahey Clinic Insurance Company Limited. His memberships and affiliations include the American Medical Group Association, the Healthcare Financial Management Association, the Healthcare Information and Management Systems Society and the Massachusetts Hospital Association's Committee on Finance.

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 which 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 of Director 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 which 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. from Curry College.

CHRISTINE C. SCHUSTER; term as Member expires July 1, 2013.

Ms. Schuster, a resident of Sudbury, is President and Chief Executive Officer of Emerson Health System located in Concord. Ms. Schuster formerly held the position of President and Chief Executive Officer of Quincy Medical Center. She is a Member of the Board of Trustees of the South Shore Chamber of Commerce where she serves as Vice Chairman of Government Affairs; and is a Member of the Board of Trustees of the Massachusetts Hospital Association (“MHA”) where she serves as the MHA Chair of the Clinical Issues Advisory Council which provides advice and counsel to the MHA on key medical, clinical, and public policy issues. She also serves on the American Hospital Association Regional Policy Board. Ms. Schuster was recognized by Modern Healthcare magazine and Witt Kieffer Associates as one of the Year 2000 “Up and Comers Award” recipients. She is a frequent speaker both locally and nationally on a wide variety of healthcare topics. Ms. Schuster received an M.B.A. with Honors from the University of Chicago Graduate School of Business and a B.S. in Nursing from Boston University.

There are nine Board Members of the Authority. Currently, there are four vacancies and successors have not been appointed.

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 Juris Doctor from the University of Chicago, an MBA from Lehigh University and a B.S. from the University of Maine.

EDWARDS ANGELL PALMER & DODGE LLP, attorneys of Boston, Massachusetts, are serving as Bond Counsel to the Authority and will submit their approving opinion with regard to the legality of the Bonds in substantially the form attached hereto as Appendix E.

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, 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.

The Authority has heretofore authorized and issued certain series of its revenue bonds for public and private colleges and universities, and 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 BONDS

### Description of the Bonds

The Bonds will be issued in the aggregate principal amount not to exceed \$26,000,000. The Initial Tranche of Bonds shall be issued in the amount of \$6,715,000. The Bonds, including the Initial Tranche of Bonds will initially bear interest in the Daily Mode. The Bonds will mature on July 1, 2038, and are subject to redemption and optional and mandatory tender for purchase prior to maturity as set forth below and in Appendix C - "Summary of the Agreement." The principal, purchase price or redemption price of the Bonds is payable at the principal office of the Trustee in Boston, Massachusetts.

All of the Bonds may be converted or reconverted from time to time, as described in the Agreement, to or from the Daily Mode or Weekly Mode (collectively, the "Variable Rate Mode"), or may be permanently converted to the Fixed Mode. The rate of interest to be borne by the Bonds while in any particular Variable Rate Mode will be determined by Piper Jaffray & Co. or its successor as remarketing agent (the "Remarketing Agent") as described below under "Determination of Interest Rate on the Bonds." See Appendix C-- "Summary of the Agreement" for a more complete description of the Bonds. All Bonds in the Daily Mode or the Weekly Mode shall bear interest at the same interest rate.

**This Official Statement describes the provisions of the Bonds only when the Bonds are in the Daily or Weekly Mode. There are significant changes in the terms of the Bonds not described in this Official Statement when the Bonds bear interest in any Mode other than the Daily Mode or the Weekly Mode. This Official Statement should not be relied on by an investor purchasing a Bond in any Mode other than the Daily or Weekly Mode.**

The Bonds may bear interest as follows:

**Daily Mode.** While the Bonds bear interest in the Daily Mode, the interest rate will be determined daily by the Remarketing Agent by 10:30 a.m. (Boston, Massachusetts time) on each Business Day to be effective from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day. The interest rate on any day which is not a Business Day shall be the rate in effect on the prior Business Day.

**Weekly Mode.** While the Bonds bear interest in the Weekly Mode, the interest rate will be determined at or before 2:00 p.m. (Boston, Massachusetts time) each Tuesday (or if not a Business Day, the immediately preceding Business Day) by the Remarketing Agent to be effective for a seven-day period commencing on Wednesday of each week and ending on Tuesday of the following week (the period may be shorter than seven days and the commencement and ending dates may vary for a Rate Period immediately prior or subsequent to a conversion from or to the Weekly Mode).

**Fixed Mode.** During the Fixed Mode, the Bonds will bear interest at a fixed rate determined by the Remarketing Agent by 12:00 noon on the Conversion Date. The Fixed Mode will remain in effect to the maturity of the Bonds.

**Interest Rate Changes; Payment.** Changes in Interest Modes will be effective and notice of changes in Interest Modes will be given as described below under "Conversion Provisions of Bonds."

Interest on the Bonds will be calculated on the basis of a 365- or 366-day year, as appropriate, for the actual number of days elapsed, while the Bonds bear interest in the Daily or Weekly Mode, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months while the Bonds bear interest in the Fixed Mode. Prior to and including the date of conversion to the Fixed Mode, principal, interest and premium, if any, on the Bonds while in the Variable Rate Mode will be paid to the owner of record on the Record Date in immediately available funds by wire or bank transfer within the continental United States.

Interest on the Bonds will be payable, commencing July 1, 2008 and thereafter, (i) with respect to bonds in the Variable Rate Mode, on the first Business Day of each calendar month for the immediately preceding interest period; (ii) with respect to Bonds in the Fixed Mode, on the first day of January and July of each year commencing with a January 1 or July 1 which is at least two but less than ten months after the Fixed Rate Conversion Date; and (iii) with respect to Bonds in any Mode, the Maturity Date or redemption date thereof.

The Bonds will be issued as fully registered bonds without coupons, in denominations of \$100,000 principal amount or any integral multiple of \$5,000 in excess thereof while in Daily or Weekly Mode, and \$5,000 principal amount or any integral multiple thereof while in Fixed Mode. Initially, one Bond certificate for the Initial Tranche of Bonds will be registered in the name of Cede & Co., as Bondowner and nominee for DTC (see "Book-Entry-Only System" herein) and no other certificates will be issued.

#### **Exchange, Transfer and Replacement of Bonds.**

Unless Bonds are registered in a book-entry only system (see "Book-Entry Only System" herein), they may be exchanged or transferred by the registered owners thereof or by their attorney duly authorized in writing at the principal corporate trust office of the Trustee. No charge shall be imposed upon registered owners in connection with the transfer or exchange, except for any tax or governmental charge related thereto.

Replacement Bonds shall be issued pursuant to applicable law as a result of the destruction, loss, or mutilation of Bonds. The costs of replacement shall be paid or reimbursed by the applicant, who shall indemnify the Authority, the Trustee, the Remarketing Agent and the Institution against all liability and expense in connection therewith.

#### **Determination of Interest Rate on the Bonds**

On the date of initial authentication and delivery of the Initial Tranche of Bonds, the Bonds will bear interest at the rate in the Daily Mode determined by the Remarketing Agent on the date the Bonds are initially issued. The initial interest rate in the Daily Mode will be communicated by the Remarketing Agent to the prospective purchasers of the Bonds. Thereafter, the Bonds will continue in the Daily Mode until the Institution, as described below under "Conversion Provisions of Bonds," elects that the Bonds will bear interest at an Interest Mode other than the Daily Mode.

The interest rate to be determined by the Remarketing Agent on each Rate Determination Date for Bonds in the Daily Mode or Weekly Mode shall be the rate of interest determined by the Remarketing Agent for each Rate Period to be the lowest rate which in its judgment, on the basis of prevailing financial market conditions, would permit the sale of the Bonds at par plus accrued interest on and as of the Effective Date but not in excess of the Maximum Interest Rate.

The determination by the Remarketing Agent of the interest rate to be borne by the Bonds, including the Initial Tranche of Bonds, shall be conclusive and binding on the registered owners of the Bonds, including the owners of the Initial Tranche of Bonds, the Authority, the Institution, the Remarketing Agent, the Bank (and any subsequent Credit Facility Issuer), and the Trustee. If the Remarketing Agent fails for any reason to determine the interest rate for any Rate Period while the Bonds are in the Variable Rate Mode, the interest rate shall be the lower of (i) 103% of the SIFMA Swap Index in effect on the day preceding such Rate Period and (ii) the Maximum Interest Rate.

### **Optional Tender of the Bonds for Purchase**

While the Bonds bear interest in the Daily Mode, the registered owners of the Bonds may tender their Bonds to the Trustee for purchase at a price equal to the principal amount thereof plus accrued interest on any Business Day, by delivering notice of tender to the Trustee by 11:00 a.m. (Boston, Massachusetts time) on the Business Day specified for tender. While the Bonds bear interest in the Weekly Mode, the registered owners of the Bonds may tender their Bonds to the Trustee for purchase at a price equal to the principal amount thereof plus accrued interest on any Business Day, by delivering notice of tender to the Trustee by 3:00 p.m. (Boston, Massachusetts time) at least seven (7) calendar days before the Purchase Date. See the table under “Summary of Certain Provisions of the Bonds.” The registered owners’ optional tender rights expire upon the Fixed Rate Conversion Date.

### **Mandatory Tender of the Bonds for Purchase**

The Bonds are subject to mandatory tender for purchase at the Purchase Price on the date of conversion from one Interest Mode to another Interest Mode. The Bonds are subject to mandatory tender on the Fixed Rate Conversion Date, if any. The Bonds are also subject to mandatory tender for purchase at the Purchase Price on the Interest Payment Date immediately preceding the expiration or termination of the Credit Facility if the Credit Facility is not being replaced with a substitute Credit Facility or the Trustee has not received an extension of the existing Credit Facility, in either case, at least forty-five (45) days prior to such Interest Payment Date, and on the effective date of a Substitute Credit Facility. The Bondowners, by acceptance of the Bonds, agree to sell the Bonds to any purchaser determined in accordance with the provisions of the Agreement in the event of such mandatory tender for purchase and, on the Purchase Date, to surrender such Bonds to the Trustee for payment of the Purchase Price.

### **Payment of Purchase Price of Tendered Bonds**

The purchase price of Bonds tendered for purchase is payable for Bonds in the Variable Rate Mode in immediately available funds by wire or bank transfer within the continental United States.

### **No Interest Accrues After Purchase Date**

If there are sufficient funds on deposit with the Trustee on the Purchase Date to pay the Purchase Price, no further interest, from and after the Purchase Date, shall be payable to the registered owner of Bonds who has elected or is required to tender Bonds for purchase.

### **Conversion Provisions of Bonds**

The Institution may upon certain conditions, as set forth in the Agreement (i) prior to the Fixed Rate Conversion Date, convert or reconvert all, but not a portion of the Bonds, to and from the Daily and Weekly Mode and (ii) convert all, but not a portion of the Bonds to the Fixed Mode. Any such conversion or reconversion with respect to Bonds in the Daily or Weekly Mode may take place only on the first Business Day of a month.

The Agreement sets forth certain conditions which must be met prior to conversion to and from the Daily and Weekly Mode, or to the Fixed Mode. If the conditions for conversion set forth in the Agreement are not met, such conversion shall not occur, the Bonds will remain in the Mode they were in prior to such proposed conversion and, such Bonds shall not be subject to mandatory tender for purchase on the proposed Conversion Date. In no event shall the failure of Bonds to be converted to the new Mode for any reason be deemed to be a default under the Agreement.

## Remarketing and Purchase of the Bonds

In the event that notice is received of any optional tender, or if the Bonds become subject to mandatory tender, the Remarketing Agent shall use its best efforts to sell the tendered Bonds in accordance with the Agreement and the Remarketing Agreement.

The purchase price of Bonds tendered for purchase shall be paid by the Trustee, in order of priority, (i) from moneys received from the proceeds of the sale of such Bonds by the Remarketing Agent, (ii) from moneys drawn on the Credit Facility for the purpose of purchasing Tendered Bonds and (iii) from moneys furnished by the Institution pursuant to the Agreement.

## Summary of Certain Provisions of the Bonds

The following table summarizes certain terms of the Bonds in the Daily Mode and the Weekly Mode, including the dates on which interest will be paid, the date each interest rate will be determined, the date each interest rate will become effective and the period of time each interest rate will be in effect, the requirements for notice to registered owners of interest rate adjustments, the dates on which registered owners may tender their Bonds for purchase to the Trustee and the notice requirements therefor, the requirements for physical delivery of tendered Bonds and payment provisions therefor (subject to the provisions described under "--Book-Entry-Only System" below), the notice requirements in order to change from one Interest Mode to a different Interest Mode and the date on which Bonds are subject to mandatory tender for purchase in the event of a change between Interest Modes. All times shown are Boston, Massachusetts time. The Bonds will be initially issued in the Daily Mode. The following table does not describe the provisions of the Bonds when they bear interest in the Fixed Mode, and does not purport to be comprehensive.

	<b>Daily Mode</b>	<b>Weekly Mode</b>
Interest Payment Date	First Business Day of the calendar month.	First Business Day of the calendar month.
Rate Determination Date	10:30 a.m. on each Business Day.	2:00 p.m. on the Business Day, immediately preceding the Effective Date.
Effective Date of New Interest Rate	The day on which the new interest rate is determined.	Each Wednesday or if Wednesday is not a Business Day, the immediately succeeding Business Day.
Rate Period	One day (or if the next day is not a Business Day, to but not including the next succeeding Business Day).	The Effective Date to and including Tuesday of the following week; length of Rate Period, day of commencement and last day of Rate Period may vary in the event of conversion to or from the Weekly Mode.
Notification of Interest Rate	Trustee and Institution receives notice from Remarketing Agent.	Trustee and Institution receives notice from Remarketing Agent.
Optional Tender Date; Bondowner Notice of Optional Tender	Any Business Day; written notice by owner to Trustee by 11:00 a.m.	Any Business Day; written notice by owner to Trustee by 3:00 p.m. on a Business Day not less than 7 calendar days prior to optional tender date.
Written Notice of Conversion	Trustee to mail notice to owners not less than 30 days prior to conversion.	Trustee to mail notice to owners not less than 30 days prior to conversion.
Mandatory Tender Date Upon Conversion	Effective Date of conversion, which must be first Business Day of the month.	Effective Date of conversion, which must be first Business Day of the month.

## Redemption Provisions

**Optional Redemption.** Prior to the Fixed Rate Conversion Date, the Bonds are subject to optional redemption in whole or in part at the direction of the Institution at any time at a redemption price or par plus interest accrued to the redemption date. Bonds which are Pledged Bonds are subject to redemption at the option of the Institution in whole or in part at any time in principal amounts of one hundred thousand dollars (\$100,000) or multiples of five thousand dollars (\$5,000) in excess thereof at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium. Under the Reimbursement Agreement, the Institution has agreed to optionally redeem Bonds annually over the term of the Letter of Credit in the principal amounts set forth therein. However, the Bank and the Institution may amend the redemption schedule set forth in the Reimbursement Agreement without Bondholder consent.

**Mandatory Redemption.** The Bonds are also subject to mandatory redemption if, within thirty (30) days of the occurrence of an Act of Bankruptcy of the Bank, a substitute Credit Facility has not been issued to the Trustee. In such event, the Bonds shall be subject to redemption as a whole only from Eligible Funds within one hundred thirty (130) days after the occurrence of the Act of Bankruptcy of the Bank, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date without premium.

**Extraordinary Redemption.** To the extent moneys are transferred to the Bond Fund as a result of proceeds remaining upon completion of the Project or pursuant to certain events, including a taking in condemnation or damage to or destruction of all or part of the Project at the direction of the Bank under the Reimbursement Agreement, such moneys (and earnings thereon) shall be used to redeem an equal amount of Bonds within one (1) year, as a whole or in part, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium. If the amount so transferred in any one calendar year is less than one hundred thousand dollars (\$100,000), the Trustee may, and upon written direction of the Institution shall, apply it to reimburse the Bank for drawings on the Credit Facility for regularly scheduled payments of debt service instead of calling Bonds for redemption.

**Mandatory Sinking Fund Redemption.** If the Bonds are converted to bear interest at a Fixed Rate, such Bonds shall be subject to mandatory sinking fund redemption as set forth in the certificate delivered by the institution in connection with such conversion.

**Purchase of Bonds in Lieu of Redemption.** When Bonds are called for redemption pursuant to the Agreement or as provided in the form of Bonds, the Institution may purchase some or all of the Bonds called for redemption if it (or the Remarketing Agent) gives written notice, as appropriate, to the Trustee, the Remarketing Agent and the Authority not later than the day before the redemption date that it wishes to purchase the principal amount of Bonds specified in the notice, at a purchase price equal to the redemption price. On or before the date specified as the redemption date, the Trustee will be furnished sufficient remarketing proceeds or other Eligible Funds for so long as a Credit Facility which is a Letter of Credit is in effect (or other funds provided by the Institution if no Credit Facility which is a Letter of Credit is in effect) in sufficient time for the Trustee to make the purchase on or before the redemption date. Any such purchase of Bonds by the Institution shall not be deemed to be a payment or redemption of the Bonds or any portion thereof and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds.

**Selection of Bonds to be Called for Redemption.** If less than all of the Bonds of a maturity shall be called for redemption, the particular Bonds to be so redeemed shall be selected by the Trustee by lot; provided that so long as the Bonds are registered in the Book-Entry Only System, Bonds shall be selected for redemption by DTC in such manner as DTC may determine; and provided that any Pledged Bonds shall be redeemed first, prior to calling any other Bonds for redemption.

## Notice of Redemption and Other Notices

So long as DTC or its nominee is the owner of the Bonds 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. (See “Book-Entry-Only System” herein.)

The Trustee shall give notice of redemption for Bonds at least thirty (30) 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 Bond. If DTC or its nominee is the Bondowner, any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner to notify the Beneficial Owner so affected, shall not affect the redemption of any other Bond. Any notice of optional redemption may state that the redemption is conditional and, if so, the notice shall state what the conditions are. If at the time of mailing of a notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem the Bonds called for redemption, the notice may state that it is conditional in that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

### **Book-Entry-Only System**

DTC will act as securities depository for the Bonds. The 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on 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 nor its nominee, the Trustee, 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 will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered through its Participant to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

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

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

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY BELIEVES TO BE RELIABLE, BUT NONE OF THE AUTHORITY, THE INSTITUTION OR THE UNDERWRITER TAKES RESPONSIBILITY FOR THE ACCURACY THEREOF.

*No Responsibility of Authority, Institution and Trustee.* NONE OF THE AUTHORITY, THE INSTITUTION OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

## **PLAN OF FINANCE**

The Bonds are being issued to (i) finance the construction, renovation and equipping of the New Project; and (ii) refinance the construction, furnishing and equipping of an approximately 35,000 square foot Ambulatory Care/Maternity Building, related relocation costs, and renovation and refurbishing of the Institution's facilities at the Campus; and the acquisition of certain property at the Campus and the construction of an expansion to an existing medical office building thereon (collectively the "Existing Project") through the current refunding of the Series B Bonds. Proceeds of the Initial Tranche of Bonds are expected to be applied to refund currently the Series B Bonds on the date of issuance of the Initial Tranche of Bonds, fund the costs of a new CT scanner and reimburse the Institution for certain architectural and engineering costs previously incurred with respect to the New Project.

## **HEDGE AGREEMENT**

On or about the date of issuance of the Initial Tranche of Bonds the Institution expects to enter into an ISDA Master Agreement, including a Schedule and Confirmation (collectively, the "Hedge Agreement"), with Piper Jaffray Financial Products Inc. ("PJFPI"), in the notional amount of \$6,715,000 pursuant to which the Institution will pay to PJFPI a fixed rate of interest and receive a floating rate based on a percentage of LIBOR, each to be determined on the date that the Hedge Agreement is priced, on the notional amount. The Institution may enter into an additional Confirmation with PJFPI prior to or upon the issuance of any Additional Tranche of Bonds in a notional amount equal to the principal amount of the Additional Tranche of Bonds. The payments due from the Institution, if any, are unsecured.

## **THE BANK AND THE LETTER OF CREDIT**

The following information concerning the Bank and the Letter of Credit has been provided by representatives of the Bank and has not been independently certified or verified by the Authority, the Institution or the Underwriter.

### **The Bank**

See Appendix A – "Certain Information Concerning the Bank" for a summary description and certain financial information of the Bank.

### **The Letter of Credit**

Concurrently with the delivery of the Initial Tranche of Bonds, the Letter of Credit will be issued by the Bank pursuant to a Reimbursement Agreement between the Bank and the Institution (the "Reimbursement Agreement"). The Letter of Credit irrevocably authorizes draws in accordance with its terms in an aggregate amount not exceeding \$6,814,345.21 (as reduced and reinstated from time to time in accordance with the provisions of the Letter of Credit, the "Stated Amount") of which an amount not exceeding \$6,715,000 may be drawn upon with respect to payment of the unpaid principal amount or the portion of Purchase Price corresponding to principal of the Bonds and an amount not exceeding \$99,345.21 may be drawn upon with respect to payment of up to 45 days' interest on the Bonds or the portion of the Purchase Price corresponding to interest on the Bonds, computed at the

Maximum Interest Rate on the basis of a 365-day year. Subject to the provisions contained in the immediately following paragraph, each drawing under the Letter of Credit shall reduce the Stated Amount by the amount of such drawing. As a condition to the issuance of each Additional Tranche of Bonds, an amended or additional Letter of Credit must be delivered in the aggregate stated amount(s) necessary to secure the payment of the principal and purchase price of and 45 days' interest at the Maximum Interest Rate on all Outstanding Bonds, including the proposed Additional Tranche of Bonds.

After a drawing for the Purchase Price of the Bonds upon an optional or mandatory tender of the Bonds, the Stated Amount will be reinstated only upon reimbursement to the Bank for amounts drawn under the Letter of Credit and receipt by the Bank of a certificate from the Trustee in the form required under the Letter of Credit. With respect to a drawing for interest payable on an Interest Payment Date as a scheduled periodic payment of interest on the Bonds, if the Trustee shall not have received, prior to the close of business on the tenth calendar day after any payment in respect of such drawing, notice from the Bank to the effect that (i) the Bank has not been reimbursed in full for such drawing or (ii) any other Event of Default has occurred under the Reimbursement Agreement, and as a consequence the interest component of the Letter of Credit will not be reinstated, then the Stated Amount will automatically be reinstated effective the eleventh calendar day from the date of such drawing in an amount equal to the amount of such drawing. The Stated Amount shall not be reinstated for any drawing made with respect to a redemption.

The Letter of Credit will terminate upon the earliest of (a) the Bank's close of business on June 19, 2018, unless extended; (b) the Bank's close of business on the fifth Business Day after the date of the Trustee's receipt of written notice from the Bank of the occurrence of an Event of Default under the Agreement and directing the Trustee to accelerate the Bonds; (c) the date of the honoring of the final drawing available to be made under the Letter of Credit; (d) the date of receipt by the Bank of written notice from the Trustee stating that the Trustee has accepted a Substitute Credit Facility; (e) the date on which no Bonds remain Outstanding; or (f) the date on which the Bonds are converted to the Fixed Rate.

### **The Reimbursement Agreement**

The Bank will enter into the Reimbursement Agreement with the Institution. Reference is made to the Reimbursement Agreement for complete details of the terms thereof. See Appendix D -- "Summary of the Reimbursement Agreement" for a summary of certain provisions of the Reimbursement Agreement.

### **Substitute Credit Facility**

The Agreement provides that any time prior to the expiration of the Letter of Credit (except during the period between the giving of notice of mandatory tender for purchase on account of the expiration of the Credit Facility and the Purchase Date), the Institution may provide for delivery to the Trustee of a Substitute Credit Facility subject to certain limitations, including the payment in full of all obligations under the Reimbursement Agreement. The Agreement contains additional provisions with respect to the acceptability of the Substitute Credit Facility.

### ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of the proceeds of the sale of the Initial Tranche of Bonds:

#### SOURCES OF FUNDS

Principal amount of Initial Tranche of Bonds	\$6,715,000.00
Institution equity contribution	<u>\$73,241.34</u>
<b>TOTAL SOURCES OF FUNDS</b>	<b><u>\$6,788,241.34</u></b>

#### USES OF FUNDS

Deposit to the Project Fund	\$2,776,966.53
Refund Series B Bonds	\$3,671,132.23
Deposit to the Expense Fund (1)	<u>\$340,142.58</u>
<b>TOTAL USES OF FUNDS</b>	<b><u>\$6,788,241.34</u></b>

(1) Includes letter of credit and other bank fees.

### BONDOWNERS' RISKS

The purchase and holding of the Bonds is subject to certain risks. EACH PROSPECTIVE INVESTOR IN THE BONDS IS ENCOURAGED TO READ IN THEIR ENTIRETY THIS OFFICIAL STATEMENT AND THE UNDERLYING DOCUMENTS, WHICH ARE AVAILABLE UPON REQUEST. Particular attention should be given to the factors described below, which, among others, could affect the payment of debt service on the Bonds, the market price of the Bonds and the Bondowners' rights to retain ownership of the Bonds. *This discussion of risk factors is not and is not intended to be comprehensive or exhaustive.*

**THE BONDS ARE BEING OFFERED SOLELY ON THE BASIS OF THE FINANCIAL STRENGTH OF THE BANK AND NOT ON THE FINANCIAL CONDITION OF THE AUTHORITY OR THE INSTITUTION. THE HOLDERS OF THE BONDS WILL NOT BE ABLE TO ASSESS THE LIKELIHOOD THAT PAYMENT ON ANY PORTION OR ALL OF THE BONDS WILL BE ACCELERATED BEFORE THE STATED MATURITY THEREOF BECAUSE OF AN EVENT OF DEFAULT UNDER THE REIMBURSEMENT AGREEMENT BETWEEN THE INSTITUTION AND THE BANK, UPON WHICH ACCELERATION THE PORTION OF THE BONDS SUBJECT TO ACCELERATION WOULD CEASE TO ACCRUE INTEREST AND WOULD BE PAYABLE AT PAR.**

The information set forth in the following discussion of Bondowners' Risks is limited. The following discussion indicates only some risks associated with the Institution. It is not a definitive list of risks, nor does it purport to describe all risks associated with the Institution.

#### **The Letter of Credit, Default by the Bank**

The Letter of Credit is the Bondowners' primary expected source of payment of principal or purchase price of and interest on the Bonds. The Bank's obligation under the Letter of Credit will be a general obligation of the Bank. Such obligations will not be guaranteed or secured, in whole or in part, by the United States of America or any agency or instrumentality thereof. There can be no assurance that the Bank will maintain its present financial

condition or that an adverse change in such condition will not adversely affect its ability to honor future drawings under the Letter of Credit. A change in the creditworthiness of the Bank or any subsequent provider of a substitute Credit Facility could result in a change in the rating on the Bonds. Certain information with respect to the Bank is included in Appendix A to this Official Statement.

### **Payment of Debt Service**

The principal of, redemption premium, if any, and interest on the Bonds are payable solely from the amounts paid by the Institution to the Authority under the Agreement and the proceeds of the Letter of Credit. No representation or assurance can be made that revenues will be realized by the Institution in the amounts necessary to make payments at the times and in the amounts sufficient to pay the debt service on the Bonds. Future revenues and expenses of the Institution may be affected by events and conditions affecting the operations of such Institution, as discussed below.

In case of a default under the Letter of Credit, the ability of the Authority to pay principal of and interest on the Bonds would depend primarily upon the receipt of sufficient moneys from the Institution pursuant to the Agreement and, to a lesser extent, the investment or reinvestment of moneys held pursuant to the Agreement with respect to the Bonds.

### **Enforceability of Remedies Generally**

The remedies granted to the Authority, the Trustee or the owners of the Bonds upon an Event of Default under the Agreement may be dependent upon judicial actions, which are often subject to discretion and delay. Under existing law, the remedies specified in the Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the provisions of the Agreement by limitations imposed by state and federal laws, by rulings and decisions affecting equitable remedies regardless of whether enforceability is sought in a proceeding at law or in equity, and by bankruptcy, reorganization, insolvency, receivership or other similar laws affecting the rights of creditors generally.

### **Covenant to Maintain Tax-Exempt Status of the Bonds**

The tax-exempt status of the Bonds is based on the continued compliance by the Authority and the Institution with certain covenants contained in the Agreement. These covenants relate generally to arbitrage limitations, rebate of certain excess investment earnings to the federal government, restrictions on the amount of costs of issuance financed with the proceeds of the Bonds, the tax exempt status of the Institution and other use, expenditure and investment restrictions. Failure to comply with any of these covenants may result in the treatment of interest on the Bonds as taxable retroactive to the date of issuance.

### **Redemption; Mandatory Tender; Acceleration**

The Bonds are subject to redemption and to mandatory tender upon the occurrence of certain events more particularly described under “THE BONDS – Mandatory Tender of Bonds For Purchase” and “Redemption Provisions” herein. Rights of redemption include the right of optional redemption. Holders of the Bonds are subject to these rights of redemption and mandatory tender events and Bondowners will be unable to continue to hold their Bonds in the event that such Bonds are subject to redemption or mandatory tender.

In addition, the Bonds or a portion of the Bonds may be redeemed or accelerated in an event of default by the Institution or the Authority. See Appendix C -- “Summary of the Agreement -- Events of Default and Remedies.”

### **Borrowers’ Risks Pertaining to Hospitals and the Health Care Industry Generally**

Future revenues and expenses of the Institution will be affected by events and conditions relating generally to, among other things, demand for the services of the Institution; the ability of the Institution to provide the services required by patients; physicians’ relationships with the Institution; management capabilities; the correctness of the

design and success of the Institution's strategic plans; economic developments in the Institution's service area; the Institution's ability to control expenses and maintain relationships with corporate and other sponsors of research, health maintenance organizations ("HMOs") and other managed care organizations ("MCOs") and third-party payors; the level of investment returns; competition; rates; costs; third-party reimbursement; legislation; and government regulation. While the Institution reasonably expects in the future to generate sufficient revenues to cover its expenses, third-party payments, statutes and regulations governing health care, and contractual terms and provisions may change, and unanticipated events and circumstances may occur that cause variations from this expectation, and the variations may be material. Accordingly, there is no assurance that the Institution will realize sufficient income from operations in future years to meet its obligations, including payments with respect to the Bonds.

### **TAX EXEMPTION**

In the opinion of Edwards Angell 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 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (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 expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Authority and the Institution have covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and that the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondowners should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the 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 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 E hereto.

Prospective Bondowners should be aware that 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 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 Bonds may adversely affect the value of, or the tax status of interest on, the 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 future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the 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 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 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 THE BONDS FOR INVESTMENT AND DEPOSIT**

The Act provides that the 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 Bonds, under the Act, are securities which may properly and legally be deposited with and received by any Commonwealth or municipal officer of 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 THE BONDS**

The 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 and from proceeds of the Letter of Credit. 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 or the interest on the 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.

### **UNDERWRITING**

The Bonds are being purchased for reoffering by the Underwriter pursuant to a Purchase Contract among the Authority, the Institution and the Underwriter. The Underwriter has agreed to purchase the Initial Tranche of Bonds for a fee of \$33,575. The Underwriter will purchase all of the Initial Tranche of Bonds which are issued if any of the Initial Tranche of Bonds are purchased. The obligations of the Underwriter are subject to certain terms and conditions set forth in the Purchase Contract. The Underwriter may offer and sell the Initial Tranche of Bonds to certain dealers and dealer banks and others at prices lower than the public offering prices stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

### **REMARKETING AGENT**

The initial Remarketing Agent shall be Piper Jaffray & Co. The Remarketing Agent will use its best efforts to remarket the Bonds, set the interest rates on the Bonds and otherwise perform the other duties and remarket Bonds as provided for in the Agreement, subject to the provisions of a remarketing agreement between the Remarketing Agent and the Institution. The Remarketing Agent may purchase for its own account, or as broker or agent for others, deal in Bonds and may do anything any other Bondowner may do to the same extent as if the Remarketing Agent were not serving as such.

## **CERTAIN CONSIDERATIONS AFFECTING SALES OF VARIABLE RATE BONDS**

### **The Remarketing Agent is Paid by the Institution**

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Bonds that are tendered pursuant to the optional or mandatory tender provisions of the Agreement by the owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Institution with the consent of the Authority and the Bank and is paid by the Institution for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Bonds.

### **The Remarketing Agent Routinely Purchases Bonds for its Own Account**

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, routinely acquires such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

### **Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date**

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds at the remarketing price.

### **The Ability to Sell the Bonds other than through Tender Process May Be Limited**

The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Bonds to do so through the Trustee with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process.

## **DESCRIPTION OF RATING**

Moody's Investors Service, Inc. ("Moody's") has assigned ratings of "Aa2" and "VMIG-1" to the Bonds based upon delivery of the Letter of Credit. Such ratings reflect only the views of Moody's and any desired explanation of the significance of such ratings should be obtained from Moody's at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any give period of time or that such ratings will not be revised

downward or withdrawn entirely by Moody's, if in the judgment of Moody's, circumstances so warrant. Any such adjustment downward or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

### LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Authority are subject to the approval of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel, whose opinion approving the validity and tax exempt status of the Bonds will be delivered with the Bonds. A copy of the proposed form of the opinion is attached hereto as Appendix E. Certain legal matters will be passed on for the Institution by its counsel, Bowditch & Dewey, Boston, Massachusetts, for the Bank by its counsel, Fletcher, Tilton and Whipple, P.C., Worcester, Massachusetts, and for the Underwriter by its counsel, Foley & Lardner, LLP, Boston, Massachusetts.

### LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the 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.

### MISCELLANEOUS

The references to the Act, the Agreement, the Reimbursement Agreement and the Letter of Credit are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the Act, the Agreement, the Reimbursement Agreement and the Letter of Credit for full and complete statements of such and all their provisions. The agreements of the Authority with the owners of the Bonds are fully set forth in the Agreement, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they 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 Trustee.

Information relating to DTC and the book-entry system described under the heading "THE BONDS -- Book-Entry-Only System" has been furnished by DTC and is believed to be reliable, and information relating to TD Banknorth, National Association in Appendix A hereto has been furnished by the Bank and is believed to be reliable, but none of the Authority, the Institution or the Underwriter makes any representations or warranties whatsoever with respect to such information.

The Bank has provided the information in Appendix A - "Certain Information Concerning the Bank", Appendix B - "Definitions of Certain Terms," Appendix C - "Summary of the Agreement," and Appendix E - "Proposed Form of Bond Counsel Opinion" have been prepared by Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Authority. The information relating to the Letter of Credit described under the heading "THE BANK AND THE LETTER OF CREDIT" and in Appendix D - "Summary of the Reimbursement Agreements" has been prepared by Fletcher, Tilton and Whipple, P.C., counsel to the Bank.

The Appendices are incorporated as an integral part of this Official Statement.

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  
Executive Director

**APPENDIX A****CERTAIN INFORMATION CONCERNING THE BANK**

TD Bank, N.A. (the "Bank") is a national banking association organized under the laws of the United States, with its main office located in Wilmington, Delaware. The Bank is an indirect, wholly-owned subsidiary of The Toronto-Dominion Bank ("TD") and, operating under the brand names TD Banknorth and Commerce Bank, offers a full range of banking services and products to individuals, businesses and governments throughout its market areas, including commercial, consumer, trust, investment advisory and insurance agency services. The Bank operates banking offices in Connecticut, Delaware, the District of Columbia, Florida, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Vermont and Virginia.

On October 2, 2007, TD entered into a merger agreement with Commerce Bancorp, Inc. ("Commerce"), the holding company for Commerce Bank, N.A., Philadelphia, Pennsylvania, and Commerce Bank/North, Ramsey, New Jersey (together, the "Commerce Banks"), which provided for Commerce to be acquired by TD. The acquisition was consummated on March 31, 2008. On May 31, 2008, the Commerce Banks merged with and into TD Banknorth, N.A. ("TD Banknorth"). In connection with this merger, the Bank's legal name was changed to "TD Bank, N.A." As of March 31, 2008, TD Banknorth had consolidated assets of \$43.4 billion, consolidated deposits of \$28.5 billion and stockholder's equity of \$9.2 billion, Commerce Bank had consolidated assets of \$51.4 billion, consolidated deposits of \$41.7 billion and stockholder's equity of \$9.0 billion, and Commerce Bank/North had consolidated assets of \$5.6 billion, consolidated deposits of \$4.6 billion and stockholder's equity of \$972.3 million, all based on regulatory accounting principles.

Additional information regarding the foregoing is available from the filings made by TD with the U.S. Securities and Exchange Commission (the "SEC"), which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning TD, the Bank and the Commerce Banks contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by the Bank and is the obligation of the Bank and not TD.

The Bank will provide copies of the publicly available portions of the most recent quarterly Call Report of the Bank (or its predecessor banks) delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

TD Banknorth Inc.  
P.O. Box 9540  
Portland, ME 04112-9540  
Attn: Corporate Communications  
Mail Stop: ME 089-71

Information regarding the financial condition and results of operations of the Bank will be contained in the quarterly Call Reports of the Bank delivered to the Comptroller of the Currency and available online at <https://cdr.ffiec.gov/public>. General information regarding the Bank may be found in periodic filings made by TD with the SEC. TD is a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare certain filings with the SEC in accordance with the disclosure requirements of Canada, its home country. Canadian disclosure requirements are different from those of the United States. TD's financial statements are prepared in accordance with Canadian generally accepted accounting principles, and may be subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies prepared in accordance with United States generally accepted accounting principles.

The delivery hereof shall not create any implication that there has been no change in the affairs of TD or the Bank since the date hereof, or that the information contained or referred to in this Appendix C is correct as of any time subsequent to its date.

## APPENDIX B

### DEFINITIONS OF CERTAIN TERMS

*The following are definitions of certain terms used in the Loan and Trust Agreement dated as of June 1, 2008 (the "Agreement") among the Authority, the Institution and the Trustee, and used in this Official Statement:*

"Act" means the Massachusetts Health and Educational Facilities Authority Act (Chapter 614 of the Acts of 1968, as amended from time to time).

"Act of Bankruptcy of the Bank" means the Bank shall become insolvent or fail to pay its debts generally as such debts become due or shall admit in writing its inability to pay any of its indebtedness or shall consent to or petition for or apply to any authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or any such trustee, receiver, liquidator or similar official is otherwise appointed or insolvency, reorganization, arrangement or liquidation proceedings (or similar proceedings) shall be instituted by or against the Bank.

"Additional Tranches of Bonds" means Bonds issued 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, Deputy Director of Financing Programs or Associate Director of Financing Programs, 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 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.

"Bank" means TD Bank, N.A. in its capacity as issuer of the Letter of Credit, and any other issuer of a Credit Facility.

"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, which may include counsel for the Institution.

"Bond Fund" means the fund established pursuant to the Agreement.

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

"Bondowners" or "Owners" 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" means, collectively, the Initial Tranche of Bonds, any Additional Tranches of Bonds, in an aggregate principal amount not in excess of \$26,000,000, and any bond or bonds duly issued in exchange or replacement for any of the foregoing.

"Business Day" means any day (i) that is not a Saturday, Sunday or legal holiday, (ii) on which banks are not required or authorized to close in New York, New York or Boston, Massachusetts, (iii) on which banking institutions in each of the cities in which the principal offices of the Trustee and, if applicable, the Remarketing Agent and the Bank (and the office of the Bank specified for draws under the Letter of Credit) are located are not required or authorized to remain closed and (iv) on which the New York Stock Exchange is not closed.

“Commonwealth” means The Commonwealth of Massachusetts.

“Credit Facility” means the Letter of Credit and any substitute irrevocable transferable direct-pay letter of credit, insurance policy, surety bond, line of credit or other instrument delivered to the Trustee pursuant to the Agreement and then in effect.

“Daily Mode” means a Rate Period with respect to the Bonds which shall be from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day.

“Daily Rate” means the rate of interest determined by the Remarketing Agent for each Rate Period to be the lowest rate which in its judgment, on the basis of prevailing market conditions, would permit the sale of the Bonds in the Daily Mode at par plus accrued interest on and as of the Effective Date, but not in excess of the Maximum Interest Rate.

“Default” means any Event of Default without regard to any lapse of time or notice.

“Delivery Date” means, with respect to a Bond tendered for purchase, the Purchase Date or any subsequent Business Day on which such Bond is delivered to the Trustee as provided in the form of Daily and Weekly Bonds in the Agreement.

“Effective Date” means, with respect to a Bond in the Daily Mode or Weekly Mode, the date on which a new Rate Period for that Bond takes effect. The Effective Date shall initially be the date of original issuance of the Bonds and thereafter daily in the Daily Mode and each Wednesday in the Weekly Mode.

“Effective Rate” is defined in the form of Daily Rate or Weekly Rate Bond.

“Eligible Funds” means (i) amounts drawn on any Credit Facility; (ii) amounts paid to the Trustee pursuant to the Agreement which have been held by it for a period of at least 123 days during which no Event of Bankruptcy has occurred and which have been commingled only with other Eligible Funds; (iii) amounts which if applied to the payment of the Bonds would not, in the opinion of nationally recognized counsel experienced in bankruptcy matters selected by the Institution and satisfactory to the Trustee and Moody’s, be subject to avoidance as a preference under the United States Bankruptcy Code upon an Event of Bankruptcy; (iv) proceeds of obligations issued to refund all or a portion of the Bonds, provided that the Trustee and Moody’s receive an opinion of nationally recognized counsel experienced in bankruptcy matters selected by the Institution and satisfactory to the Trustee and Moody’s that such proceeds are not subject to avoidance as a preference under the United States Bankruptcy Code upon an Event of Bankruptcy; or (v) income derived from investment of the foregoing. The Trustee shall maintain records of Eligible Funds held by it.

“Event of Bankruptcy” means the filing of a petition in bankruptcy or the commencement of a proceeding under the United States Bankruptcy Code or any other applicable law concerning insolvency, reorganization or bankruptcy by or against the Institution, any affiliates thereof, any guarantor of the Bonds (other than the Bank) or the Authority, as debtor.

“Event of Default” means any one of the events described under the heading “Default” in Appendix C hereto.

“Expense Fund” means the fund established pursuant to the Agreement.

“First Optional Redemption Date” means the anniversary of the Fixed Rate Conversion Date in the year which is the number of years after the Fixed Rate Conversion Date equal to the number of years between the Fixed Rate Conversion Date and the maturity date multiplied by one-half (1/2) and rounded up to the nearest whole number; provided, however, that Bonds shall not be subject to optional redemption if the period between the Fixed Rate Conversion Date and their maturity date is less than ten years.

“Fixed Rate” means a rate or rates of interest on the Bonds that is fixed for the remaining term of the Bonds.

“Fixed Rate Conversion Date” means the date upon which the Fixed Rate first becomes effective for the Bonds.

“Fixed Rate Mode” means the Mode in which the Bonds bear interest at Fixed Rates.

“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; (iii) bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (A) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (B) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) or (ii) which fund may be applied only to the payment when due of interest, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (C) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) or (ii), as the case may be, which have been deposited in such fund on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this clause (iii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (A) of this clause (iii), as appropriate; and (iv) 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.

“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.

“Initial Tranche of Bonds” means the Massachusetts Health and Educational Facilities Authority Variable Rate Demand Revenue Bonds, The Henry Heywood Memorial Hospital Issue, Series C (2008) Tranche 1, dated the date of their original delivery, and any Bond or Bonds duly issued in exchange or replacement therefor.

“Institution Bond” means any Bond registered to the Institution pursuant to the Agreement.

“Interest Payment Date” means each date on which interest shall be payable on the Bonds according to their terms so long as any of the Bonds shall be Outstanding. While the Bonds bear interest in the Daily Mode or Weekly Mode, the Interest Payment Date shall be the first Business Day of each calendar month commencing July 1, 2008; from and after the Fixed Rate Conversion Date, the Interest Payment Date shall be the first day of January and July of each year, commencing with a January 1 or July 1 which is at least two but less than ten (10) months after the Fixed Rate Conversion Date; and, as to any Bond, the maturity date or redemption date thereof. Notwithstanding anything in the Agreement to the contrary, the maturity date of any Bond shall be deemed to be an Interest Payment Date.

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

“Letter of Credit” means the irrevocable letter of credit or letters of credit issued by the Bank for the benefit of the Trustee to secure the Bonds, including any amendments thereto.

“Maximum Interest Rate” means the maximum interest rate on Bonds in the Daily Mode or the Weekly Mode, which rate is initially 12% per annum. The Maximum Interest Rate may be increased or decreased at any time by the Institution by filing with the Authority and the Trustee a certificate stating the new Maximum Interest Rate. In no event shall an increase in the Maximum Interest Rate be permitted to cause the amount entitled to be drawn under a Credit Facility to be less than the minimum required amount specified in the Agreement.

“Mode” means the period for and the manner in which the interest rates on the Bonds are set and includes the Daily Mode, Weekly Mode and the Fixed Rate Mode.

“Moody’s” means Moody’s Investors Service, Inc., or any of its successors or assigns or, if Moody’s is no longer rating the Bonds, any other national recognized securities rating agency designated by the Institution and reasonably acceptable to the Trustee.

“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 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; (iv) Bonds deemed tendered for purchase and not delivered to the Trustee on the Purchase Date, provided sufficient funds for payment of the Purchase Price are on deposit with the Trustee; and (v) 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.

“Permitted Investments” has the meaning given such term under the heading “Permitted Investments” in Appendix C hereto.

“Person” means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

“Pledge Agreement” means (a) the Pledge and Security Agreement dated as of June 1, 2008 by and between the Institution and the Bank, as said Pledge Agreement may be supplemented or amended from time to time, and (b) any similar agreement entered into by and between the Institution and any substitute provider of a substitute Credit Facility, as said agreement may be supplemented or amended from time to time.

“Pledged Bond” means any Bond purchased with proceeds provided by the Credit Facility which is registered to the Bank or its designee pursuant to the Agreement.

“Principal Payment Date” means the day on which principal shall be payable on the Bonds according to their terms so long as any of such Bonds shall be Outstanding.

“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:

- (i) New Part of the Project: financing the construction, renovation and equipping of an approximate 72,000 square foot expansion of emergency and radiology facilities located at 242 Green Street, Gardner, MA (the “Campus”); and financing other routine capital expenditures in connection with the aforementioned facilities at the Campus; and

(ii) Existing Part of the Project: the construction, furnishing and equipping of an approximately 35,000 square foot Ambulatory Care/Maternity Building, related relocation costs, and renovation and refurbishing of the Institution's facilities at the Campus.

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 with the written consent of the Authority and the Bank upon certification by the Project Officer on behalf of the Institution describing the change, estimating the resulting increase or decrease in the cost of the Project and stating: (A) that the amendment will not cause the Project to violate any applicable building, zoning, land use, environmental protection, historical, sanitary, safety or health care laws, rules and regulations or applicable grant, reimbursement or insurance requirements or the provisions of the Agreement; (B) that the changes are covered by a Determination of Need (which shall mean a determination pursuant to Chapter 111, Section 25C, of the Massachusetts General Laws) or are exempt from the requirement of a Determination of Need; (C) with respect to any portion of the Project to which the amendment relates and for which a Determination of Need has been obtained, that the amendment is consistent with the Determination of Need and is not expected to increase its cost beyond the amount approved in the Determination of Need; (D) with respect to any portion of the Project to which the amendment relates and which is exempt from the requirement of a Determination of Need, that the amendment is consistent with the exemption; and (E) as to any portion to which the amendment relates and which is exempt by reason of its cost being not more than the amount exempted by statute, that the amendment is not expected to increase its cost beyond that amount. 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 and the Bank may waive any provision required to be contained in the certificate upon advice of counsel that the waiver does not adversely affect the security for the Bonds. The scope of the Project may be increased only upon receipt by the Authority 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, 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 Fund" means such fund established pursuant to the Agreement.

"Project Officer" means the Vice President of Finance of the Institution or an alternate or successor appointed by the Institution.

"Purchase Contract" means the Purchase Contract among the Authority, the Institution and Piper Jaffray & Co., as Underwriter (the "Underwriter"), and providing for the sale by the Authority and the purchase by the Underwriter of the Initial Tranche of Bonds.

"Purchase Date" means, while the Bonds are in a Daily Mode or Weekly Mode, the date on which Bonds shall be required to be purchased pursuant to a mandatory or optional tender in accordance with the provisions in the form of Daily Rate or Weekly Rate Bonds in the Agreement.

"Purchase Price" shall have the meaning set forth in the forms of Daily Rate or Weekly Rate Bonds in the Agreement.

"Rate Period" or "Period" means, when used with respect to any particular rate of interest for a Bond in the Daily or Weekly Mode, the period during which such rate of interest determined for such Bond will remain in effect as described in the Agreement. While the Bonds are in the Daily or Weekly Mode, a new interest rate will take place on each Effective Date.

"Rebate Year" means the one year period (or shorter period beginning on the date of issue of each Tranche of Bonds) ending on September 30.

“Reimbursement Agreement” means (a) the Reimbursement Agreement dated as of June 1, 2008 between the Bank and the Institution and any amendments and supplements thereto and (b) any letter of credit agreement or reimbursement agreement by and between the Institution and any substitute provider of a substitute Credit Facility, and any amendments and supplements thereto.

“Remarketing Agent” means Piper Jaffray & Co., in its capacity as remarketing agent under the Remarketing Agreement, its successors and assigns.

“Remarketing Agreement” means the Remarketing Agreement dated as of June 19, 2008 among the Institution, the Trustee and the Remarketing Agent, as the same may be amended or supplemented from time to time.

“Revenues” means all rates, 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 Services or any of its successors or assigns or, if S&P is no longer rating the Bonds, any other national recognized securities rating agency designated by the Institution and reasonably acceptable to the Trustee.

“Series B Bonds” means the Massachusetts Health and Educational Facilities Authority Revenue Bonds, Henry Heywood Memorial Hospital Issue, Series B dated May 19, 2000.

“SIFMA Swap Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date.

“Supplement” means a Supplemental Trust Agreement, executed by the Authority, the Institution and the Trustee, providing for the issue of a Tranche of Bonds in accordance with the provisions of the Agreement.

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

“Tendered Bond” means any Bond tendered or deemed tendered for purchase pursuant to the Agreement.

“Tranche” means the Initial Tranche of Bonds and each Additional Tranche of Bonds.

“Trustee” means U.S. Bank National Association, as trustee under the Agreement and its successors in such capacity.

“UCC” means the Massachusetts Uniform Commercial Code, as amended from time to time.

“Weekly Mode” means a Period with respect to the Bonds commencing on Wednesday (or next succeeding Business Day if Wednesday is not a Business Day) of each week to and including Tuesday of the following week.

“Weekly Rate” means the rate of interest determined by the Remarketing Agent for each Rate Period to be the lowest rate which in its judgment, on the basis of prevailing financial market conditions, would permit the sale of the Bonds in the Weekly Mode at par plus accrued interest on and as of the Effective Date, but not in excess of the Maximum Interest Rate.

## APPENDIX C

### SUMMARY OF THE AGREEMENT

*The following is a brief summary, prepared by Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Authority, of certain provisions of the Loan and Trust Agreement dated as of June 1, 2008 (the "Agreement") pertaining to the Bonds. This summary does not purport to be complete, and reference is made to the Agreement for full and complete statements of such and all provisions.*

#### **The Assignment and Pledge of Revenues**

The Authority assigns and pledges to the Trustee in trust upon the terms hereof (a) all Revenues to be received from the Institution or derived from any security provided under the Agreement and (b) all rights to receive such Revenues and the proceeds of such rights. This assignment and pledge 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 its obligations to make payments to the Bond Fund and the Project Fund, and for its other payment obligations under the Agreement, the Institution hereby grants to the Trustee with respect to the Bond Fund, and to the Authority with respect to the Expense Fund and the Project Fund, a security interest in its interest in the moneys and other investments and any proceeds thereof held from time to time in such Funds established under the Agreement. (Section 202)

#### **Establishment of Funds**

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

Bond Fund;  
Rebate Fund;  
Expense Fund; and  
Project Fund.

(Sections 303, 304, 305 and 401)

#### **Bond Fund**

A Bond Fund is established with the Trustee and moneys shall be deposited therein as provided in the Agreement. The moneys in the Bond 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 Trustee solely to pay principal, purchase price of, premium, if any, and interest on, the Bonds. If at any time the amount of Eligible Funds in the Bond Fund exceeds the amount necessary to pay the Purchase Price or the principal of, premium, if any, and interest on the Bonds in full and all amounts owing or to be owing under the Agreement to the Authority and the Trustee, then the Trustee shall apply such excess first to the Bank, in fulfillment of any obligations owed to it under the Reimbursement Agreement, as certified by the Bank, and second, if any balance remains, to the Institution. (Section 303)

#### **Rebate Fund**

A Rebate Fund is established for the purpose of complying with IRC Section 148(f) and the regulations thereunder (the "Rebate Provision"). Amounts in the Rebate Fund shall not be available to pay principal, interest, or redemption premium on the Bonds. Within forty-five (45) days after the close of each Rebate Year (or any earlier date that may be necessary to make a required payment to the United States under the Agreement), the Institution shall compute and certify to the Authority and the Trustee in reasonable detail the amount of the Excess (as defined in the Agreement), if any, for the Bonds as of the close of such Rebate Year, and notwithstanding any provision of

the Agreement to the contrary, the Institution shall pay to the Trustee for deposit into the Rebate Fund any amount necessary to make the amount in the Rebate Fund equal to the sum of the Excesses for the Bonds.

The Institution, the Trustee and the Authority shall keep such records as will enable them to fulfill their responsibilities under the Agreement and the Rebate Provision.

To the extent amounts in the Rebate Fund are insufficient to make any payment of rebatable arbitrage due to the United States under the Rebate Provision, the Institution shall be liable for that deficiency. To the extent any payment of rebatable arbitrage is not timely made to the United States, the Institution shall pay to the United States on behalf of the Authority any interest, penalty, or other amount necessary to prevent the Bonds from becoming arbitrage bonds within the meaning of IRC Section 148. The Institution covenants that to the extent necessary it shall obtain the advice and assistance of experts to aid it in complying with the Rebate Provision. (Section 304)

### **Expense Fund**

An Expense Fund is hereby established to be held by the Authority and proceeds of the Bonds shall be deposited therein as provided in the Agreement. 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. Earnings on the Expense Fund shall not be applied to pay costs of issuance of the Bond, but shall be transferred to the Project Fund as provided in the Agreement. After all costs of issuing the Bonds have been paid any amounts remaining in the Expense Fund shall be transferred to the Project 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 305)

### **Project Fund**

A Project Fund is hereby established to be held by the Authority. Moneys in the Project Fund shall be applied by the Authority to the payment or reimbursement of Project Costs (excluding the costs of issuing the Bonds) or to make deposits to the Rebate Fund.

The Institution shall proceed with due diligence to acquire, construct, reconstruct and equip the New Part of the Project or cause the New Part of the Project to be acquired, constructed, reconstructed and equipped in accordance with the plans and specifications therefor.

The Institution may not revise the plans and specifications for the New Part of the Project in any material respect without the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed but may be subject to such reasonable conditions as the Bank may deem appropriate, including without limitation the requirement that the Bank and the Authority be furnished with an unqualified opinion of Bond Counsel that construction of the New Part of the Project in accordance with the revised plans and specifications will not adversely affect the tax-exempt status of the interest payable on the Bonds.

Completion of the acquisition, construction, reconstruction and equipping of the New Part of the Project shall be evidenced by a certificate signed by a Project Officer delivered to the Trustee and the Authority after being approved by the Bank stating (a) the date of such completion, (b) that all labor, services, materials and supplies used therefor and all costs and expenses in connection therewith have been paid, (c) that acquiring, constructing, reconstructing and equipping the New Part of the Project has been completed in accordance with the plans and specifications with the exception of ordinary punchlist items and work awaiting seasonal opportunity and (d) that the New Part of the Project is ready for occupancy, use and operation for its intended purposes. Any balance in the Project Fund not then needed to pay Project Costs shall be transferred to the Bond Fund.

In the event that the proceeds of the Bonds are not sufficient to pay in full all costs of acquiring, constructing, reconstructing and equipping the New Part of the Project in accordance with the plans and specifications, the Institution agrees, for the benefit of the Authority, the Trustee and the Bank to pay all such sums as may be required in excess of the proceeds of the Bonds. (Sections 401, 402, 403 and 404)

## **Application of Moneys**

If, in addition to moneys drawn on the Credit Facility (if any), available moneys in the Bond Fund are not sufficient on any day to pay all principal, premium, if any, and interest on the Outstanding Bonds then due or overdue, such moneys shall, after payment of all amounts owing to the Trustee and the Authority under the Agreement, be applied 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 and redemption premiums, if any, without regard to the order in which the same became due in each case pro rata among Bondowners, provided, however, that amounts drawn on the Credit Facility (if any) shall be applied exclusively to pay interest, premium, if any, and principal on the Bonds in accordance with the Credit Facility. If the owners of any Bonds have received all payments of principal, premium, if any, and interest that have become due and payable from a draw on the Credit Facility, the Bank shall be treated as the owner of such Bonds for purposes of applying this section. In the event there exist Pledged Bonds or Institution Bonds on the date of any application of moneys under this section, moneys otherwise to be paid to the Institution or to the Bank pursuant to this paragraph shall be applied (subject to the Agreement) as follows: first, so long as all payments due on Bonds supported by a Credit Facility have been made, pro rata to all Bondowners other than the Institution (but including the Bank to the extent provided in the preceding sentence), otherwise first, pro rata to all Bondowners other than the Bank and the Institution, second (and irrespective of which clause first applies), if any balance remains, to the Bank in fulfillment of any obligations owed to it under the Reimbursement Agreement or any Pledged Bonds (to the extent not satisfied pursuant to clause first), and third, if any further balance remains, to the Institution in respect of any Institution Bonds. Whenever moneys are to be applied pursuant to this section, 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 becoming available for such 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 Business Day 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. Whenever overdue interest is to be paid on the Bonds, the Trustee may establish a special record date as provided in the forms of Bonds. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and special record 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. Prior to any payment to be made to the Bank pursuant to clause second of the fifth preceding sentence, the Trustee may require a certificate from the Bank as to amounts due under the Reimbursement Agreement, and the Trustee may rely conclusively thereon. (Section 306)

## **Payments by the Institution**

While the Bonds are supported by a Credit Facility, the Institution shall make payments in immediately available funds to the Trustee for deposit in the Bond Fund on each Interest Payment Date in an amount equal to the interest payment then coming due on such Bonds. The Institution shall satisfy the requirement to pay interest under the preceding sentence while a Credit Facility is available for the Bonds by reimbursing the Bank directly for drawings on the Credit Facility to pay interest on the Bonds. While the Bonds are supported by a Credit Facility, on each Principal Payment Date, the Institution shall deposit in the Bond Fund an amount equal to the principal next or then coming due on the Bonds. The Institution shall satisfy the requirement to pay principal under the preceding sentence while a Credit Facility is available for the Bonds by reimbursing the Bank directly for drawings on the Credit Facility to pay principal on the Bonds.

The payments to be made by the Institution under the Agreement shall be appropriately adjusted to reflect the date of issue of the Bonds, the date of conversion of the Bonds to the Fixed Rate Mode, accrued interest deposited in the Bond Fund, if any, any transfer from the Bond Fund to the Rebate Fund, and any purchase or redemption of Bonds. The Institution shall make payments to the Trustee for deposit in the Bond Fund so that there will be available on each payment date the amount necessary to pay the interest, principal and redemption premium, if any, due or coming due on the Bonds.

At any time when any principal of the Bonds is overdue, the Institution shall also have a continuing obligation to pay to the Trustee for deposit in the Bond Fund an amount equal to interest on the overdue principal

but the installment payments required under this section shall not otherwise bear interest. Redemption premiums shall not bear interest.

If a Credit Facility is available for the Bonds, the Trustee shall, on the Business Day next preceding any date on which payments of the principal of, or interest on the Bonds are due, whether at maturity, draw on an Interest Payment Date, by acceleration, redemption, or otherwise, on the Credit Facility an amount sufficient to pay in full the principal of, and interest then coming due on the Bonds. The Trustee shall immediately notify the Institution by telephone promptly confirmed in writing if it has not been paid by the Bank for such a draw on the Letter of Credit on the date such payment on the Bonds is due.

All amounts received by the Trustee under any Credit Facility shall be held in a fund separate and apart from all other amounts held by the Trustee, may be invested only in Permitted Investments described in clause (A) of the definition thereof, and shall be used solely to pay the Purchase Price or principal of, and interest on the Bonds for which the Credit Facility is available. Principal and Purchase Price of, and interest on Institution Bonds and Pledged Bonds shall not be paid from amounts drawn on a Credit Facility.

The Trustee shall apply Eligible Funds, and to the extent necessary other funds, from the Bond Fund for the payment of principal, premium, if any, and interest payable on the Bonds (whether at maturity, upon redemption or acceleration, on an Interest Payment Date, or otherwise) as provided in the Agreement to the extent amounts drawn on the Credit Facility are insufficient to pay the same. The Trustee shall apply to the payment of principal, premium if any and interest on Bonds, in the following order, (i) moneys drawn on the Credit Facility, (ii) Eligible Funds on deposit in the Bond Fund other than moneys drawn on the Credit Facility, and (iii) any other moneys in the Bond Fund; provided, however, that except as specified in the next sentence, in no event shall the Trustee use any moneys other than Eligible Funds to pay principal of, premium, if any, or interest on Bonds supported by a Credit Facility. If and to the extent that sufficient Eligible Funds, including moneys drawn on the Credit Facility pursuant to the Agreement, are not available to pay in full the principal of, premium, if any, and interest on the Bonds supported by a Credit Facility, then other available moneys shall be so used. Promptly after any payment on the Bonds is made from funds drawn under the Credit Facility, the Trustee shall to the extent available pay to the Bank from amounts in the Bond Fund an amount equal to such payment on the Bonds from the drawing on the Credit Facility.

If the amount drawn on the Credit Facility and deposited with the Trustee, together with all other amounts (including remarketing proceeds) received by the Trustee for the purchase of Bonds supported by a Credit Facility and tendered pursuant to the Agreement is not sufficient to pay the Purchase Price of such Bonds on the Purchase Date, the Trustee shall on such Purchase Date, notify the Institution and the Remarketing Agent of such deficiency by telephone promptly confirmed in writing. The Institution shall pay to the Trustee in immediately available funds on the Purchase Date an amount equal to the Purchase Price of such Bonds less the amount, if any, available to pay the Purchase Price in accordance with the Agreement from the proceeds of the remarketing of such Bonds or from drawings on the Credit Facility, as reported by the Trustee. Bonds so purchased with moneys furnished by the Institution shall be Institution Bonds. (Section 307)

### **Unconditional Obligation**

To the extent permitted by law, the obligation of the Institution to make payments to the Authority and the Trustee under the Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim and shall be a general obligation of the Institution to which the full faith and credit of the Institution are pledged. (Section 308)

### **Investments**

Pending their use under the Agreement, moneys in the Funds 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 Project Fund pursuant to the Agreement

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 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 the Expense Fund shall be transferred to the Project Fund not less often than quarterly.

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 obligations 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) certificates of deposit of, banker's acceptances drawn on and accepted by, and interest bearing deposit accounts of, a bank or trust company which has a capital and surplus of not less than \$50,000,000, (D) Repurchase Agreements (as defined below), (E) money market funds rated at least AAm or AAm-G by S&P, (F) investment agreements with a provider rated at least AA- and Aa3 by S&P or Moody's, (G) commercial paper which is rated at the time of purchase A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase, and (H) provided the Bonds are supported by a Credit Facility, any other investment permitted by the Bank. 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 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:

(A) 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;

(B) 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

(C) 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 above requirements shall not apply to moneys allocable to the Bonds 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 314)

### **Default by the Institution**

Events of Default: Default. “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.

(a) *Debt Service on Bonds; Required Purchase.* Any principal of, premium, if any, or interest on any Bond shall not be paid when due, whether at maturity, by acceleration, upon redemption or otherwise or any Purchase Price for Bonds shall not be paid as provided in the Agreement.

(b) *Other Obligations.* The Institution shall fail to observe or perform any of its other covenants or agreements contained in the Agreement or in the Tax Certificate and such failure shall continue for a period of thirty (30) days after written notice given to the Institution by the Trustee or the Bondowners of at least 25% in principal amount of the Bonds Outstanding.

(c) *Bankruptcy.* (A) 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 ninety (90) days, (B) the Institution shall commence a voluntary case under the federal bankruptcy laws, 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, or (C) 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 ninety (90) days.

(d) *Reimbursement Agreement.* The Trustee shall have received written notice from the Bank of the occurrence of an event of default under the Reimbursement Agreement and a request to accelerate the Bonds.

(e) *Non-Reinstatement under the Credit Facility.* The Trustee shall receive written notice from the Bank within ten (10) calendar days from the date on which the Bank has honored a drawing under the Credit Facility to the effect that an event of default has occurred and is then continuing under the Reimbursement Agreement and the Bank has not reinstated the amount so drawn, and such non-reinstatement causes the total amount of the obligation of the Bank under the Credit Facility to be less than the principal amount of the Outstanding Bonds supported by the Credit Facility, plus accrued interest for a period of 45 days at the Maximum Interest Rate with respect to the principal amount of such Bonds then Outstanding in the Daily or Weekly Mode or 210 days (or such lesser or greater number of days as may be required by any rating agency then rating the Bonds in the Fixed Rate Mode) at the Fixed Rate if the Bonds are in the Fixed Rate Mode.

Waiver. At any time before an acceleration pursuant to an Event of Default, the Trustee may waive a Default under paragraph (b) above and its consequences by written notice to the Institution, and in the absence of inconsistent instructions from Bondowners pursuant to the Agreement shall do so upon written instruction of the

Owners of at least twenty-five percent (25%) in principal amount of such Bonds Outstanding. No waiver shall affect the right of the Trustee or the Authority to enforce the payment of any amounts owing to it. The Trustee shall not waive any Event of Default under paragraphs (a), (c), (d) or (e) above. Notwithstanding the above, the Trustee shall not waive any Event of Default without written notice from the Bank that the Credit Facility has been reinstated in full. (Section 601)

### **Remedies for Events of Default**

#### **If an Event of Default occurs and is continuing:**

Acceleration. If the Event of Default is one described in paragraph (a), (c), (d) or (e) under the heading “Default by the Institution” above, the principal of the Bonds and accrued interest thereon shall automatically be declared immediately due and payable without any further notice or action. Notwithstanding the foregoing, if an Event of Default described in paragraph (a) occurs due to the failure of the Trustee to receive sufficient funds for the payment of the Purchase Price of all Bonds supported by a Credit Facility tendered for purchase on any Purchase Date, the Trustee shall immediately draw under the Credit Facility an amount equal to such deficiency (except to the extent that one or more drawings have been made previously in respect of the same deficiency), plus one day’s accrued interest on such Bonds, and only if such Event of Default is not cured by the close of business on the next Business Day shall there be such an automatic acceleration of the payment of principal of and accrued interest on the Bonds.

Rights as a Secured Party. The Trustee and the Authority, as appropriate, may exercise all of the rights and remedies of a secured party under the UCC with respect to securities in the Bond Fund, Project Fund and Expense Fund, including the right to sell or redeem such securities and the right to retain the securities in satisfaction of the obligations of the Institution under the Agreement. (Section 602)

### **Court Proceedings**

Subject to certain provisions of the Agreement, the Trustee may enforce the obligations under the Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained in the Agreement, whether or not an Event of Default exists, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Authority of the provisions of the Agreement, including (to the extent the Agreement may lawfully provide) court costs, reasonable attorneys’ fees and other costs and expenses incurred in enforcing the obligations under the Agreement. (Section 603)

### **Revenues after Default**

After the occurrence of an Event of Default, any funds pledged as security under the Agreement and any other moneys received by the Trustee (other than amounts irrevocably set aside to pay particular Bonds) shall be applied to amounts due under the section of the Agreement entitled “Payments by the Institution” (without regard to any grace periods), which amounts shall be applied first to pay sums due the Trustee and the Authority under the Agreement and then in the order specified in the section of the Agreement entitled “Application of Moneys.” (Section 604)

### **The Credit Facility; Acceleration**

Upon declaration of acceleration of the Bonds prior to expiration of the Credit Facility, the Trustee shall draw immediately on the Credit Facility in accordance with the Agreement in an amount equal to the aggregate unpaid principal of and interest on the Bonds to the date of final payment (which shall be the date of declaration of acceleration for Bonds on which final payment date interest shall cease to accrue). (Section 605)

### **Rights of Bondowners**

If an Event of Default occurs and is continuing, and if the Bondowners representing not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding shall have requested the Trustee in writing to exercise one or more of the rights and remedies provided under the Agreement and offered it indemnity as provided in the Agreement, the Trustee shall be required to exercise such one or more of the rights and remedies under the Agreement as the Trustee shall determine to be in the best interest of the Bondowners and not inconsistent with any directions given in accordance with the Agreement. No Bondowner shall have any right to institute an action in law or equity or to pursue any other remedy under the Agreement with respect to any Bond unless (i) an Event of Default of which the Trustee has been notified has occurred and Bondowners representing not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding shall have requested the Trustee in writing to exercise its rights and remedies with respect thereto and shall have offered the Trustee reasonable opportunity to do so and indemnity as provided in the Agreement, and (ii) the Trustee shall within a reasonable time thereafter fail to exercise any of such rights or remedies. No Bondowner shall have any right to institute any action or pursue any other remedy if and to the extent that the surrender, impairment, waiver, or loss of the lien of the Agreement would, under applicable law, result. Notwithstanding the foregoing, each Bondowner shall have a right of action to enforce payment of the Bonds at and after the due dates thereof at the place, from the sources and in the manner expressed in the Bonds. For these purposes, so long as the Credit Facility has paid all amounts due on Bonds it supports, the Bank issuing such Credit Facility shall be treated as owner of such Bonds. (Section 606)

### **Performance of Institution's Obligations**

If the Institution shall fail to observe or perform any of its agreements or obligations under the Agreement, the Trustee may perform the same in its own name or in the Institution's name and is hereby irrevocably appointed the Institution's attorney-in-fact for such purpose. Unless an Event of Default exists, the Trustee shall give at least five (5) days' notice to the Institution before taking action under this section, except that in case of emergency as reasonably determined by the acting party, it may act on lesser notice or give the notice promptly after rather than before taking the action. The reasonable cost of any such action performed by the Trustee shall be paid or reimbursed by the Institution within thirty (30) days after the Trustee notifies the Institution of such cost. (Section 607)

### **Remedies Cumulative; No Waiver**

The rights and remedies under the Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. Neither the failure to insist upon a strict performance of any of the obligations of the Institution nor the failure to exercise any remedy for any violation thereof, shall be taken as a waiver for the future of the right to insist upon strict performance of the obligation or of the right to exercise any remedy for the violation. (Section 608)

### **Resignation or Removal of the Trustee**

The Trustee may resign on not less than thirty (30) days' notice given in writing to the Authority, the Bondowners and the Institution, but such resignation shall not take effect until a successor has been appointed by the Institution and has accepted such position. The Trustee may be removed (i) by written notice from the owners of the majority in principal amount of the Bonds Outstanding to the Trustee, the Authority, the Bank and the Institution, or (ii) so long as no default or Event of Default exists under the Agreement, by the Institution, with the consent of the Bank and the Authority, with written notice to the Trustee, but no such removal shall take effect until a successor has been appointed and assumed the duties under the Agreement. A petition in a court of competent jurisdiction for removal of the Trustee and the appointment of a successor may be filed by the Bondowners representing not less than 25% in principal amount of the Bonds Outstanding. No resignation or removal of the Trustee shall be effective until the Credit Facility has been transferred to a successor. (Section 704)

### **Action by Bondowners**

Any request, authorization, direction, notice, consent, waiver or other action provided by the Agreement to be given or taken by Bondowners may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Bondowners or their attorneys duly appointed in writing. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond. Bonds owned or held by or for the account of the Authority or the Institution shall not be deemed Outstanding Bonds for the purpose of any consent or other action by Bondowners. (Section 901)

### **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 the Agreement 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.

Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond. Bonds owned or held by or for the account of the Authority or the Institution shall not be deemed Outstanding Bonds for the purpose of any consent or other action by Bondowners, except that for such purposes Pledged Bonds shall be treated as Outstanding and shall be deemed to be owned by the Bank. So long as no Default exists under paragraph (a) under the heading "Default by the Institution" above with respect to any Bonds supported by a Credit Facility, the Bank and not the Bondowner, shall be treated as the Owner of all Bonds entitled to the benefits of such Credit Facility for the purpose of any consent or other action by Bondowners, unless such consent or other action either (A) would affect some, but not all, of the Bonds Outstanding, or (B) would be governed by clauses (i) through (iv) of the second paragraph under the heading "Amendments" below. (Section 902)

### **Annual Reports and Other Current Information**

Within sixty (60) days after the close of each fiscal year, the Institution shall render to the Trustee a report as of the close of the fiscal year as to the physical condition of the Project. In addition, the Institution shall from time to time render such other reports concerning the condition of the Project or compliance with the Agreement as the Authority or the Trustee may reasonably request. Within one hundred and fifty (150) days after the close of each fiscal year, the Institution shall furnish to the Trustee and the Authority, and to Bondowners requesting the same, copies of its audited financial statements. Copies of the reports and statements required to be filed with the Trustee pursuant this section shall be filed with the Trustee in sufficient quantity to permit the Trustee to retain at least one copy for inspection by Bondowners and to permit the Trustee to mail a copy to each Bondowner who requests it. The Trustee shall maintain a list of Bondowners who have made such a request. The Institution shall furnish to the agencies rating the Bonds such information as they may reasonably require for current reports to their subscribers. The Institution shall furnish to the Trustee, within sixty (60) days after the close of each fiscal year, a certificate signed by its chief operating officer or an Authorized Officer stating that the Institution has caused its operations for the year to be reviewed and that in the course of that review, no default under the Agreement has come to its attention or, if such a default has appeared, a description of the default. (Section 1004)

### **Maintenance of Corporate Existence**

The Institution shall maintain its existence as a nonprofit corporation qualified to do business in Massachusetts and shall not dissolve, dispose of or spin off all or substantially all of its assets, or consolidate with or merge into another entity or entities, or permit one or more other entities to consolidate with or merge into it, except that it may consolidate with or merge into one or more other entities or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to one or more other entities (and thereafter dissolve or not dissolve as it may elect), if (a) the surviving, resulting or transferee entity or entities each

is a corporation described in Section 501(c)(3) of the IRC having the status and powers set forth in the Agreement, (b) the transaction does not result in a conflict, breach or default referred to in the Agreement, (c) the surviving, resulting or transferee entity or entities each (i) assumes by written agreement with the Authority and the Trustee all the obligations of the Institution under the Agreement, (ii) notifies the Authority and the Trustee of any change in the name of the Institution, and (iii) upon such assumption there will not be a Default under the Agreement. (Section 1005)

### **Additional Tranches of Bonds**

The Authority may issue Additional Tranches of Bonds to finance the Project, upon the same terms and conditions set forth in the Agreement for the issuance of the Initial Tranche of Bonds. Prior to the delivery of an Additional Tranche of Bonds, the Authority and the Trustee shall enter into a Supplement to the Agreement providing for the details of the Additional Tranche of Bonds, including the application of the proceeds thereof, all substantially in accordance with the provisions hereof relating to the Initial Tranche of Bonds. The Supplement may also amend any other provision of the Agreement, provided that it will not have a material adverse effect upon the security for the Outstanding Bonds or the rights of the Bondowners regarding tender and payment. (Section 1101)

### **Amendments**

The parties may from time to time, without the consent of any Bondowner, amend the Agreement in order to (i) cure any ambiguity, defect or omission in the Agreement that does not materially adversely affect the interests of the Bondowners, (ii) grant additional rights or security to the Trustee for the benefit of the Bondowners, (iii) add additional Events of Default as shall not be inconsistent with the provisions of the Agreement and which shall not materially adversely affect the interests of the Bondowners, (iv) qualify the Agreement under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, (v) effective upon the Fixed Rate Conversion Date, make any amendment affecting only the Bonds being converted, (vi) make such other provisions in regard to matters or questions arising under the Agreement as shall not be inconsistent with the provisions of the Agreement and which shall not materially adversely affect the interests of the Bondowners, (vii) effect the delivery of a substitute Credit Facility, or (viii) to provide for the issue of a series of Additional Tranches of Bonds in accordance with the provisions of the Agreement.

Subject to the preceding paragraph, the parties may from time to time amend the Agreement with the consent of the owners of more than 50% in aggregate principal amount of the Bonds Outstanding; provided, that no amendment shall be made which adversely affects the rights of some but less than all the Bonds Outstanding without the consent of the owners of more than 50% in aggregate principal amount of the Bonds so affected; and provided further, that no amendment of the Agreement shall be effective to (i) change the principal, premium or interest on any Bonds, (ii) change the interest payment dates, maturity dates or purchase or redemption provisions of any Bonds, (iii) reduce the percentage of Bondowners whose consent is required for the amendment of the Agreement or (iv) modify the lien upon or pledge of the payments and other revenues assigned and pledged under the Agreement (including any Credit Facility), without the consent, in each case, of the owner of each Bond which would be affected by the action proposed to be taken.

When the Trustee determines that the requisite number of consents have been obtained for an amendment which requires Bondowner consents, it shall, within ninety (90) days, file a certificate to that effect in its records and mail notice to the Bondowners. No action or proceeding to invalidate the amendment shall be instituted or maintained unless it is commenced within sixty (60) days after such mailing. The Trustee will promptly certify to the Authority that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required hereby. A consent to an amendment may be revoked by a notice given by the Bondowner and received by the Trustee prior to the Trustee's certification that the requisite consents have been obtained.

Any amendment of the Agreement shall be accompanied by an opinion of Bond Counsel reasonably satisfactory to the Authority and the Trustee to the effect that the amendment is permitted by the Agreement and that such amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. So long as a Credit Facility supports the Bonds no amendment to the Agreement shall be made without the consent of the Bank. (Section 1201)

## Defeasance

When there are in the Bond Fund sufficient funds, or non-callable and non-prepayable Government or Equivalent Obligations described in clause (i), (ii) or (iii) of the definition of Government or Equivalent Obligations in such principal amounts, bearing interest at such rates and with such maturities (including, with respect to any Bonds in the Daily Mode, with maturities no greater than one (1) day to fund the payment of Purchase Price or with respect to any Bonds in the Weekly Mode, with maturities no greater than seven (7) days to fund the payment of the Purchase Price) as will provide, without reinvestment, sufficient funds to pay the Purchase Price, principal of, premium, if any, and interest on the Bonds in full as and when such amounts become due, and when all the rights under the Agreement of the Authority and the Trustee (including the right to receive payments under the Agreement) 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 right, benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment of the Bonds and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien hereof (including certain obligations of the Institution under the Agreement), the security interests created by the Agreement (except in such funds and investments) shall terminate, the Bonds shall be deemed paid 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 (a) with respect to any Bonds that are supported by a Credit Facility, all such funds and obligations in the Bond Fund shall be Eligible Funds; (b) 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; and (c) if the Bonds bear interest at the Daily or Weekly Rate and the Bonds are not to be redeemed on the date of defeasance thereof, the Trustee shall have received written confirmation from Moody's, if the Bonds are then rated by Moody's, that the proposed defeasance will not in and of itself cause a reduction or withdrawal of the rating then in effect on the Bonds. 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 the unclaimed property provisions of the Agreement, 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 and after allowance for payment into the Rebate Fund, be distributed to the Institution upon such indemnification, if any, as the Authority or the Trustee may reasonably require. (Section 203)

[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX D

### Summary of the Reimbursement Agreement

The following is a summary of certain provisions of the Reimbursement Agreement. This summary does not purport to be complete and reference is made to the Reimbursement Agreement for complete statements of all provisions.

The Institution has entered into a Reimbursement Agreement with the Bank pursuant to which the Bank has agreed to issue a Letter of Credit with regard to the Initial Tranche of Bonds and, under certain circumstances, a second letter of credit with regard to the Additional Tranches of Bonds (collectively the “Letters of Credit”) and the Institution has agreed to reimburse the Bank for sums drawn on the Letter of Credit. The Reimbursement Agreement also provides for an annual letter of credit fee, drawing fees, transfer fees, interest and charges. The Institution’s obligations under the Reimbursement Agreement are secured by a Security Agreement from the Institution to the Bank and a negative pledge evidencing the Institution’s agreement to not encumber any of its real estate holdings with any form of mortgage or similar security agreement.

The Reimbursement Agreement sets forth conditions to the issuance of the Letter of Credit and certain representations and warranties which are to be true at the closing date. Such representations and warranties include representatives as to: organization and good standing; due authorization, execution and delivery and enforceability of documents; litigation pending against the Institution; compliance by the Institution with and no violation of applicable agreements; no violation by the Institution of laws; accuracy of the Institution’s financial information; good title to assets; compliance with environmental laws; and no knowledge of any pending or contemplated condemnation or similar proceeding.

The Reimbursement Agreement also contains affirmative and negative covenants and reporting requirements. Affirmative covenants of the Institution include: payment of amounts due to the Bank; payment of taxes, charges and other obligations; maintenance of insurance; maintenance of existence; compliance with laws; rights of access and inspection by the Bank; maintenance of proper books and records; maintenance of property; maintaining the Institution’s primary deposit and cash management with the Bank and maintaining the Line of Credit Note; continuance of its business in the ordinary course and not entering into other unrelated lines of business; compliance with all obligations under the Agreement; using proceeds of the Bonds only for the Project; compliance by the Institution with specified financial covenants and the exercise by the Institution of the right to redeem the Bonds pursuant to a schedule agreed to by the Institution and the Bank. Negative covenants of the Institution include: limitation on further indebtedness, subject to exceptions described therein; limitation on further liens, subject to exceptions described therein; limitations on becoming obligated for obligations of others; limitations on liquidations, mergers, and asset dispositions as described therein; prohibitions against disposition of accounts receivable; prohibition against sale-leaseback transactions; limitations on transactions with affiliates; prohibition on forming new subsidiaries except under certain circumstances limitations on the disposition and existence of hazardous substances; and prohibitions on replacing the Letter of Credit without repayment of all obligations under the Reimbursement Agreement. Reporting requirements include requirements to furnish: all financial reports as and when required to be furnished to the Trustee under the Agreement; annual audit report of the Institution; annual budget of the Institution; audits, reports and letters of comment received from accountants; compliance certificates; notice of the occurrence of any event of default.

The Reimbursement Agreement also sets out certain events of default. These include: (i) failure to pay; (ii) failure to observe affirmative covenants, as well as failure to comply with any of the negative covenants; (iii) any representation or warranty having been incorrect in any material respect; (iv) cross-default to certain other agreements with the Bank; (v) cross-default to any certain other indebtedness of the Institution; (vi) dissolution, bankruptcy, reorganization or similar proceedings involving the Institution; (vii) any attachment, levy or similar process if not paid, released, vacated or bonded within 20 days; (viii) failure of the Institution to meet funding requirements under ERISA; (ix) the Institution suffering certain substantial losses, thefts, takings, damage, or destruction to its property; (x) any loss of perfection or priority of the Bank’s liens; (xi) cross-default to the Agreement; (xii) entry of certain judgments against the Institution; and (xiii) occurrence of an Environmental Event defined in the Reimbursement Agreement.

Upon the occurrence of the Event of Default, the Bank may, among other things: (i) direct the Trustee to accelerate the Bonds; (ii) enforce its rights under the Security Agreement referred to above; (iii) enforce its rights against the Institution through legal action; (iv) exercise all other rights and remedies which the Bank may have under any agreement or under applicable law.

The Reimbursement Agreement also contains provisions as to the Bank's right (but not obligation) to cure certain Institution defaults; indemnification of the Bank by the Institution; limitation of liability of the Bank and its representatives; set-off; participations; jury trial waiver; amendments and waivers; notices; and other miscellaneous provisions.

The Reimbursement Agreement may be amended at the time and from time to time without the consent of the Authority, the Trustee, or owners of the Bonds.

**APPENDIX E**  
**Proposed Form of Bond Counsel Opinion**

June \_\_, 2008

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

\$6,715,000

Massachusetts Health and Educational Facilities Authority  
 Variable Rate Demand Revenue Bonds  
 The Henry Heywood Memorial Hospital Issue, Series C (2008) Tranche 1  
 Dated June \_\_, 2008

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 above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including the Loan and Trust Agreement dated as of June 1, 2008 (the "Agreement"), among the Authority, The Henry Heywood Memorial Hospital (the "Institution") and U.S. Bank National Association, as trustee (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 and in the certified proceedings and other certifications of public officials furnished to us, and certifications of officials of the Institution and others, without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to the Agreement. The Bonds are payable solely from funds to be provided therefor by the Institution pursuant to the Agreement, including amounts drawn by the Trustee under a letter of credit supporting the Bonds (the "Letter of Credit") issued by TD Bank, N.A. Under the Agreement, the Institution has agreed to make payments sufficient to pay when due the principal and purchase or redemption price of 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.

We express no opinion with respect to compliance by the Institution with applicable legal requirements with respect to the Agreement, the Letter of Credit or in connection with the construction or operation of the Project (as defined in the Agreement) being financed by the Bonds.

Reference is made to an opinion of even date of Bowditch & Dewey, 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, the power of the Institution to enter into and perform its obligations under the Agreement, and the authorization, execution and delivery of the Agreement by the Institution. We have relied on such opinion with regard to such matters and to the other matters addressed therein, including, without limitation, the current qualification of the Institution as an organization described in Section

501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and the use of the Project in activities of the Institution that do not constitute unrelated trades or businesses of the Institution within the meaning of Section 513 of the Code. We note that such opinion is subject to the limitations and conditions described therein. Failure of the Institution to maintain its status as an organization described in Section 501(c)(3) of the Code or to use the Project in activities of the Institution that do not constitute unrelated trades or businesses of the Institution within the meaning of Section 513 of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

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

(a) 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.

(b) The Agreement has been duly authorized, executed and delivered by the Authority and is a valid and binding obligation of the Authority enforceable against the Authority. As provided in Section 13 of Chapter 614 of the Acts of 1968 of The Commonwealth of Massachusetts, as amended, the Agreement creates a valid lien on the Revenues, the other funds pledged by the Agreement as security for the Bonds, 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).

(c) 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 and other funds provided therefor in the Agreement.

(d) Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Authority and the Institution with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Institution and, to the extent necessary, the Authority have covenanted in the Agreement to comply with all such requirements. Failure by the Authority or the Institution to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

(e) Interest on the Bonds 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 regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS ANGELL PALMER & DODGE LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]



