NEW ISSUE — BOOK-ENTRY ONLY

RATINGS† Fitch: A+ (stable)
Moody's: A3 (stable)

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. 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 MATTERS" herein.

$112,385,000
STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Revenue Bonds, Connecticut Children's Medical Center Issue, Series E

Dated: Date of Delivery

Due: July 15, as shown herein

The State of Connecticut Health and Educational Facilities Authority (the "Authority") is issuing its Revenue Bonds, Connecticut Children's Medical Center Issue, Series E (the "Bonds") pursuant to the provisions of the Indenture (as defined herein). It is expected that the Bonds will bear interest at Fixed Rates (as defined herein) commencing on the date of issuance the Bonds at the rates shown on the inside cover page hereof. Interest on the Bonds is payable by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Bond Trustee") on January 15 and July 15 of each year, commencing January 15, 2024.

The Bonds are being issued as fully registered bonds in the denomination of, with respect to the initial Interest Rate Period, $5,000 or any integral multiple thereof, and the Bonds, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of Bonds will not receive physical certificates representing the Bonds purchased but will receive a credit balance on the books of the nominees of such purchasers. So long as Cede & Co. is the registered owner of the Bonds, principal or purchase price, if any, of or redemption price, if any, of, and interest on the Bonds will be paid by the Bond Trustee to DTC, which in turn, will remit such principal, redemption price, and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds, as described herein.

The Bonds are subject to optional, special and mandatory redemption and purchase in lieu of redemption prior to their respective maturities, as set forth herein. In addition, the Bonds are subject to mandatory tender for purchase prior to maturity, as set forth herein. The Bonds will not be subject to optional tender for purchase during the Initial Fixed Period. The purchase of the Bonds involves certain investment risks. See "BONDHOLDERS' RISKS" herein.

This Official Statement summarizes certain terms of the Bonds only while the Bonds bear interest at Fixed Rates in the Initial Fixed Period. Should the Bonds bearing interest at Fixed Rates or any portion of the Bonds bearing interest at Fixed Rates be converted to operate in a different Interest Rate Period, the Bonds or portion thereof, as applicable, to be converted will be subject to mandatory tender for purchase, and, at that time, it is expected that a reoffering circular or a supplement to this Official Statement or other disclosure document will be prepared for the remarketing of such Bonds or portion thereof, as applicable.

The Bonds are a special obligation of the Authority secured under the provisions of the Indenture and the Loan Agreement (defined herein). The Bonds will be payable from Revenues (as defined herein) of the Authority, which consist primarily of Loan Repayments (as defined herein) made by Connecticut Children's Medical Center (the "Corporation") pursuant to the Loan Agreement, from certain funds held under the Indenture and from payments made by the Obligated Group (defined below) on Obligation No. 1 (defined herein) issued under the Master Indenture (defined herein). **The Bonds are not and shall not be deemed to constitute a debt or liability of or a pledge of the faith and credit of the State of Connecticut or any political subdivision thereof but shall be payable solely from the revenues derived by the Authority under the Loan Agreement and Obligation No. 1. Neither the faith and credit nor the taxing power of the State of Connecticut or of any political subdivision thereof is pledged to the payment of the principal or purchase price, if any, of or redemption premium, if any, or interest on the Bonds. The Act (as herein defined) does not in any way create a so-called moral obligation of the State of Connecticut to pay debt service in the event of a default by the Corporation, any other Member of the Obligated Group or the Authority. The Authority has no taxing power.**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this bond issue. Investors are instructed to read the entire Official Statement to obtain information essential for the making of an informed investment decision.

The Bonds are offered when, as, and if issued and received by the underwriters listed on this cover page (the "Underwriters"), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of the legality of the Bonds by Pullman & Comley, LLC, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Carmody Torrance Sandak & Hennessey LLP, Special Counsel to the Authority, for the Obligated Group by its counsel, Hinckley, Allen & Snyder LLP, and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. It is expected that the Bonds will be available for delivery through the services of DTC on or about May 17, 2023.

Goldman Sachs & Co. LLC

Loop Capital Markets

Date: May 2, 2023

† See "RATINGS" herein.

MATURITY SCHEDULE

$112,385,000
State of Connecticut Health and Educational Facilities Authority
Revenue Bonds, Connecticut Children's Medical Center Issue,
Series E

Initial Interest Rate Mode: Fixed Mode

Maturity (July 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†
2033	$ 1,025,000	5.000%	3.260%	114.943	20775DVD1
2034	1,070,000	5.000	3.350	113.518[C]	20775DVE9
2035	1,125,000	5.000	3.500	112.201[C]	20775DVF6
2036	1,180,000	5.000	3.690	110.560[C]	20775DVG4
2037	1,240,000	5.000	3.860	109.115[C]	20775DVH2
2038	4,070,000	5.000	3.980	108.109[C]	20775DVJ8
2039	4,830,000	5.000	4.040	107.610[C]	20775DVK5
2040	5,070,000	5.000	4.110	107.032[C]	20775DVL3
2041	5,320,000	5.000	4.140	106.785[C]	20775DVM1
2042	5,590,000	4.000	4.270	96.486	20775DVN9
2043	5,810,000	4.000	4.300	95.977	20775DVP4

$33,560,000 5.250% Term Bonds due July 15, 2048 — Priced 107.113[C] to Yield 4.340% CUSIP Number† 20775DVQ2

$42,495,000 4.250% Term Bonds due July 15, 2053 — Priced 95.890 to Yield 4.500% CUSIP Number† 20775DVR0

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association FactSet Research Systems Inc. Copyright(c) 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the Members of the Obligated Group, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

[C] Priced to yield on the first optional call date of January 1, 2033.

No dealer, broker, salesperson or other person has been authorized by the Authority, the Corporation, any other Member of the Obligated Group, or the Underwriters to give any information or to make any representation with respect to the Bonds other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder implies that there has been no change in the matters described herein since the date hereof.

Certain information contained herein has been obtained from the Members of the Obligated Group, DTC and other sources. Neither the Authority nor the Underwriters make any representation as to the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority or of the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information 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.

References to web site addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into and are not a part of this Official Statement.

The CUSIP numbers are included in this Official Statement for the convenience of the Holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of such Bonds.

The Bonds have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state, and neither the Master Indenture nor the Indenture have been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. In certain states, the filing of a notice with the state securities commission is required for the public sale of the Bonds in such states. The fact that a notice may have been filed in certain states cannot be regarded as a recommendation. Neither such states nor any of their respective agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

The Bonds may be offered and sold to certain dealers (including dealers depositing Bonds into investment accounts) and to others at prices lower than the public offering prices set forth on the inside cover pages of this Official Statement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the captions "BONDHOLDERS' RISKS," and APPENDIX A – "INFORMATION CONCERNING CONNECTICUT MEDICAL CENTER," including without limitation "FINANCIAL INFORMATION – Management's Discussion and Analysis of Financial Operations."

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Obligated Group Members do not plan to issue any updates or revisions to those forward-looking statements if or when their expectations change, or events, conditions or circumstances on which such statements are based occur.

A wide variety of other information, including financial information concerning the Obligated Group Members is available from publications and websites of the Obligated Group Members and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

In making an investment decision, investors must rely on their own examination of the issue and the terms of the offering, including the merits and risks involved.

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OFFICIAL STATEMENT
RELATING TO

$112,385,000
STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS, CONNECTICUT CHILDREN'S MEDICAL CENTER ISSUE, SERIES E

INTRODUCTORY STATEMENT

The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. All descriptions and summaries of documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document. Terms used in this Official Statement and not otherwise defined herein have the same meanings as in APPENDIX C — "DEFINITIONS OF CERTAIN TERMS USED IN THE INDENTURE AND THE LOAN AGREEMENT" and APPENDIX D — "FORM OF THE MASTER INDENTURE AND FORM OF FIRST SUPPLEMENTAL MASTER INDENTURE" hereto.

Purpose of This Official Statement

The purpose of this Official Statement is to furnish information concerning the sale and delivery of $112,385,000 aggregate principal amount of State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Connecticut Children's Medical Center Issue, Series E (the "Bonds"). The Bonds will be issued in accordance with the provisions of the Trust Indenture, dated as of May 1, 2023 (the "Indenture"), between the State of Connecticut Health and Educational Facilities Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the "Bond Trustee"). The Authority will loan the proceeds of the Bonds to Connecticut Children's Medical Center (the "Corporation") pursuant to the Loan Agreement, dated as of May 1, 2023 (the "Loan Agreement"), between the Authority and the Corporation.

The Obligated Group and the Master Indenture

CCMC Corporation, a Connecticut nonprofit corporation (the "Parent"), is the controlling entity of a series of affiliated entities, including the Corporation, that own and operate an integrated healthcare system (collectively referred to herein as the "System") that provides comprehensive care to pediatric patients across Connecticut and in parts of New York and Massachusetts. The System includes Connecticut Children's Medical Center, which is a nationally recognized, acute care children's hospital in Hartford, Connecticut (the "Hospital"), a physician group that employs physicians in more than 30 specialties, and a variety of other affiliates providing care to children of all ages affected by a wide range of conditions. The System has a long history of clinical excellence and is the only health system in Connecticut dedicated to children. See APPENDIX A — "INFORMATION CONCERNING CONNECTICUT CHILDREN'S MEDICAL CENTER — SERVICE AREA AND COMPETITION."

In connection with the issuance of the Bonds, it is expected that the Corporation, Connecticut Children's Foundation, Inc. (the "Foundation"), and Connecticut Children's Specialty Group, Inc. (the "Specialty Group"), each a Connecticut nonprofit corporation, will enter into the Master Trust Indenture, dated as of May 1, 2023 (the "Master Indenture"), among the Members of the Obligated Group and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"). The Corporation, the Foundation, the Specialty Group, and each Person that from time to time joins the Obligated Group is referred to as a "Member" of the Obligated Group and they, collectively, are referred to as "Members" of the Obligated Group. Each Member of the Obligated Group is exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Other entities controlled by or affiliated with the System, the Parent and the Corporation are not Members of the Obligated Group. ***Only the Corporation, the Foundation and the Specialty Group are obligated to make payments with respect to the Bonds or Obligation No. 1 (as defined below) issued under the Master Indenture.*** See

APPENDIX A — "INFORMATION CONCERNING CONNECTICUT CHILDREN'S MEDICAL CENTER — ORGANIZATION — Obligated Group."

The consolidated financial statements of CCMC Corporation and Subsidiaries, which includes the Members of the Obligated Group, among other entities, as of September 30, 2022 and 2021 and as of September 30, 2021 and September 2020, and for the years then ended set forth in Appendices B-1 and B-2, respectively, to this Official Statement have been audited by Baker Tilly US, LLP, independent auditors, as stated in their report set forth in Appendices B-1 and B-2, respectively, to this Official Statement. **Such financial statements include the assets, liabilities and results of operations of certain entities that are not Members of the Obligated Group (the "Non-Obligated Affiliates"). The Non-Obligated Affiliates are not obligated with respect to the Bonds, the Loan Agreement, the Master Indenture or any Obligation issued thereunder; and the revenues and assets of the Non-Obligated Affiliates are not pledged to the payment of the Bonds. As of and for the fiscal year ended September 30, 2022, the Obligated Group generated 99.1% of the total operating revenue and represented 99.5% of the total net assets of CCMC Corporation and Subsidiaries.** See APPENDIX B-1 — "CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION OF CCMC CORPORATION AND SUBSIDIARIES FOR FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021" and APPENDIX B-2 — "CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION OF CCMC CORPORATION AND SUBSIDIARIES FOR FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020."

The Bonds

This Official Statement describes the terms and conditions of the Bonds and the Indenture only during the Initial Fixed Period while in the Fixed Mode and does not describe any other Interest Rate Mode into which any Bonds may be converted, any provision relating to the tender provisions applicable to any such Bonds after any such conversion, or the remarketing of any such Bonds upon any such conversion. A remarketing of any of the Bonds upon any such conversion will be made solely by a separate offering document or a supplement to this Official Statement or other disclosure document prepared for such remarketing, as applicable.

The Bonds are to be issued pursuant to the State of Connecticut Health and Educational Facilities Authority Act, Chapter 187 of the General Statutes of Connecticut, Sections 10a-176 to 10a-198, inclusive, as amended, and other applicable provisions of law, and will be issued in accordance with the Indenture. The Bonds initially will be issued in the form of one registered bond for each maturity and will be delivered to Cede & Co. as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will represent to the Authority that it will maintain a book-entry only system for recording ownership interest of its participants (the "DTC Participants") and that the ownership interest of a purchaser of a beneficial interest in the Bonds (the "Beneficial Owner") will be recorded through book entries on the records of the DTC Participants. Beneficial Owners will not receive any certificates representing their interest in the Bonds. As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal and interest will be made directly to Cede & Co. See APPENDIX I — "BOOK-ENTRY ONLY SYSTEM."

The Bonds will mature at the times and will bear interest at the rates set forth on the inside cover pages hereof. The Bonds will be subject to optional, sinking fund and special redemption, purchase in lieu of redemption and mandatory tender prior to maturity as described herein. The Bonds will not be subject to optional tender for purchase during the Initial Fixed Period. The Bonds shall be dated, and bear interest from, their date of issuance. Interest accrued on the Bonds in the Fixed Mode will be computed on the basis of a 360-day year, consisting of twelve 30-day months.

Security and Sources of Payment for the Bonds

The Bonds are special, limited obligations of the Authority, payable solely from payments made by Corporation under the Loan Agreement, from payments made by the Members of the Obligated Group on Obligation No. 1 and from certain funds held under the Indenture.

In order to evidence and secure the loan made by the Authority pursuant to the Loan Agreement, the Obligated Group will issue its Connecticut Children's Medical Center Obligated Group Master Indenture Obligation No. 1 ("Obligation No. 1"), pursuant to the Master Indenture, as supplemented by the First Supplemental Master

Trust Indenture, dated as of May 1, 2023 (the "First Supplemental Master Indenture"), between the Corporation, on behalf of itself and as Credit Group Representative, and the Master Trustee. Obligation No. 1 will be issued in a principal amount equal to the principal amount of the Bonds. Payments on Obligation No. 1 are required to be sufficient to pay, when due, the principal and purchase price, if any, of and redemption premium, if any, and interest on the Bonds. Obligation No. 1 will secure the obligation of the Corporation to make payments under the Loan Agreement relating to the Bonds. Each Member of the Obligated Group is jointly and severally obligated to make payments required under the Master Indenture on all Obligations issued under the Master Indenture, including Obligation No. 1. The right, title and interest of the Authority in and to the Loan Agreement and Obligation No. 1 will be assigned to the Bond Trustee pursuant to the Indenture. Obligation No. 1 will entitle the Bond Trustee, as the holder thereof, to the benefit of the covenants, restrictions and other obligations imposed on the Obligated Group under the Master Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS —Master Indenture" herein.

Under the Master Indenture, each Member of the Obligated Group will pledge its Gross Receivables to the payment of the principal and purchase price, if any, of and redemption premium, if any, and interest on Obligation No. 1 and any other Master Indenture Obligations issued under the Master Indenture; provided that the Master Indenture allows Members of the Obligated Group great discretion in the expenditure of Gross Receivables so long as a payment default has not occurred with respect to any Master Indenture Obligation. Accordingly, the amount of Gross Receivables subject to that pledge from time to time will necessarily vary, and no assurance can be given as to the sufficiency of the amount pledged at any time to pay the principal and purchase price, if any, of and redemption premium, if any of and interest on any outstanding Master Indenture Obligations. In addition, to the extent permitted by the Master Indenture, the Obligated Group will be permitted to impose other liens on its Gross Receivables, and also to transfer assets outside the Obligated Group, which transfer would result in termination of the security interest as to the assets transferred. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS —Master Indenture" herein and APPENDIX D — "FORM OF THE MASTER INDENTURE AND FORM OF FIRST SUPPLEMENTAL MASTER INDENTURE" hereto.

Plan of Finance

The Obligated Group intends to use the proceeds of the Bonds to (i) finance the construction, improvement, and equipping of a new medical tower and other renovations, capital improvements and initiatives (collectively, the "Project"), (ii) finance capitalized interest on the Bonds, and (iii) pay certain costs relating to the issuance of the Bonds. See APPENDIX A – "INFORMATION CONCERNING CONNECTICUT CHILDREN'S MEDICAL CENTER – FACILITIES AND THE PROJECT."

THE AUTHORITY

The Authority is a body politic and corporate of the State of Connecticut (the "State") constituting a public instrumentality organized and existing under and by virtue of the State of Connecticut Health and Educational Facilities Authority Act, Chapter 187 of the General Statutes of Connecticut, Sections 10a-176 to 10a-198, inclusive, as amended (the "Act"). The purpose of the Authority, as stated in the Act, is essentially to assist certain health care institutions, institutions of secondary or higher education, nursing homes, childcare and child development facilities and other qualified nonprofit organizations in the construction and financing of eligible projects.

Authority Membership and Organization

The Act provides that the Board of Directors of the Authority shall consist of 10 members, two of whom shall be the Treasurer of the State of Connecticut, ex-officio, and the Secretary of the Office of Policy and Management of the State of Connecticut, ex-officio, and eight of whom shall be residents of the State appointed by the Governor, provided not more than four of such appointed members may be members of the same political party. Three of the appointed members shall be associated with institutions of higher education, two members shall be associated with health care institutions, and one member shall be experienced in and knowledgeable of (by virtue of business or other activities) state and municipal securities. The terms of the members of the Authority, other than the State Treasurer and the Secretary of the Office of Policy and Management, are for five years, but the members continue to serve until their successors have been appointed and qualified. Each ex-officio member may designate a deputy or any staff member to represent the State Treasurer or the Secretary of the Office of Policy and Management, as the case may be, as a member of the Board of Directors at meetings of the Authority with full power to act and vote on behalf of such

ex-officio member. All Authority members serve without compensation, but are entitled to reimbursement for expenses incurred in the performance of their duties in relation to the Authority. The Governor, with the advice and consent of both houses of the General Assembly, has power to appoint the Chairperson of the Board of Directors of the Authority from among its members. The Board of Directors annually elects one of its members to serve as Vice Chairperson. There is currently one vacancy on the Authority Board of Directors.

The members of the Board of Directors of the Authority are as follows:

Peter W. Lisi, Ph.D., Chairperson, term as a member and Chairperson expires June 30, 2025, or upon the appointment of a successor, whichever is longer.

Dr. Lisi, a resident of West Hartford, was the Director of the Office of Sponsored Programs for the University of Hartford from which he retired in July 2018. Prior to joining the University in November 2004, he served as the Director of External Affairs for the Connecticut Historical Society Museum and at Choate Rosemary Hall as Director of Planning and Budgeting and as Associate Director of Development. Dr. Lisi served as President of the Board of the Watkinson School and is Past President of the Board of the West Hartford Chamber of Commerce.

Michael Angelini, Vice Chairperson, term as a member expired on February 9, 2023, and continues to serve until reappointment or the appointment of a successor whichever is longer.

Mr. Angelini, a resident of New Haven, is the Senior Vice President, Treasurer and Chief Investment Officer for the Yale New Haven Health System. Prior to joining the System in February 2013, he served as Associate Vice President for Finance and Deputy Treasurer for Ohio University and as Treasurer for the University of Toledo. Mr. Angelini also held roles with New York Life Insurance Co., the University of Michigan Health System, and Welltower Inc. Mr. Angelini serves as Treasurer of the Board of Directors of Christian Heritage School, in Trumbull, and as a member of the Board of Directors for the NewAlliance Foundation, in New Haven, and as chair of its Investment Committee.

Jeffrey Beckham, *ex-officio*.

Mr. Beckham was appointed by Governor Ned Lamont to serve as the Secretary of the Office of Policy and Management (OPM), effective March 11, 2022. He is stepping up from his role as Undersecretary for Legislative Affairs, a position to which he was appointed in April 2019. Mr. Beckham has over thirty years' experience in state policy development and administration, including service in all three branches of the state government. He previously served in the Department of Administrative Services as a staff counsel and director of communications (2011-2019), and in the former Department of Public Works as managing attorney (2005-2007). He is currently serving his second stint at OPM, having served before as Undersecretary for Legislative Affairs in the Rell Administration (2007-2010).

Prior to service in the Executive Branch, Mr. Beckham was an attorney in the Legislative Commissioners' Office, the General Assembly's nonpartisan staff for bill-drafting and legal counsel, for fourteen years (1991-2005). He worked on legislation for the legislative committees on the environment, energy, commerce, and later, finance, revenue, and bonding. His first job in Connecticut state government was as a temporary assistant clerk in the Superior Court.

Mr. Beckham holds a Bachelor of Arts degree in Political Science from Florida State University (FSU) and a law degree from the FSU College of Law. He is admitted to practice law in the states of Connecticut and California.

Erick Russell, *ex-officio*.

Mr. Russell was sworn in as Treasurer of the State of Connecticut on January 4, 2023. Mr. Russell is a graduate of the University of New Haven and continued his education at the University of Connecticut School of Law. As a law student, he volunteered to help low-income taxpayers navigate the complexities of federal and state tax law as part of UConn's Low-Income Tax Clinic. He also interned with the Connecticut Legal Rights Project and the administration of Connecticut Gov. Dannel Malloy. Prior to his election in 2022, Mr. Russell was a partner at the law firm of Pullman & Comley, LLC in its Public and Private Finance Group. In his career at Pullman & Comley, LLC, Mr. Russell represented towns, cities and the state in financing infrastructure projects, managing debt and restructuring pension obligations.

Lawrence Davis, term as a member expires on June 30, 2024, or upon the appointment of a successor, whichever is longer.

Mr. Davis is a resident of Hartford and a Senior Vice President, Client Manager in Middle Market Banking for Webster Bank, National Association. Prior to joining Webster Bank in 2004, he held roles in the areas of Financial Institutions, Commercial Real Estate, Mortgage Lending and Indirect Lending with the former FleetBoston, N.A. and its predecessor banks, Shawmut Bank, N.A. and Connecticut National Bank N.A. Mr. Davis holds a Bachelor's Degree in Business Administration, with a concentration in Finance and minor in Spanish from Gettysburg College, Gettysburg, Pennsylvania. Mr. Davis is former Chairman of MetroHartford Chamber Board; a former member of the Executive Committee of MetroHartford Alliance Board; a former Chairman of the City of Hartford Audit Committee; a member of the Board of Directors of AchieveHartford!, Secretary of the Board and Executive Committee Member for the Greater Hartford Urban League; a Corporator for the Hartford Public Library and served as a mentor for Simpson Waverly School "Passing It On." Mr. Davis is a former candidate for City Treasurer for the City of Hartford. He currently serves as a member of Board of Health Equity Solutions.

Steven L. Elbaum, term as a member expires on June 30, 2025, or upon the appointment of a successor, whichever is longer.

Mr. Elbaum, a resident of Trumbull, is a Partner at Robinson & Cole LLP, an AmLaw 200 law firm, and a member of the firm's Real Estate and Development Practice Group. He concentrates his legal practice on commercial real estate law. He represents corporations, developers, municipalities, and international lending institutions in acquisitions, dispositions, financing, leasing, and development. Outside of the practice of law, Mr. Elbaum is a current member of the Executive Committee and past President of the Board of Directors of the Boys and Girls Club of Stamford and he serves on the Board of Directors of the Real Estate Finance Association of Connecticut. He also serves as Chairman of the Trumbull Zoning Board of Appeals. Mr. Elbaum earned his undergraduate degree from Wesleyan University and his J.D. from Boston University School of Law.

Susan Martin, term as a member expires on June 30, 2024, or upon the appointment of a successor, whichever is longer.

Ms. Martin, a resident of Higganum, is the Chief Financial Officer and Treasurer for the Middlesex Health System, where she has been employed since 1988. She has also held roles as an Adjunct Professor in the Accounting Department at Central Connecticut State University and as an auditor with Arthur Anderson. Ms. Martin serves as Treasurer of the Board of Directors of the Community Foundation of Middlesex County, is a member of the Board of Directors of Medconn Collection Agency and a member of the Subscribers Advisory Committee of CHART Risk Retention Group. She is a member of the Committee on Hospital Finance and the Subcommittees on Mental Health and Medicaid DRG and APC Policy with the Connecticut Hospital Association. Ms. Martin serves on the Governor's Certificate of Need Task Force and is a member of the Connecticut Society of Certified Public Accountants and the Healthcare Financial Management Association.

Alan Mattamana, term as a member expires on June 30, 2025, or upon the appointment of a successor, whichever is longer.

Mr. Mattamana a resident of West Hartford, is a Partner at Fairview Capital and a member of its Investment Committee. He represents Fairview on direct investments including eVariant (acquired by Healthgrades), Rallybio, Device42, and Covr Financial. Prior to joining Fairview in 2009, Mr. Mattamana was a Principal with Polaris Venture Partners, a diversified venture capital firm. Previously, he was a strategy consultant at McKinsey & Co's Silicon Valley office. Mr. Mattamana graduated from Princeton University with a B.S.E in Chemical Engineering and earned an MBA from Harvard Business School. He serves on The Hartford Foundation for Public Giving Impact! Committee, and has served on the Greater Hartford YMCA Board of Directors and the Board of Directors of the Hartford Stage Theatre.

Mark Varholak, term as a member expires on June 30, 2026, or upon the appointment of a successor, whichever is longer.

Mr. Varholak, a resident of Orange, is the Vice President for Finance and Chief Financial Officer at Quinnipiac University. Prior to joining Quinnipiac, he served at Deloitte & Touche and GE Capital Services, culminating in his final role as Manager of Finance for Vendor Financial Services Asset Management Organization.

Mr. Varholak serves as a member of the Board of Directors for the Irish Great Hunger Museum in Hamden. He is a Certified Public Accountant and a member of the National Association of College and University Business Officers ("NACUBO").

Jeanette W. Weldon is the Executive Director of the Authority. The Executive Director is appointed by, and serves at the pleasure of, the Board of Directors. In the performance of her duties as Executive Director, Ms. Weldon is responsible for the general management of the Authority's affairs. Denise E. Aguilera is General Counsel and Michael F. Morris is Managing Director of the Authority.

Pullman & Comley, LLC is serving as Bond Counsel to the Authority and will submit its approving opinion with regard to the legality of the Bonds on the date of delivery of the Bonds, in substantially the form attached hereto as Appendix G. Carmody Torrance Sandak & Hennessey LLP, is serving as Special Counsel to the Authority and will pass on certain matters with respect to this financing. In addition to the mentioned individuals, counsel and advisor, the Act provides that the Authority may appoint, retain, hire or employ such other staff, counsel, consultants, engineers, architects, accountants, construction companies or others as the Authority deems necessary in order to implement projects or to assist in the performance of its duties.

Powers of the Authority

Under the Act, the Authority is authorized and empowered with respect to health care institutions and nursing homes, institutions of secondary or higher education, child care or child development facilities, and other qualified nonprofit organizations, among other things: to acquire real and personal property; to issue bonds, bond anticipation obligations and other obligations and to refund the same; to acquire federally guaranteed securities or to make loans to acquire such securities in order to finance, refinance or refund projects: to charge and collect rentals for the use of projects or for services furnished in relation thereto; to construct, reconstruct, renovate, replace, maintain, repair, operate, lease, or regulate projects and to enter into contracts in order to provide, manage or operate such projects; to establish or cause to be established rules and regulations for the use of projects provided by the Authority; to receive, in relation to projects, loans or grants from any public agency or other source; to make loans for the cost of projects, including the refunding of obligations, mortgages or advances thereof; to finance or refinance certain items of equipment; to mortgage any project and the site thereof for the benefit of the owners of bonds issued to finance such project; to accept mortgages as security for project loans; and to do all things necessary to carry out the purposes of the Act.

Indebtedness of the Authority

The Authority as of February 28, 2023, had authorized and issued certain series of its general obligation and revenue bonds for eligible institutions under the Act in an aggregate principal amount of $24,340,510,591 of which $8,558,931,806 was outstanding.

With respect to subsequent bond or note issues, the Authority intends to enter into separate agreements with institutions of secondary or higher education, health care institutions, nursing homes, childcare and child development facilities and other qualified nonprofit institutions in the State for the purpose of financing projects for such institutions, and each such series so issued will be issued pursuant to a resolution, a trust agreement or a bond indenture other than the Indenture.

THE BONDS

This Official Statement describes the terms and conditions of the Bonds and the Indenture only during the Initial Fixed Period while in the Fixed Mode, and does not describe any other Interest Rate Mode into which any Bonds may be converted, any provision relating to the tender provisions applicable to any such Bonds after any such conversion, or the remarketing of any such Bonds upon any such conversion. A remarketing of any of the Bonds upon any such conversion will be made solely by a separate offering document or a supplement to this Official Statement or other disclosure document prepared for such remarketing, as applicable.

The following is a summary of certain provisions of the Bonds and the Indenture. Reference is made to the Bonds for the complete text thereof, to the Indenture for all of the provisions relating to the Bonds, and to the excerpts

of certain provisions of the Indenture included in Appendices C and E hereto for a more complete description. The description herein is qualified by such reference.

The Bonds may bear interest in a Daily Mode, a Two-Day Mode, a Weekly Mode, a Short-Term Mode, a Long-Term Mode, an FRN Mode, a Term Floater Rate Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a Fixed Mode (as such terms are defined and more fully described in the Indenture). This Official Statement summarizes certain terms of the Bonds only while the Bonds bear interest at Fixed Rates in the Initial Fixed Period. Should the Bonds or portion thereof be converted to operate in a different Interest Rate Mode or for a different Interest Rate Period, the Bonds to be converted will be subject to mandatory tender for purchase, and, at that time, it is expected that a separate offering document or a supplement to this Official Statement or other disclosure document will be prepared for remarketing such Bonds or portion thereof.

Whenever used herein with respect to a Bond, "Holder," "Bondholder" or "Bondowner" means the person in whose name such Bond is registered; provided, however, that any time the Bonds are held in a book-entry system, "Holder," "Bondholder" or "Bondowner" will mean the Beneficial Owner of the Bonds.

General

The Bonds are being issued pursuant to the Indenture in the aggregate principal amount set forth on the cover of this Official Statement. The Bonds will be issued as fully registered bonds without coupons. The Bonds will be issued in the denomination of $5,000 or any integral multiple thereof. The initial Interest Rate Period (as defined in the Indenture) for the Bonds will be a Fixed Period that extends to the maturity of such Bonds. The Bonds will bear interest from their date of delivery at the rates set forth on the inside cover of this Official Statement through maturity. Interest will be payable semiannually on each January 15 and July 15 (each, a "Fixed Rate Interest Payment Date"), commencing January 15, 2024 to the person whose name appears on the Bond Register maintained by the Bond Trustee as the Holder thereof as of the close of business on the Record Date (which will be January 1 and July 1 immediately preceding the applicable Interest Payment Date, whether or not such day is a Business Day) for such Fixed Rate Interest Payment Date. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds will be transferable and exchangeable as set forth in the Indenture and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. One fully-registered bond will be issued for each maturity of the Bonds in the total aggregate principal amount due on such maturity and will be deposited with DTC or its agent. Ownership interests in the Bonds may be purchased in book-entry form only, in the denominations set forth above. See APPENDIX I — "BOOK-ENTRY ONLY SYSTEM."

So long as Cede & Co. is the registered owner of the Bonds, the principal and purchase price, if any, of and, and redemption premium, if any, and interest on the Bonds are payable by wire transfer by the Bond Trustee to DTC, which, in turn, will remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See APPENDIX I — "BOOK-ENTRY ONLY SYSTEM."

If the book-entry only system for the Bonds is discontinued, payment of interest on the Bonds will be made to the person whose name appears on the Bond Register maintained by the Bond Trustee as the Holder thereof as of the close of business on the Record Date for each Fixed Rate Interest Payment Date, such interest to be paid by check mailed by first class mail on each Fixed Rate Interest Payment Date to the Holder at such Holder's address as it appears on such Bond Register or at such address as such owner may have filed with the Bond Trustee for that purpose as of the close of business on the Record Date; provided that in the case of any Holder of Bonds in an aggregate principal amount in excess of $1,000,000 as shown on the Bond Register who, prior to the Record Date next preceding any Fixed Rate Interest Payment Date, shall have provided the Bond Trustee with written wire transfer instructions for an account within the United States, interest payable on such Bonds will be paid in accordance with the wire transfer instructions provided by the Holder of such Bond. If the book-entry only system for the Bonds is discontinued, payment of the principal and purchase price, if any, of and redemption premium, if any, and interest on the Bonds will be payable upon surrender or presentation thereof at the principal office of the Bond Trustee.

Redemption

Optional Redemption of the Bonds. The Bonds maturing on or after July 15, 2034 are subject to optional redemption prior to their respective stated maturities, at the option of the Authority at the direction of the Corporation, from any source of available funds on any date on or after January 15, 2033, as a whole or in part, selected by lot or in any customary manner or selection as determined by the Bond Trustee from such maturities bearing a particular interest rate as are designated by the Corporation (or if the Corporation fails to so designate, in inverse order of maturity, beginning with the Bonds of each such maturity bearing interest at the highest stated rate), at the Redemption Price equal to the principal amount thereof to be redeemed, without premium, plus accrued and unpaid interest.

Purchase in Lieu of Redemption of the Bonds. The Corporation has the right to purchase any Bonds subject to optional redemption in lieu of the optional redemption thereof, at the same time and at the same Redemption Prices as are applicable to the optional redemption of such Bonds as provided in the Indenture.

Special Redemption of the Bonds. The Bonds are subject to redemption prior to maturity, in the event that insurance or condemnation proceeds of $25,000 or more, resulting from any damage, destruction, casualty loss or condemnation with respect to the Premises (as defined in the Indenture), will be on deposit in the Redemption Fund pursuant the Loan Agreement at least 45 days prior to any Interest Payment Date, in which case the Bond Trustee shall apply, at the written direction of the Authority, such amounts to the redemption of the Bonds as a whole or in part at any time, at par, plus accrued interest thereon to the date set for redemption. Partial redemption of the Bonds will be in any maturity or maturities (or any Sinking Fund Installment within a maturity) selected by the Authority at the direction of the Corporation. If less than all of the Bonds are to be so redeemed, the Bonds (or portions thereof) to be so redeemed will be selected by the Bond Trustee by lot or in any customary manner of selection as determined by the Bond Trustee.

Sinking Fund Redemption of the Bonds. The Bonds maturing on July 15, 2048 and July 15, 2053 are further subject to redemption on each July 15, commencing July 15, 2044 and July 15, 2049, respectively, from moneys in the Sinking Fund Account, subject to the Indenture, at the principal amount thereof specified below, plus accrued interest thereon to the date set for redemption.

The Authority will cause to be deposited in the Sinking Fund Account, in accordance with the Indenture, an amount sufficient to pay Sinking Fund Installments, and the Bond Trustee will redeem or pay from such Sinking Fund Account (subject to any crediting of such Sinking Fund Installments) the principal amount of the Bonds in the manner herein provided on each July 15 as follows:

July 15, 2048

Year	Principal Amount
2044	$6,045,000
2045	6,360,000
2046	6,695,000
2047	7,045,000
2048†	7,415,000

† Final Maturity.

July 15, 2053

Year	Principal Amount
2049	$7,805,000
2050	8,140,000
2051	8,485,000
2052	8,845,000
2053†	9,220,000

† Final Maturity.

Selection of Bonds for Redemption. If less than all of the Bonds of the same maturity are to be redeemed, the Bonds (or portions thereof) to be so redeemed will be selected by the Bond Trustee by lot or in any customary manner of selection as determined by the Bond Trustee.

Notice of Redemption for the Bonds. When Bonds (or portions thereof) are to be redeemed, the Authority will give or cause to be given notice of the redemption of the Bonds to the Bond Trustee no later than 30 days prior to the redemption date (or such shorter period as to which the Bond Trustee may agree). Thereafter, the Bond Trustee will give or cause to be given notice of the redemption of the Bonds (or portions thereof) in the name of the Authority which notice will specify: (i) the Bonds to be redeemed in whole or in part; (ii) the redemption date and the Redemption Price; (iii) the numbers and other distinguishing marks of the Bonds to be redeemed (except in the event that all of the Outstanding Bonds are to be redeemed); and (iv) that such Bonds will be redeemed at the designated corporate trust office of the Bond Trustee. Such notice will further state that on such date there will become due and payable upon each Bond (or a portion thereof) to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon will cease to accrue. Such notice will be given not more than 60 nor less than 20 days prior to the redemption date by the Bond Trustee by mail, postage prepaid, or by Electronic Means to the Bondholder of any Bonds which are to be redeemed, at their addresses appearing on the registration books maintained by the Bond Trustee.

Conditional Notice and Rescission of Notice. Any notice of optional redemption may state that it is conditional and that the redemption of such Bonds is subject to there being on deposit with the Bond Trustee on the redemption date funds sufficient to pay the Redemption Price of such Bonds. Notice having been given in accordance with the foregoing, failure to receive any such notice by any Bondholder or any defect therein, will not affect the redemption or the validity of the proceedings for the redemption of the Bonds. Prior to mailing such notice to Bondholder the Bond Trustee will submit a copy of the notice of such redemption to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access ("EMMA") System and to any securities depository in the event that the Bonds are registered in the name of a securities depository or its nominee. Any notice of optional redemption may be conditional and may be rescinded by written notice given to the Bond Trustee by the Credit Group Representative no later than five Business Days prior to the date specified for redemption. The Bond Trustee will give notice of such rescission, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given pursuant to the Indenture.

Effect of Redemption. Notice of redemption having been given in accordance with the Indenture and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on the Bonds (or portions thereof) so called for redemption being held by the Bond Trustee, the Bonds (or portions thereof) called for redemption will become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue from and after the redemption date, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Bond Trustee for such payment.

Notice of Purchase in Lieu of Redemption and its Effect. Notice of purchase of the Bonds will be given by the Bond Trustee in the same manner as for notice of redemption described above under "—Notice of Redemption for the Bonds." No purchased Bond, unless submitted for cancellation, shall be considered to be no longer Outstanding by virtue of its purchase.

All such purchases may be subject to conditions to the Corporation's obligation to purchase the Bonds and will be subject to the condition that money for the payment of the purchase price therefor is available on the date set for purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of the Bonds is held by the Bond Trustee, the purchase price of the Bonds or portions thereof so called for purchase will become due and payable on the date set for purchase.

In the event not all of the Outstanding Bonds of a maturity are to be purchased, the Bonds to be purchased will be selected by the Bond Trustee by lot or other customary manner of selection determined by the Bond Trustee in the same manner as Bonds of a maturity to be redeemed in part are to be selected as described above under "—Selection of Bonds for Redemption."

Conversion of Bonds. In the event that the Credit Group Representative elects to convert the interest rate on the Bonds (or a portion of any Bonds) to another Interest Rate Mode, then the written Conversion direction furnished by the Credit Group Representative will be made by Electronic Notice. Notwithstanding anything in the Indenture to the contrary, any such Conversion may be with respect to all or a portion of any of the Bonds. Any Bonds to be converted in part will be selected by the Bond Trustee in such manner as the Bond Trustee deems appropriate subject to the provisions hereof and of the Indenture regarding Authorized Denominations of the Bonds subject to such Interest Rate Mode, and the portion of the Bonds to be converted will be re-designated as a new series or subseries to distinguish such portion from the portion of such Bonds not to be converted. The Bonds may not, however, be converted to a different Interest Rate Mode unless there is delivered to the Bond Trustee and the Remarketing Agent on the Conversion Date an Opinion of Bond Counsel dated the Conversion Date to the effect that the Conversion of the Bonds to a different Interest Rate Mode as permitted by the Act and the Indenture and will not adversely affect the tax status of the Bonds.

Notice of Mandatory Tender of Bonds on Conversion Date. The Bond Trustee shall give notice of the mandatory tender for purchase of the Bonds by Electronic Notice, confirmed by first class mail, at least 15 days (20 days for Fixed Bonds) prior to the Conversion Date to the registered owners of any Bonds which are to be subject to mandatory tender for purchase, at their addresses appearing on the registration books of the Authority.

Bonds subject to mandatory tender for purchase are required to be delivered by the Holders thereof to the Bond Trustee (together with necessary assignments and endorsements) at or prior to 12:00 p.m. New York City time, on the applicable Purchase Date. Any Bonds to be purchased that are not delivered for purchase on or prior to the mandatory tender date for which there has been irrevocably deposited in trust with the Bond Trustee an amount sufficient to pay the Purchase Price of such Bonds, will be deemed to have been tendered to the Bond Trustee for purchase, and the Holders of such Bonds will not be entitled to any payment (including any interest to accrue on or after the mandatory tender date) other than the Purchase Prices of such Bonds.

Purchase of the Bonds

Failure to Pay Purchase Price on Conversion Date. If on any Conversion Date for the Bonds, the Remarketing Agent is unable to successfully remarket any Bonds and there are insufficient remarketing proceeds to pay the Purchase Price of all of such Bonds, the Bond Trustee will promptly notify the Corporation of the deficiency and the Corporation will have the option, but will not be required, to transfer to the Bond Trustee an amount equal to the Purchase Price of such Bonds that have not been successfully remarketed. If the Corporation transfers some or all of the Purchase Price for such Bonds, it will own and may remarket those Bonds.

If the Corporation elects to not provide such funds on the Conversion Date, then (i) the failure to pay such Purchase Price will not be an Event of Default under the Indenture or under the Loan Agreement; (ii) no such Bonds will be purchased and the Conversion Date will be deemed to have been rescinded and cancelled; and (iii) the Bonds will bear interest from such Conversion Date at the Interest Rate Mode then borne by such Bonds.

Other Failed Conversions. In connection with any Conversion Date with respect to which the conditions precedent therefor have not been satisfied on or prior to the Conversion Date, or if the Corporation has rescinded or cancelled such Conversion, or if the Remarketing Agent fails to, cannot, or is unable to, determine the new interest rate to become effective on and after the Conversion Date, or if the Remarketing Agent fails to remarket all of the Bonds, the Conversion to a different Interest Rate Mode will not become effective; the mandatory tender will be deemed to be rescinded and cancelled; and all such Bonds will thereafter continue to bear interest at the Fixed Rate then borne by such Bonds and as subsequently determined on each Rate Determination Date.

Notice of Cancellation of Mandatory Tender. If, following the giving of notice of mandatory tender of Bonds pursuant to the Indenture, an event occurs which, in accordance with the terms of such Indenture causes such mandatory tender not to occur, then (i) the Bond Trustee shall so notify the Holders of such Bonds (at their addresses as they appear on the Registration Books on the date of such notice), by Electronic Notice, confirmed by first class mail, as soon as may be practicable after the Mandatory Purchase Date, and (ii) the Bond Trustee shall return to their Holders any such Bonds tendered to the Bond Trustee in connection with such mandatory tender of such Bonds

Holders Have No Optional Tender Right. The Bonds are not subject to optional tender during the Initial Fixed Period by the Bondholder.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Obligations of the Authority

The Indenture provides that the Bonds shall be special obligations of the Authority, payable solely from and secured solely by the payments made by the Corporation under the Loan Agreement or by the Obligated Group under Obligation No. 1 and from the funds established under the Indenture (other than the Rebate Fund and the Purchase Fund).

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF CONNECTICUT OR ANY POLITICAL SUBDIVISION THEREOF BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES DERIVED BY THE AUTHORITY UNDER THE LOAN AGREEMENT AND OBLIGATION NO. 1. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CONNECTICUT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR PURCHASE PRICE, IF ANY, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE ACT DOES NOT IN ANY WAY CREATE A SO-CALLED MORAL OBLIGATION OF THE STATE OF CONNECTICUT TO PAY DEBT SERVICE ON THE BONDS IN THE EVENT OF A DEFAULT BY THE CORPORATION OR ANY OTHER MEMBER OF THE OBLIGATED GROUP OR THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Pledge Under the Indenture

Under the Indenture, the Authority pledges and assigns to the Bond Trustee all of the Authority's right, title and interest in the Loan Agreement, Obligation No. 1 and the Revenues (as defined herein) payable to or for the account of the Authority and all moneys and securities on deposit in the funds and accounts created under the Indenture (excluding fees and expenses payable to the Authority, moneys and securities held in the Rebate Fund and the Purchase Fund, the Authority's right to enforce certain covenants of the Corporation set forth in the Loan Agreement prior to an Event of Default under the Indenture, and the Authority's right to indemnification, to receive notices, to grant waivers, to give consents and approvals, and to otherwise take actions under certain circumstances) and any and all other property conveyed, pledged, assigned or transferred as and for additional security for such Bonds. "Revenues" is defined in the Loan Agreement to include all amounts paid or payable to the Authority or to the Bond Trustee for the account of the Authority (excluding fees and expenses payable to the Authority and the Bond Trustee and the rights to indemnification of the Authority and the Bond Trustee) under and pursuant to the Loan Agreement and Obligation No. 1. See APPENDIX C — "DEFINITIONS OF CERTAIN TERMS USED IN THE INDENTURE AND IN THE LOAN AGREEMENT."

The Loan Agreement

At the time of delivery of the Bonds, the Corporation will enter into the Loan Agreement with the Authority, pursuant to which the Corporation will borrow the proceeds of the Bonds. The Corporation will be absolutely and unconditionally obligated under the Loan Agreement to make payments sufficient to pay when due the principal, Purchase Price, if applicable, and Redemption Price of and interest on the Bonds. Pursuant to the Indenture, the Authority will assign to the Bond Trustee all right, title and interest of the Authority in and to the Revenues pledged under the Indenture and payable to the Authority or to the Bond Trustee for the account of the Authority (excluding fees and expenses payable to the Authority and the Authority's rights to indemnification). See APPENDIX F — "EXCERPTS FROM THE LOAN AGREEMENT — THE LOAN; THE BONDS; SECURITY; THE NOTE."

Master Indenture

General. Under the Master Indenture, the Members of the Obligated Group, as they may exist from time to time, jointly and severally guarantee the payment of all obligations secured under the Master Indenture, including Obligation No. 1 and any other Master Indenture Obligations Outstanding from time to time thereunder. Accordingly, the Members of the Obligated Group jointly and severally are required to make payments on Obligation No. 1 sufficient to provide for the full payment of the principal or purchase price, if any, of, or redemption premium, if any, of and interest on the Bonds when due. As security for its obligations under the Master Indenture, the Members of the Obligated Group will pledge their Gross Receivables to the Master Trustee as described herein in trust for the

protection and benefit of the Holders of all Master Indenture Obligations issued under the Master Indenture, including the Bond Trustee as the holder of Obligation No. 1. A form of the Master Indenture is attached as APPENDIX D hereto.

Membership in the Obligated Group. On the date of issuance of the Bonds, the Corporation, the Specialty Group and the Foundation will be the only Members of the Obligated Group. The Master Indenture permits the addition of Members of the Obligated Group under certain circumstances and permits the Members of the Obligated Group to be released from their respective obligations under the Master Indenture under certain circumstances. For a description of the provisions of the Master Indenture providing for entry into or withdrawal from the Obligated Group, see Sections 3.09 and 3.10 in APPENDIX D hereto.

Other Members of the Credit Group. Under the Master Indenture, the Corporation, as the Credit Group Representative, may by resolution designate "Designated Affiliates" from time to time, and may rescind any such designation at any time as described in the Master Indenture. The Obligated Group Members and Designated Affiliates collectively are the "Credit Group" under the Master Indenture. There will not be any Designated Affiliates under the Master Indenture upon the date of issuance of the Bonds. The Master Indenture requires the Credit Group Representative to designate an Obligated Group Member as the "Controlling Member" of that Designated Affiliate for purposes of the Master Indenture. Each Controlling Member agrees in the Master Indenture to cause each of its Designated Affiliates, to pay or otherwise transfer to such Obligated Group Member amounts necessary to enable the Obligated Group Members to comply with the provisions of the Master Indenture, including the obligation to make Required Payments under the Master Indenture. See Sections 3.02 and 3.03 in APPENDIX D hereto.

Notwithstanding the provisions of the Master Indenture described above, only Obligated Group Members are directly obligated to make payments on the Master Indenture Obligations. However, financial covenants and ratios under the Master Indenture are calculated based on Credit Group Financial Statements.

Joint and Several Obligations. Under the Master Indenture, each Member of the Obligated Group may incur, for itself and on behalf of any Members or future Members of the Obligated Group, Indebtedness and other liabilities that, with the approval of the Credit Group Representative, may be evidenced and secured by Master Indenture Obligations issued under the Master Indenture. The Corporation and any future Members of the Obligated Group are jointly and severally liable with respect to all payments required to be made under the Master Indenture, as supplemented, and all Master Indenture Obligations, which includes Obligation No. 1. Obligation No. 1 is being issued by the Corporation, as representative of the Obligated Group, on a parity with all Master Indenture Obligations to be issued pursuant to the Master Indenture on behalf of the Corporation and any future Members of the Obligated Group thereunder.

Security for Master Indenture Obligations Issued under the Master Indenture. All Master Indenture Obligations Outstanding from time to time under the Master Indenture, including Obligation No. 1, will be secured by security interests in the Gross Receivables of the Corporation and any future Members of the Obligated Group.

Security Interests in Gross Receivables for Master Indenture Obligations Issued Under the Master Indenture. On the date of issuance of the Bonds, the Obligated Group Members will grant to the Master Trustee a security interest in their Gross Receivables and the proceeds thereof, to secure the performance by the Obligated Group under the Master Indenture. See Section 3.05 in APPENDIX D hereto. Any future Members of the Obligated Group will also be required to grant a security interest in their Gross Receivables. For purposes of the Master Indenture, "Gross Receivables" means all accounts, chattel paper, instruments, and payment intangibles; excluding, however, any of the foregoing in which a security interest cannot be granted under applicable law, and excluding any grant, gift, bequest, contribution or other donation specifically restricted to an object or purpose inconsistent with their use for payment of Required Payments.

The Members of the Obligated Group are not granting a security interest in any property other than the Gross Receivables and the proceeds thereof. Specifically, they are not granting a security interest in any deposit account or other account in which collections of Gross Receivables may be deposited. As a result, the Master Trustee will have a security interest in collections of Gross Receivables only if such collections are identifiable and can be proven to be collections of Gross Receivables. In addition, there are Gross Receivables, possibly including Gross Receivables owing from federal, state, or other governmental entities, in which the Members of the Obligated Group cannot validly grant a security interest, and the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) will have

not have a security interest in such Gross Receivables. If the Master Trustee does not have a security interest in specific property, the rights of the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) with respect to such property will be only those of an unsecured creditor.

The security interest in Gross Receivables described above will be perfected solely by the filing and maintenance of UCC financing statements. The Members of the Obligated Group will not enter into any deposit account control agreements. As a result, the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) will have a perfected security interest only in Gross Receivables in which a security interest can be perfected by the filing of a UCC financing statement. Thus, there may be Gross Receivables or proceeds in which the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) does not have a perfected security interest. The security interest of the Master Trustee in proceeds may be perfected only to a limited extent and thus there may be proceeds in which the Master Trustee does not have a perfected security interest. If the Master Trustee's security interest is not perfected in certain Gross Receivables or proceeds, other creditors or transferees of the Members may be able to obtain an interest in such Gross Receivables or proceeds that has priority over the security interest of the Master Trustee (and thus the Bond Trustee and the holders of the Bonds). Even if the lien of the Master Indenture is perfected when the Bonds are issued, the lien could become unperfected if the applicable UCC financing statements are not properly maintained.

Even if the lien of the Master Indenture is perfected in Gross Receivables and proceeds, the lien may not be of first priority. The security interest in Gross Receivables and proceeds may be subordinated to the interests and claims of others in several circumstances (for example, statutory liens, liens in favor of the United States or an agency thereof, and equitable liens imposed by courts). In addition, a Member of the Obligated Group may have deliberately or inadvertently granted a lien on Gross Receivables or proceeds prior to granting a security interest under the Master Indenture. There are a number of different types of creditors and transferees who can take priority over the Master Trustee with respect to proceeds of Gross Receivables. If the interest, claim, or security interest of another person or entity has priority over the lien of the Master Indenture, the Master Trustee (and thus the Bond Trustee and the holder of the Obligation No. 1) will generally be able to assert rights to the applicable Gross Receivables only after the other person or entity has been paid in full.

Gross Receivables subject to the lien of the Master Indenture may be sold or pledged if such sale or pledge is in accordance with the provisions of the Master Indenture. The lien created under the Master Indenture on Gross Receivables sold pursuant to the Master Indenture would terminate and be immediately released upon any such sale.

With respect to receivables and revenues not subject to the security interest, or where such security interest was unenforceable, the Master Trustee would have the rights of an unsecured creditor.

See "BONDHOLDERS' RISKS — Enforceability of Lien on Gross Receivables" herein for a discussion of certain limitations on enforceability with respect to Master Indenture Obligations.

Outstanding Obligations. On the date of issuance of the Bonds, $137,425,000 Master Indenture Obligations under the Master Indenture are expected to be outstanding.

Limitations on Additional Indebtedness. Subject to the limitations set forth in the Master Indenture, the Members of the Obligated Group may incur Additional Indebtedness (including Guaranties). Such Additional Indebtedness may or may not be evidenced or secured by Master Indenture Obligations issued pursuant to the Master Indenture. The Obligated Group may also issue Master Indenture Obligations under the Master Indenture, which secure obligations other than Indebtedness. Additional Master Indenture Obligations will be equally and ratably secured (except as described in the Master Indenture) with each other Master Indenture Obligation issued under the Master Indenture, including Obligation No. 1. For a description of the limits on Additional Indebtedness in the Master Indenture, see Section 3.12 in APPENDIX D hereto.

Permitted Liens Under the Master Indenture. Pursuant to the Master Indenture, each Member of the Obligated Group agrees that it will not create or suffer to be created or permit the existence of any Lien upon the Property of the Obligated Group other than Permitted Liens. Permitted Liens include, but are not limited to, Liens that may be granted to secure additional Master Indenture Obligations and Liens on Excluded Property. The Obligated Group may incur substantial liabilities secured by Permitted Liens. See the definition of "Permitted Liens" in Section 1.01 in APPENDIX D hereto. See also "— Bank Covenants" below and Appendix A to the form of the Master

Indenture in APPENDIX D for a description of two Permitted Liens that will be existing as of date of issuance of the Bonds.

Limitations on Disposition of Assets. Pursuant to the Master Indenture, each Member of the Obligated Group agrees that it will not sell, lease or otherwise dispose of any part of its Property in any Fiscal Year (other than (i) in the ordinary course of business, or (ii) as part of a disposition of all or substantially all of its assets as permitted by the Master Indenture as set forth in Section 3.08 in APPENDIX D hereto), unless certain requirements as set forth in the Master Indenture are satisfied. See Sections 3.08 and 3.11 in APPENDIX D hereto.

There is no restriction on any disposition of assets among Credit Group Members. The Master Indenture does not limit Designated Affiliates from disposing of any assets.

Excluded Property. The Master Indenture permits an Obligated Group Member, without consent of any Holders of Master Indenture Obligations, to designate certain Property as Excluded Property, at any time, subject to the satisfaction of the conditions set forth in the Master Indenture. Additionally, when a Member is added to the Obligated Group, the description of Excluded Property in the Master Indenture will be amended to include any Excluded Property of such new Member. At the date of issuance of the Bonds, one parcel of real property owned by the Corporation will be designated as Excluded Property. See Section 3.15 and Appendix B in APPENDIX D hereto.

Debt Service Coverage. The Master Indenture requires that the Credit Group maintain an Annual Debt Service Coverage Ratio for each Fiscal Year, commencing with the Fiscal Year ending September 30, 2023, of not less than 1.1:1.0. An Independent Consultant must be retained as set forth in the Master Indenture if the Annual Debt Service Coverage Ratio is less than 1.1:1.0. However, if the failure to maintain the Annual Debt Service Coverage Ratio of 1.1:1.0 is a direct or indirect result of a Force Majeure Event (as defined in the Master Indenture), as determined in the sole discretion of the Credit Group Representative, then the Credit Group Representative shall not be required to retain an Independent Consultant, subject to the terms and conditions set forth in the Master Indenture. An Event of Default will occur if the Annual Debt Service Coverage Ratio for any two consecutive Fiscal Years is less than 1.0:1.0. See Section 3.07 in APPENDIX D hereto.

Replacement Master Indenture. Under the circumstances described in the Master Indenture, the Credit Group Representative may require, without the consent of any Holders of Master Indenture Obligations, that the Holders of Master Indenture Obligations, including the Bond Trustee as to Obligation No. 1, surrender their Master Indenture Obligation to the Master Trustee for cancellation and in exchange for an obligation issued under a different master indenture securing the obligations of a different obligated group. This could, under certain circumstances, lead to the substitution of different security in the form of an obligation backed by an obligated group that is financially and operationally different from the current Obligated Group. Such new obligated group could have substantial debt outstanding that would rank on a parity with the substitute obligation. In order to substitute a Master Indenture Obligation with replacement obligations ("Replacement Obligations"), the Obligated Group must meet certain requirements, including, but not limited to, written evidence from each Rating Agency then rating any obligations secured by Master Indenture Obligations, which includes the Bonds ("Related Bonds") or Master Indenture Obligations that immediately following the delivery of the Replacement Obligations, the rating from such Rating Agency on any Related Bonds or the Master Indenture Obligations shall not be withdrawn or reduced as compared to such rating immediately prior to the delivery of the Replacement Obligations. See Section 3.14 in APPENDIX D hereto.

Additionally, in the event the Master Indenture is replaced and Obligation No. 1 is surrendered as described in the paragraph above, the Holders of the Bonds are deemed to have consented to the related Continuing Disclosure Agreement, being amended at the time of the replacement of the Master Indenture and the mandatory surrender of the Master Indenture Obligations to conform to the continuing disclosure undertaking for the new obligated group most recently in place or the continuing disclosure undertaking for the new obligated group to be put in place at the time of the replacement of the Master Indenture and the mandatory surrender of the Master Indenture Obligations.

Other Master Indenture Covenants. In addition to the security and other provisions described above, the Master Indenture contains provisions, covenants and restrictions related to mergers and other corporate combinations and divestitures, and other matters. For a description of these covenants see Article III in APPENDIX D hereto.

Bank Covenants

The Corporation has previously executed a loan agreement with Bank of America, N.A. ("Bank of America"), related to the Authority's Connecticut Children's Medical Center Revenue Bonds, Series D, previously issued for the benefit of the Corporation and the Foundation (the "Series 2011D Bonds"). The agreements related to the Series 2011D Bonds contain covenants solely for the benefit of Bank of America, N.A., as purchaser and holder of the Series 2011D Bonds (together, the "Bank Covenants"). Such Bank Covenants may be waived, modified or amended in the sole discretion of Bank of America, as purchaser and holder of the Series 2011D Bonds, and are in certain cases more restrictive than the covenants contained in the Master Indenture. Consent of the Bondholders, the Bond Trustee or the Master Trustee is not necessary to waive or amend these covenants. See "APPENDIX A – INFORMATION CONCERNING CONNECTICUT CHILDREN'S MEDICAL CENTER – Financial Information – Indebtedness" herein.

In connection with the issuance of the Bonds, the Obligated Group will issue a Master Indenture Obligation pursuant to the Master Indenture to secure its obligations with respect to the Series 2011D Bonds.

PLAN OF FINANCE

The proceeds of the Bonds are expected to be used to (i) finance the costs of the Project, (ii) finance capitalized interest on the Bonds, and (iii) pay certain costs of issuing the Bonds. See APPENDIX A – "INFORMATION CONCERNING CONNECTICUT CHILDREN'S MEDICAL CENTER – FACILITIES AND THE PROJECT."

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds are expected to be applied as follows:

Estimate Sources of Funds:	
Principal Amount	$112,385,000
Plus, Net Original Issue Premium	2,298,197
Total	$114,683,197
Estimated Uses of Funds:	
Project Costs	$100,000,000
Capitalized Interest	13,170,263
Cost of Issuance[(1)]	1,512,934
Total	$114,683,197

[(1)] Costs of issuance include but are not limited to legal fees, Authority fees, Underwriters' discount, printing costs, financial advisor fees and the fees of the rating agencies.

ESTIMATED DEBT SERVICE SCHEDULE

The following table sets forth for each complete fiscal year beginning with the fiscal year ending September 30, 2023, the amounts required to be made available for the payment of the total estimated debt service on the Bonds and the total debt service on all other Long-Term Indebtedness (as defined in the Master Indenture) that will remain outstanding after issuance of the Bonds.

	The Bonds		Other Long-Term	
Fiscal Year End September 30	Principal	Interest	Indebtedness[1]	Total
2023	--	--	$ 7,110,660	$ 7,110,660
2024	--	$ 6,119,564	7,227,211	13,346,774
2025	--	5,270,438	7,331,807	12,602,244
2026	--	5,270,438	7,464,651	12,735,088
2027	--	5,270,438	7,308,682	12,579,119
2028	--	5,270,438	6,968,125	12,238,562
2029	--	5,270,438	5,973,507	11,243,944
2030	--	5,270,438	6,113,024	11,383,461
2031	--	5,270,438	6,260,264	11,530,701
2032	--	5,270,438	6,410,025	11,680,463
2033	$ 1,025,000	5,270,438	3,380,885	9,676,323
2034	1,070,000	5,219,188	3,386,156	9,675,344
2035	1,125,000	5,165,688	3,386,156	9,676,844
2036	1,180,000	5,109,438	3,386,156	9,675,594
2037	1,240,000	5,050,438	3,386,156	9,676,594
2038	4,070,000	4,988,438	618,859	9,677,297
2039	4,830,000	4,784,938	65,400	9,680,338
2040	5,070,000	4,543,438	65,400	9,678,838
2041	5,320,000	4,289,938	65,400	9,675,338
2042	5,590,000	4,023,938	65,400	9,679,338
2043	5,810,000	3,800,338	65,400	9,675,738
2044	6,045,000	3,567,938	65,400	9,678,338
2045	6,360,000	3,250,575	65,400	9,675,975
2046	6,695,000	2,916,675	65,400	9,677,075
2047	7,045,000	2,565,188	65,400	9,675,588
2048	7,415,000	2,195,325	65,400	9,675,725
2049	7,805,000	1,806,038	65,400	9,676,438
2050	8,140,000	1,474,325	65,400	9,679,725
2051	8,485,000	1,128,375	65,400	9,678,775
2052	8,845,000	767,763	65,400	9,678,163
2053	9,220,000	391,850	65,400	9,677,250
2054	--	--	65,400	65,400
Total	$112,385,000	$120,593,326	$86,758,723	$319,737,049

[1] Other Long-Term Indebtedness includes debt as defined under the Master Indenture and is displayed for purposes of covenant calculation in accordance with the Master Indenture.

Note: totals may not sum due to rounding.

BONDHOLDERS' RISKS

The following discussion of the risks that could affect payments to be made by the Corporation with respect to the Bonds is not intended to be definitive, dispositive or comprehensive, but rather is intended to summarize certain factors that could adversely affect the ability of the Corporation to make payments when due pursuant to the Loan Agreement and the ability of the Obligated Group to make payments with respect to Obligation No. 1.

General

As set forth above under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," the Bonds will be payable solely from the loan payments by the Corporation under the Loan Agreement, payments made by the Obligated Group on Obligation No. 1 and the money and investments in the various funds and accounts held by the Bond Trustee under the Indenture. The Bonds do not constitute a debt, liability or obligation of the Authority, the State or any political subdivision thereof, and are not payable in any manner from taxation. The Authority has no taxing power. The ability of the Members of the Obligated Group to realize revenues in amounts sufficient to pay debt service on the Bonds when due is affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. No representation or assurance can be made that revenues will be realized by the Members of the Obligated Group in amounts sufficient to provide funds for payments on the Bonds when due and to make other payments necessary to meet the obligations of the Obligated Group. None of the provisions of the Master Indenture provide any assurance that the obligations of the Obligated Group will be paid as and when due if any Member of the Obligated Group becomes unable to pay its debts as they come due or otherwise becomes insolvent.

Future economic conditions, which may include an inability to control expenses and other conditions, including demand for health care services, the availability and affordability of insurance, including without limitation malpractice and casualty insurance, availability of nursing and other professional personnel, the capability of the Members' management, the receipt of grants and contributions, referring physicians' and self-referred patients' confidence in each of the Members, economic and demographic developments in the United States, the State and the Members' service areas, and competition from other health care institutions in the service areas, together with changes in rates, costs, third-party payments and governmental laws, regulations and policies, may adversely affect revenues and expenses and, consequently, the ability of the Members of the Obligated Group to make debt service payments on the Bonds.

Global Pandemic; COVID-19

General. The operation of health care facilities and financial performance of the Obligated Group may be harmed by an international, national or localized outbreak of a highly contagious or epidemic disease such as the worldwide outbreak of the Coronavirus Disease 2019 ("COVID-19"), which triggered national emergency measures by the United States government and State and local officials. Many government actions were taken to slow the spread of COVID-19 and to address the health and economic consequences of the outbreak. Many of these government actions have caused substantial changes to the way health care is provided and how society in general functions. Some of the changes brought on by COVID-19 may have long-term consequences for the way health care services are provided. For example, a series of laws and regulations have dramatically expanded the use of telehealth services, which may continue even after the pandemic ends. President Biden's administration has announced its intention to end the national emergency and public health emergency declarations related to COVID-19 on May 11, 2023. The ending of the emergency declarations could adversely affect funding for COVID-19 tests and vaccines as well implicate other COVID-19-related policies.

Operational Disruption. The COVID-19 pandemic has affected the Obligated Group's ability to conduct normal business operations and, as a result, the operations, financial condition and financial performance of the Obligated Group has been, and may continue to be, materially adversely affected. In order to reduce the spread of the virus, many state and local governments previously issued general "stay at home" or "shelter in place" orders that mandated social distancing, suspended elective surgeries and other non-emergency medical services, closed school systems and closed or limited non-essential business activities in an effort to slow the spread of COVID-19. Mitigation measures, such as self-quarantines, stay-at-home/shelter-in-place orders, and suspension of voluntary procedures and surgeries had, and may continue to have, an adverse impact on the operations and financial position of health care

providers and health systems due to increased costs, potential reduction in overall patient volume and shifts in payor mix.

During the COVID-19 outbreak, in response to orders and guidance of national, state and local public health officials, health care providers cancelled or delayed non-urgent appointments and procedures and although restrictions on elective procedures were gradually lifted, the restrictions adversely affected revenues of health care providers. It cannot be predicted whether a future resurgence of the COVID-19 pandemic will require that similar or new restrictions be implemented in the future. Business disruptions could also include temporary closures of the Obligated Group Members' facilities or the facilities of suppliers and their contract manufacturers, and a reduction in the business hours of non-emergent health care facilities. In addition, health care providers may be required to provide significant amounts of uncompensated care. Changes in operations at the Obligated Group Members' facilities may result in additional costs being incurred related to adjustments to the use of various facilities and to staffing during a surge, including overtime wages, wages paid to employees who are unable to work due to quarantine, and utilization of more expensive contract staff to provide care. The treatment of COVID-19 or another highly contagious disease at the Obligated Group's facilities, as well as governmental and commercial entity responses to the COVID-19 pandemic and resulting economic conditions, may adversely affect the Obligated Group's operations and financial performance in various ways, including but not limited to (1) an overburdening of facilities, (2) a quarantine, temporary shutdown, or diversion of patients, (3) a disruption in the production or supply of pharmaceuticals, medical supplies and protective equipment and increases in the costs of such products, (4) professional or non-professional staff shortages or illnesses, (5) an increase in overhead costs due to additional costs incurred related to adjustments to the use of various facilities and to staffing during the outbreak, including overtime wages, mandated sick pay, and the use of more expensive contract staff to provide care, (6) significantly delayed payments from third party payors, (7) increased numbers of professional liability lawsuits, (8) a larger number of uninsured patients due to increased unemployment rates, or (9) reduced patient volumes and operating revenues due to unaffected individuals deferring elective procedures or otherwise avoiding medical treatment. Any one or more such disruptions could result in a material adverse effect on the Corporation could affect the Obligated Group's ability to conduct normal business operations and, as a result, the operating results and financial condition of the Obligated Group could continue to be materially adversely affected.

Economic and Market Disruption. In addition, the COVID-19 outbreak affected travel, commerce and financial markets in the United States and globally. The dynamic nature of the COVID-19 outbreak, including uncertainties relating to its duration and severity, as well as what actions may be taken by governmental authorities and other institutions to contain or mitigate its impact, resulted in volatility in the financial markets, adversely affecting the financial results of many health care providers across the United States, hindering access to capital markets and increasing costs of borrowing. The full impact of another international, national or localized outbreak of a highly contagious or epidemic disease cannot be predicted but, as demonstrated during the COVID-19 outbreak, could have a material adverse effect on the operations of the Obligated Group Members and on the local, State, national, and global economies.

Government Relief. A variety of federal, state and local government efforts have been initiated in response to the COVID-19 outbreak. The U.S. Congress passed a series of federal relief packages to address the COVID-19 crisis, including (1) the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 ("CPRSAA"), (2) the Families First Coronavirus Response Act ("FFA"), (3) the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), (4) the Paycheck Protection Program and Health Care Enhancement Act ("Enhancement Act"), (5) the Coronavirus response and relief portions of the Consolidated Appropriations Act, 2021 ("2021 Appropriations Act"), and (6) the American Rescue Plan Act of 2021 ("ARPA" and, together with the CPRSAA, FFA, CARES Act, Enhancement Act and 2021 Appropriations Act, the "COVID-19 Relief Acts"). The Corporation participated in certain of these programs and none of the funding received by the Corporation is subject to any requirement of repayment or forgiveness in accordance with the COVID-19 Relief Acts.

The Federal Budget and the Federal Debt Limit

Budget Control Act. The Budget Control Act of 2011 (the "Budget Control Act") mandated significant reductions and spending caps on the federal budget for fiscal years 2012-2021. Because Congress may make changes to the budget in the future, it is impossible to predict the impact any spending cuts that are approved may have on the Obligated Group. Further, with no long-term resolution in place for federal deficit reduction, hospital and physician reimbursement may continue to be targets for reductions with respect to any interim or long-term federal deficit

reduction efforts. These and any additional reductions in Medicaid spending could have a material adverse effect upon the financial condition or operations of the Obligated Group. Subsequent legislation extended these reductions through 2030. It is possible that Congress could act to extend or increase these across-the-board reductions.

Debt Limit Increase. The federal government, through legislation, has created a debt "ceiling" or limit on the amount of debt that may be issued by the U.S. Department of the Treasury. Disputes have arisen within the federal government in connection with discussions concerning the authorization for an increase in the federal debt ceiling, and the federal government reached its congressionally-approved federal debt limit on January 19, 2023. Since then, the U.S. Department of the Treasury began implementing "extraordinary measures" to prevent a default on paying the federal government's bills. Previously, when the debt ceiling was reached with no immediate action taken to raise the debt ceiling and pass continuing resolutions appropriating funds for the operation of the federal government, many operations of the federal government were shut down. Any failure by Congress to increase the federal debt limit will impact the federal government's ability to incur additional debt and pay its existing debt instruments. This may include satisfying its obligations relating to the Medicare and Medicaid programs, whereby health care providers may experience delays in receiving reimbursement from the federal government for health care services delivered to Medicare or Medicaid beneficiaries. Additionally, the market price or marketability of the Bonds in the secondary market may be materially adversely impacted by the failure to increase the federal debt limit.

Health Care Reform

Federal Health Care Reform. The discussion herein describes risks associated with certain existing federal and state laws, regulations, rules, and governmental administrative policies and determinations to which the Obligated Group and the health care industry are subject. While these are regularly subject to change, many of the existing provisions were enacted by or promulgated pursuant to The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"), which has been and remains politically controversial. Since its enactment, the ACA has faced opposition primarily from Republican lawmakers calling for its repeal and/or replacement, along with a string of lawsuits challenging various aspects of the law. To date, the ACA has survived three major Supreme Court challenges and no bills wholly repealing the ACA have passed both chambers of Congress.

Enactment of the ACA has led to substantial and continuing changes in the United States health care system. The ACA has affected and continues to affect the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers, employers and consumers. The ACA affects some health care organizations differently from others, depending, in part, on how each organization adapts to the ACA's emphasis on directing more federal health care dollars to integrated provider organizations and providers with demonstrable achievements in quality care. The ACA implemented a value-based purchasing system for hospitals under which a percentage of payments will be contingent on satisfaction of specified performance measures related to common and high-cost medical conditions such as cardiac, surgical and pneumonia care. The ACA also funds various demonstration programs and pilot projects and other voluntary programs to evaluate and encourage new provider delivery models and payment structures, including "accountable care organizations" and bundled provider payments. The outcomes of these projects and programs, including the likelihood of being made permanent or expanded, or their effect on health care organizations' revenues or financial performance cannot be predicted.

The ACA created "health insurance exchanges" on which health insurance can be purchased by certain groups and segments of the population and expanded the availability of subsidies and tax credits for premium payments by some consumers and employers. The ACA required that certain terms and conditions be included by commercial insurers in contracts with providers offering coverage through the exchanges. The number of exchanges and the plans offered by any exchange continually evolve. The ACA also imposed many new obligations on states related to health insurance.

The ACA has also required the promulgation of substantial regulations that have had significant effects on the health care industry and the Obligated Group, including the need for structural and operational changes. The full ramifications of the ACA may only become apparent over an extended period of time and through later regulatory and judicial interpretations. Portions of the ACA have already been limited and nullified as a result of legislative amendments, executive branch actions, and judicial interpretations and future actions may further change its impact.

The continued uncertainties regarding implementation of the ACA create unpredictability for the strategic and business planning efforts of health care providers, which in itself constitutes a risk.

The changes in the health care industry attributable to enactment of the ACA have had and may have both positive and negative effects, directly and indirectly, on the nation's hospitals and other health care providers, including the Obligated Group. For example, the increase in the numbers of individuals with health care insurance due to Medicaid expansion, creation of health insurance exchanges, and subsidies for insurance purchase has generally resulted in lower levels of bad debt and increased utilization, including more profitable shifts in utilization patterns for hospitals. However, these benefits have been offset in part by the extent to which Medicaid expansion, which is now optional on a state-by-state basis, and variable in the form adopted, is either not pursued or results in a shifting of significant numbers of commercially-insured individuals to Medicaid, the extent to which health insurance options on exchanges are limited or unaffordable, and the cost containment measures and pilot programs that the ACA requires.

The ACA also amends criminal, civil and administrative anti-fraud statutes and increased funding for enforcement and efforts to recoup prior federal health care payments to providers. Under the ACA, a broad range of providers, suppliers and physicians are required to adopt compliance and ethics programs. While the federal government has already increased its enforcement efforts, failure to implement certain core compliance program features provides new opportunities for regulatory enforcement scrutiny, as well as potential liability if an organization fails to prevent or identify improper federal health care program claims and payments.

In addition to actual and possible legislative changes, executive branch actions can also have a significant impact on the viability of the ACA. President Biden is expected to undertake executive actions that will strengthen and build on the ACA and may reverse certain policies of the prior administration that are seen as undermining the ACA. For example, the Biden administration has issued executive orders implementing a special enrollment period permitting individuals to enroll in health plans outside of the annual open enrollment period and reexamining policies that may undermine the ACA or the Medicaid program. In addition, the Biden administration has also since revoked prior approvals of work requirements for Medicaid recipients.

It is not possible to predict with any certainty whether or when the ACA or any specific provision or implementing measure will be repealed, withdrawn or modified in any significant respect, but a unified administration and majority in both chambers of Congress could enact legislation, withdraw, modify or promulgate rules, regulations and policies, or make determinations affecting the health care industry and the Obligated Group, any of which individually or collectively may have a material adverse effect on the operations, financial condition and financial performance of the Members of the Obligated Group. Any legal, legislative or executive action that reduces federal health care program spending, increases the number of individuals without health insurance, decreases the rate of reimbursement to providers, reduces the number of people seeking health care, or creates additional costs for providers generally, or that otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on the Obligated Group.

State Health Care Reform. In the past decade, legislators in various states have introduced proposals to reform their respective state's health care delivery system, including proposals to create a statewide single-payor system. Such legislation or regulation, if enacted in the State, may have a material adverse effect on the operations, financial condition and financial performance of the Members of the Obligated Group.

Patient Service Revenues

Medicare and Medicaid Programs; Reimbursement Policies Affecting Health Care Facilities. Medicare and Medicaid are the commonly used names for clinical/medical reimbursement or payment programs governed by certain provisions of the federal Social Security Act. Medicare is an exclusively federal program and Medicaid is jointly funded by federal and state government and governed by both federal and state laws. Medicare provides certain health care benefits to eligible elderly persons, disabled persons and persons with end-stage renal disease. Medicaid is designed to pay providers for care given to qualifying low-income persons. Medicaid is funded by federal and state appropriations and administered by the individual states. Medicaid benefits are available under each participating state's Medicaid program, within prescribed limits, to persons meeting certain minimum income or other eligibility requirements, including children, the aged, the blind and/or disabled. The Children's Health Insurance Program ("CHIP") is designed to cover children in families whose income is too high to qualify for Medicaid. It is also jointly

funded by federal and state appropriations and administered by the various states. For information regarding CHIP, see "BONDHOLDERS' RISKS —Patient Service Revenues — *Children's Health Insurance Program*" below.

Health care providers have been and will continue to be significantly impacted by changes to federal health care laws and regulations, particularly those pertaining to Medicare and Medicaid. One important purpose of much of the recent statutory and regulatory activity has been to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs.

Past federal budgets have contained cuts to the Medicare and Medicaid programs and to specific health care programs and services. While it is uncertain whether future federal budgets will propose cuts, any reduction in the level of Medicare and/or Medicaid spending, a reduction in the rate of increase of Medicare and/or Medicaid spending, or reductions to specific health care programs or services would have an adverse impact on the revenues derived by many health care providers. Since Medicare and Medicaid revenues make up a large share of patient service revenues for State hospitals, this could have a material financial impact on the Members of the Obligated Group.

Medicare. Medicare is of limited relevance to children's hospitals. The Members of the Obligated Group serve a very small number of Medicare patients and do not expect that to change significantly.

Medicaid. Medicaid is a program of medical assistance, funded jointly by the federal government and the states, for certain low-income and needy individuals and their dependents. Under Medicaid, the federal government contributes funding to states that have medical assistance programs that meet federal standards. Each state determines the type, amount, duration and scope of services, sets the payment rates for services, and administers its own programs. Fiscal considerations of state governments in establishing their budgets will directly affect the funds available to the providers for payment of services rendered to Medicaid beneficiaries. Delays in appropriations and state budget deficits which may occur from time to time create a risk that payment for services to Medicaid patients will be withheld or delayed. CMS regulations can also impact services and facilities that are eligible for reimbursement. Attempts to balance or reduce the federal and state budgets will likely negatively impact spending for Medicaid and other state health care programs spending.

The ACA made changes to Medicaid funding and has increased and could continue to substantially increase the number of Medicaid beneficiaries. Currently, states have the option to expand Medicaid to cover individuals under the age of 65 years with incomes up to 138% of federal poverty level. The State has expanded Medicaid eligibility. The ARPA dramatically expanded the insurance subsidies of the ACA through the end of 2022, providing tax credits designed to eliminate premiums for households making less than 150% of the federal poverty limit ("FPL"), reducing premiums for households making between 150% - 400% of the FPL, and limiting premiums to 8.5% of a household's income for those making above 400% FPL. Historically, Medicaid has reimbursed at rates below the average total cost of care, and at or below the direct cost of care. Therefore, increases in the overall proportion of Medicaid patients may pose a risk to the financial performance of health care providers, such as the Members of the Obligated Group, and it is uncertain if this risk will be mitigated by increased Medicaid enrollment that may reduce the volume of uncompensated care.

Federal and state governments continue to consider changes to Medicaid funding, particularly in light of the budget challenges facing many states. Certain additional proposals being examined may ultimately result in reduced federal Medicaid funding to the states, which could adversely impact amounts received by the Members of the Obligated Group.

Certain states contract selectively with general acute care hospitals to provide services to participants in the Medicaid program of such state and may not provide payment to hospitals that do not have such a contract. Payment under such contracts may not cover the cost of providing such services or may be reduced by such states. Reductions in payments by state Medicaid programs or loss of such contracts could materially adversely affect the operations, financial condition and financial performance of the Members of the Obligated Group.

HUSKY Health is the State's public health coverage program for eligible children, parents, relative caregivers, elders, individuals with disabilities, adults without dependent children, and pregnant women. It includes Medicaid and the Children's Health Insurance Program (CHIP) Services program. The Connecticut Medicaid program is a vital payor source to many Connecticut hospitals although payment rates may be substantially below the actual cost of care. Because of lower reimbursement, any increase in the overall proportion of Medicaid patients in

Connecticut could have a material adverse effect on the Members of the Obligated Group. In addition, as Medicaid is partially funded by the State, the financial condition of the State could negatively impact funding levels and timely payment which could have a material adverse impact.

HUSKY Health is comprised of four parts: HUSKY A benefits Connecticut children, their parents or relative caregivers, pregnant women and young adults who have aged out of the foster care system who meet certain income eligibility requirements. Uninsured children under age 19 in higher-income households may be eligible for HUSKY B, also known as CHIP, for which family cost-sharing applies. Connecticut residents aged 65 and older; or younger residents who have another disability, may qualify for Medicaid coverage under HUSKY C, with certain income and asset eligibility restrictions. Connecticut residents aged 19 to 64 without dependent children, who do not qualify for HUSKY A, who do not receive Medicare, and who are not pregnant, may qualify for HUSKY D (also known as Medicaid for the Lowest-Income Populations).

The HUSKY Health program offers comprehensive health services including preventive care, doctor visits, women's health care, family planning services, maternity care, long-term services and supports, hospital stays, PT/OT/Speech, audiology, physical rehabilitation, dialysis, durable medical equipment, hearing aids, orthotic and prosthetic devices, home health care, hospice services, ambulatory surgery, X-rays and radiology services, vision care, emergency care, dental services, behavioral health services and pharmacy (medications).

HUSKY Health is administered by the State's Department of Social Services in partnership with Access Health CT, Connecticut's health insurance marketplace

Medicare and Medicaid Audits. Hospitals that participate in the Medicare and Medicaid programs are subject from time to time to audits and other investigations relating to their operations and billing practices, as well as to retroactive audit adjustments with respect to reimbursements claimed under these programs. Medicare and Medicaid regulations also provide for withholding reimbursement payments in certain circumstances. New billing rules and reporting requirements for which there is no clear guidance from CMS or state Medicaid agencies could result in claims submissions being considered inaccurate. The penalties for violations may include an obligation to refund money to the Medicare or Medicaid program, payment of criminal or civil fines and, for serious or repeated violations, exclusion from participation in federal health programs.

CMS has instituted a Medicaid Integrity Program, modeled on the MIP. Medicaid Integrity Program contractors assist state Medicaid agencies by analyzing Medicaid claims data to identify high-risk areas and potential vulnerabilities and conducting post-payment field audits and desk reviews audits of Medicaid provider payments.

Audits may result in reduced reimbursement or repayment obligations related to past alleged overpayments and may also delay Medicare and/or Medicaid payments to health care providers pending resolution of the appeals process. The ACA explicitly gives DHHS the authority to suspend Medicare and Medicaid payments to a health care provider or supplier during a pending investigation of fraud. The ACA also amended certain provisions of the FCA (as defined herein) to include retention of overpayments as a violation. It also added provisions respecting the timing of the obligation to identify, report and reimburse overpayments.

Children's Health Insurance Program. CHIP is a federally funded insurance program for families that are financially ineligible for Medicaid but cannot afford commercial health insurance. CMS administers CHIP, but each state creates its own program based upon minimum federal guidelines. CHIP insurance is provided through private health plans contracting with the states. Each state must periodically submit its CHIP plan to CMS for review to determine if it meets the federal requirements. If it does not meet the federal requirements, a state can lose its federal funding for the program.

From time to time, Congress and/or the President may seek to expand or contract CHIP. The ACA temporarily increased the federal matching rate for CHIP. While Congress has extended the funding for CHIP through fiscal year 2027. When such funding expires, there can be no assurances that funding for an increase will be reestablished at either a state or federal level or that professional and/or facility reimbursement rates will not subsequently be reduced in efforts to manage costs. The Obligated Group's revenues could be adversely affected if CHIP is not extended or if it is extended with reduced funding.

Private Health Plans and Managed Care. Most private health insurance coverage is provided by various types of health benefit plans, including health maintenance organizations ("HMOs"), preferred provider organizations ("PPOs"), and self-funded employer and multi-employer plans that generally pay discounted rates in exchange for directing and encouraging their members to utilize certain "in network" providers. Medicare and Medicaid also purchase hospital services using managed care plans. Payments to hospitals from these payors are typically made at discounted fee-for-service rates or other reimbursement methodologies (e.g., capitation) that result in patient service revenue that is lower than the fully billed charges traditionally paid by indemnity insurers.

Private health benefit plans are the prime source of non-governmental payment for hospital services, and hospitals must be capable of attracting and maintaining their business. Aggressive discounted pricing and assumption of substantial risks of resource consumption and utilization are often required to retain market share. This in turn requires cost containment and efficient operations so that contracting hospitals are able to generate margins that cover the losses from providing un- and under-compensated care.

Many private health benefit plans currently pay providers on a negotiated fee-for-service basis or, for institutional care, on a fixed rate per day of care or per case, which, in each case, usually results in patient service revenue that is discounted far below the usual and customary charges for the care provided. Additionally, the volume of patients directed to a provider may vary significantly from projections, and/or changes in utilization may be dramatic and unexpected, thus jeopardizing the provider's ability to manage this component of revenue and the associated costs.

Some HMOs employ a "capitation" payment method under which hospitals are paid a predetermined periodic rate for each enrollee in the HMO who is "assigned" to a particular hospital. The hospital may assume financial risk for the cost of a pre-determined matrix of institutional services. If utilization by such enrollees materially exceeds projections, or if other factors materially increase the hospital's costs for the services it has agreed to accept financial responsibility for, the financial condition of the hospital could erode rapidly and significantly.

Often, health plan contracts are enforceable for a stated term, and they require hospitals to care for enrollees for a certain time period, regardless of whether the hospital remains solvent. Hospitals from time to time have disputes with managed care payors concerning payment and contract interpretation issues, and these disputes may cause significant variances from expected net patient service revenue or significant additional time to realize revenue, or both.

Failure to maintain contracts could have the effect of reducing a health care organization's market share and net patient service revenues. Conversely, participation may result in lower net income if participating organizations are unable to adequately contain their costs. In part to reduce costs, health plans are increasingly implementing, and offering to purchasing employers, tiered provider networks, which involve classification of a plan's network providers into different tiers based on care quality and cost. With tiered benefit designs, plan enrollees are generally encouraged, through incentives or reductions in copayments or deductibles, to seek care from providers in the top tier. Classification of a provider in a non-preferred or lower tier by a significant payor may result in a material loss of volume. In addition to tiered provider networks, payors are also implementing narrow provider networks in which only a select group of providers participate as in-network providers. Payors often evaluate quality and cost metrics in selecting providers to participate in their narrow networks. A provider's exclusion from a significant narrow network may result in a material loss of volume. Payors may offer lower reimbursement for providers in their narrow network(s) in exchange for additional volume expected from being one of a select group of network providers. In some instances, this reimbursement could be insufficient to cover a network provider's cost in providing the services. The new demands of dominant health plans and other shifts in the managed care industry may also reduce patient volume and revenue. Thus, managed care poses one of the most significant business risks (and opportunities) health care organizations face.

High deductible insurance plans have become more common in recent years. High deductible plans may contribute to lower inpatient volumes as patients may forgo or choose less expensive medical treatment to avoid having to pay the costs of the high deductibles. There is also a concern that some patients with high deductible health plans will not be able to pay their share of medical bills incurred.

Negative Rankings Based on Clinical Outcomes, Cost, Quality, Patient Satisfaction and Other Performance Measures. Health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health

services, private standard-setting organizations and accrediting agencies use statistical and other measures in efforts to characterize, publicize, compare, rank and change the quality, safety and cost of health care services provided by hospitals and providers. The ACA shifts payments from paying for volume to paying for value, based on various health outcome measures, reporting requirements and quality and efficiency metrics, and also requires public disclosure of certain financial relationships. Published rankings, "score cards," tiered hospital networks with higher co-payments and deductibles for non-emergent use of lower-ranked providers, "pay for performance," and other financial and non-financial incentive programs affect the reputation and revenue of hospitals and the members of their medical staffs and may influence the behavior of consumers and providers such as the Members of the Obligated Group. Quality may be measured based on, among other things, clinical outcomes of patient care, reduction in costs, patient satisfaction, and investment in health information technology. Measures of performance set by others that characterize a hospital negatively may adversely affect its reputation and financial condition.

Regulatory Environment

"***Fraud and Abuse***" ***and*** "***False Claims***." Health care "fraud and abuse" laws have been enacted at the federal and state levels to broadly regulate the provision of services to government program beneficiaries and the methods and requirements for submitting claims for services rendered to the beneficiaries. Under these laws, hospitals and others can be penalized for a wide variety of conduct, including submitting claims for services that are not provided, billing in a manner that does not comply with government requirements or including inaccurate or misleading billing information, billing for services deemed to be medically unnecessary, billings accompanied by an illegal inducement to utilize or refrain from utilizing a service or product, marketing activities, physician contracting and recruiting, and other functions and transactions.

Federal and state governments have a broad range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud, including the exclusion of a hospital from participation in the Medicare/Medicaid programs, civil monetary penalties, and suspension of Medicare/Medicaid payments. Fraud and abuse cases may be prosecuted by one or more government entities and/or private individuals, and more than one of the available sanctions may be, and often are, imposed for each violation. The ACA also significantly increased funding for enforcement efforts under fraud and abuse laws.

Laws governing fraud and abuse may apply to a health care organization and to nearly all individuals and entities with which a health care organization does business. Fraud investigations, settlements, prosecutions and related publicity can have a catastrophic effect on hospitals. See "*—Enforcement Activity*," below. Major elements of these often highly technical laws and regulations are generally summarized below.

Violations and alleged violations may be deliberate, but also can occur in circumstances where management is unaware of the conduct in question, as a result of mistake, or where the individual participants do not know that their conduct is in violation of law. Violations may occur and be prosecuted in circumstances that do not have the traditional elements of fraud, and enforcement actions may extend to conduct that occurred in the past. Federal and state governments periodically conduct widespread investigations covering categories of services or certain accounting or billing practices. Even if there has been no wrongdoing, investigations can be resources-intensive and time consuming for providers such as the Obligated Group.

False Claims Act. The federal False Claims Act ("FCA") makes it illegal to submit or present a false, fictitious or fraudulent claim to the federal government, and may under certain circumstances, include claims that are simply erroneous. FCA investigations and cases have become common in the health care field and may cover a range of activity from intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care. Violations or alleged violations of the FCA can result in substantial civil penalties and often result in settlements that require multi-million-dollar payments and long-term corporate integrity agreements. The FCA also permits individuals to initiate civil actions on behalf of the federal government in lawsuits called "*qui tam*" actions. *Qui tam* plaintiffs, or "whistleblowers," can share in the damages recovered by the government or recover independently if the government chooses to not participate in the action. Although the FCA has been in effect for many years, in recent years there has been a significant increase in the number of whistleblower allegations filed under the civil FCA, a large number of which involve the health care and pharmaceutical industries. FCA penalties apply to any person, including an organization that does not contract directly with the federal government, who knowingly makes, uses or causes to be made or used, a false record or statement material to a false or fraudulent claim paid in part by the federal government. Some regulators and whistleblowers have asserted that claims submitted to governmental payors that do

not comply fully with regulations or guidelines come within the scope of the FCA. In June 2016, the United States Supreme Court in *Universal Health Services, Inc. v. United States ex rel. Escobar* held that the theory of "implied false certification" can be used as a basis for FCA liability when (1) a claim does more than merely request payment and makes specific representations about the nature of the goods or services provided; and (2) the failure to disclose noncompliance with material statutory, regulatory or contractual provisions makes the representations "misleading half-truths." The application of this new standard is unclear but could lead to an increase in FCA claims in the health care industry.

In addition, a health care provider may face severe penalties for the knowing retention of government overpayments even though the provider or contractor made no false or improper claim for such payments. The False Claims Act applies even if a false claim was not submitted directly to the federal government. FCA violations or alleged violations could lead to settlements, fines, exclusion or reputation damage that could have a material adverse impact on a hospital and other health care providers.

Civil Monetary Penalties Law. The Civil Monetary Penalties Law under the Social Security Act (the "CMP Law") provides for the imposition of civil monetary penalties against any person who submits a claim to Medicare, Medicaid or any other federal health care program that the person knows or should know is for items or services not provided as claimed, is false or fraudulent, is for services provided by an unlicensed or uncertified physician or by an excluded person, or represents a pattern of claims that are based on a billing code higher than the level of service provided or are for services that are not medically necessary. Penalties under the CMP Law include fines for each item or service claimed, damages of up to three times the amount claimed for each item or service, and exclusion from participation in federal health care programs. The ACA amended the CMP Law to establish various new grounds for exclusion and civil monetary penalties, as well as increased penalty thresholds for existing civil monetary penalties.

Health care providers may be found liable under the CMP Law even when they did not have actual knowledge of the improper action, knowingly undertaking the action is sufficient. The imposition of civil monetary penalties on a health care provider could have a material adverse impact on such provider's financial condition.

Anti-Kickback Law. The federal "Anti-Kickback Law" is a criminal statute that prohibits anyone from soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for a referral (or to induce a referral) for any item or service that is paid by any federal or state health care program. The ACA amended the Anti-Kickback Law to clarify that a party need not have knowledge of the Anti-Kickback Law or a specific intent to violate the Anti-Kickback Law to nevertheless violate the Anti-Kickback Law. The Anti-Kickback Law applies to many common health care transactions between persons and entities with which a hospital does business, including hospital-physician joint ventures, medical director agreements, physician recruitment agreements, physician office leases, physician employment agreements and other transactions and has been interpreted to cover any arrangement where a single purpose of the remuneration was to obtain or pay money for the referral of services or to induce further referrals. In addition to certain statutory exceptions to the Anti-Kickback Law, the OIG has promulgated a number of regulatory "safe harbors" under the Anti-Kickback Law designed to protect certain payment and business practices.

Violations or alleged violations of the Anti-Kickback Law may result in settlements that require multi-million-dollar payments and costly corporate integrity agreements. The Anti-Kickback law can be prosecuted either criminally or civilly. Violation is a felony, subject to potentially substantial fines, imprisonment and/or exclusion from the Medicare and Medicaid programs, any of which would have a significant detrimental effect on the financial stability of most hospitals. In addition, significant civil monetary penalties may be imposed. Increasingly, the federal government and/or *qui tam* plaintiffs are prosecuting violations of the Anti-Kickback Law under the FCA, based on the argument that claims resulting from an illegal kickback arrangement are also false claims for FCA purposes.

State "***Fraud***," "***False Claims***," ***Anti-Kickback and Anti-Referral Laws***. Health care providers are subject to a variety of state laws related to false claims (similar to the FCA or that are generally applicable false claims or anti-fraud laws), anti-kickback (similar to federal Anti-Kickback Law or that are generally applicable anti-kickback or fraud laws), and physician referral (similar to the hereinafter discussed Stark statue). These prohibitions are similar in public policy and scope to the federal laws and could result in material fines or penalties, or operating restrictions, if they are not strictly followed.

Stark Referral Law. The federal "Stark" statute prohibits the referral of Medicare or Medicaid patients for certain designated health services (including inpatient and outpatient hospital services, clinical laboratory services, physical therapy and radiology and other imaging services) to entities with which the referring physician or the physician's family member has a financial relationship. Importantly, the Stark statute prohibits an entity receiving such a referral from filing a claim or billing for the services arising out of the prohibited referral. The prohibition applies regardless of the reasons for the financial relationship and the referral; that is, unlike the federal Anti-Kickback Law, no finding of intent to violate the Stark statute is required. If certain technical requirements are met, many ordinary business practices and economically desirable arrangements between hospitals and physicians arguably constitute "financial relationships" within the meaning of the Stark statute, thus triggering the prohibition on referrals and billing. Most providers of designated health services who have physician relationships have some exposure to liability under the Stark statute. A number of revisions to the Stark regulations and the CMS comments preceding them have made the Stark statute more difficult to interpret clearly; this increases the possibility that inadvertent violations may occur. In addition, the ACA enacted various changes to the Stark law that expand the scope of the Stark law restrictions on hospitals, and CMS continues to revise, supplement and update the Stark law.

The Stark statute is a "strict liability" statute, and, because of its complexity, is relatively easy to violate, even if such violation is inadvertent and unintentional. For example, an arrangement may be deemed to violate the Stark statute by virtue of relatively minor technical issues, such as a lack of appropriate signatures on the contract. Matters of technical noncompliance may require a hospital to self-disclose such noncompliance to CMS and may subject a hospital to fines and penalties. CMS has established a voluntary self-disclosure program under which hospitals and other entities may report Stark violations and seek a reduction in potential refund obligations. However, there have been relatively few settlements under the self-disclosure program and therefore it is difficult to determine whether it provides significant monetary relief to hospitals that discover inadvertent Stark statute violations. Any submission pursuant to the CMS self-disclosure program does not waive or limit the ability of the OIG or Department of Justice to seek or prosecute violations of the Anti-Kickback Law or impose civil monetary penalties. Whether or not self-disclosed, violations of the Anti-Kickback Law or Stark statute may result in significant settlements or judgments.

Medicare or Medicaid may deny payment for all services related to a prohibited referral and a hospital that has billed for prohibited services may be obligated to refund the amounts collected from the Medicare or Medicaid program or make a self-disclosure to CMS under its Self-Referral Disclosure Protocol. In addition, sanctions for violation of the Stark statute may include civil penalties or exclusion from the Medicare and Medicaid programs. Potential repayments to CMS, settlements, fines or exclusion for a Stark violation or alleged violation could have a material adverse impact on a hospital. The federal government is also increasingly attempting to recover the federal portion of Medicaid claims referred to hospitals by physicians with whom they have a prohibited financial relationship.

HIPAA. HIPAA and its implementing regulations provide protections for individually identifiable health information held by covered entities, including hospitals and other health care providers and their business associates. HIPAA mandates the adoption of federal privacy and security standards to protect the confidentiality of protected health information. Regulations designed to protect health information impose very complex procedures and operational requirements with which the Obligated Group is obligated to comply. Violations of the HIPAA privacy and security standards can result in significant civil or criminal penalties. Moreover, HIPAA adds additional criminal sanctions for health care fraud and applies to all health care benefit programs, whether public or private. HIPAA also provides for punishment of a health care provider for knowingly and willfully embezzling, stealing, converting or intentionally misapplying any money, funds, or other assets of a health care benefit program. The result has been an increase in the number of civil, criminal and administrative prosecutions for alleged violations of the laws relating to payment under the federal health care programs, including the Anti-Kickback Law and the False Claims Act. This expanded enforcement activity, together with the whistleblower provisions of the False Claims Act, have significantly increased the likelihood that all health care providers, including the Obligated Group, could face inquiries or investigations concerning compliance with the many laws governing claims for payment and cost reporting under the federal health care programs. A health care provider convicted of health care fraud could be subject to mandatory exclusion from Medicare and Medicaid.

The HITECH Act. Title XIII of the American Recovery and Reinvestment Act of 2009, known as the Health Information Technology and Economic and Clinical Health Act (the "HITECH Act"), grants enforcement authority of HIPAA to state attorneys general. The HITECH Act also (i) extends the reach of HIPAA beyond "covered entities,"

(ii) imposes a breach notification requirement on HIPAA covered entities, (iii) limits certain uses and disclosures of individually identifiable health information, and (iv) restricts covered entities' marketing communications.

Under the HITECH Act, in the event of a data privacy breach, covered entities are required to notify affected individuals and the federal government. If more than 500 individuals are affected by the breach, the covered entity must also notify the media and the federal government posts a description of such breach on its website. These reporting obligations may increase the risk of government enforcement, as well as class action lawsuits.

The HITECH Act also established programs under Medicare and Medicaid to provide incentive payments for the "meaningful use" of certified electronic health record technology ("CEHRT") by physicians and health care providers. Incentives are paid out according to a schedule set forth in the HITECH Act, and a particular health care provider's or physician's incentive payments will be determined primarily upon the date such health care provider or physician becomes a "meaningful user" of CEHRT. Health care providers and physicians that fail to become meaningful users of CEHRT systems in accordance with the HITECH Act's schedule will be subject to a reduction in Medicare payments. Any violation of the HITECH Act is subject to HIPAA civil and criminal penalties. The HITECH Act broadened the applicability of the criminal penalty provisions under HIPAA to employees of covered entities and required penalties for violations resulting from willful neglect. In addition, the HITECH Act authorized state attorneys' general to bring civil actions seeking either injunction or damages in response to violations of HIPAA privacy and security regulations that threaten state residents.

Security Breaches and Unauthorized Releases of Personal Information. Federal, state and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed. State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, the public nature of security breaches exposes health care organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage a health care provider's reputation and materially adversely affect business operations. See "BONDHOLDERS' RISKS — Additional Risk Factors" and "— Business Relationships and Other Business Matters — *Cybersecurity Risks*" herein.

Exclusions from Medicare or Medicaid Participation. The federal government is required to exclude a health care provider from Medicare/Medicaid program participation if the provider has been convicted of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription, or dispensing of a controlled substance. The government also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of misdemeanor fraud, or the provision of unnecessary or substandard services. Exclusion from the Medicare/Medicaid program means that a health care provider would be decertified and no payments under those programs can be made. Any health care provider exclusion would be a materially adverse event.

Administrative Enforcement. Administrative regulations may require less proof of a violation than do criminal laws, and, thus, health care providers may have a higher risk of imposition of monetary penalties as a result of administrative enforcement actions.

Compliance with Conditions of Participation. Hospitals must comply with standards called "Conditions of Participation" in order to be eligible for continuing enrollment in Medicare and Medicaid. CMS, in its role of monitoring participating providers' compliance with conditions of participation in the Medicare program, may determine that a provider is not in compliance with the Medicare Conditions of Participation. In that event, a notice of termination of participation may be issued and a provider may be required to develop and implement a potentially burdensome corrective action plan. If the corrective action plan is not accepted by CMS, or if the corrective action plan is not successfully implemented, the provider's Medicare provider agreement could be terminated. Other

sanctions could potentially be imposed, including, in limited circumstances, monetary penalties. Failure of a hospital or other health care provider, including an Obligated Group Member, to comply with the Conditions of Participation could result in loss of its eligibility to participate in the Medicare and Medicaid programs, which would have a material negative effect on the financial conditions and results of operations of such hospital or health care provider. Such requirements also apply to home health, hospice and skilled nursing facilities.

Licensing, Surveys, Investigations and Accreditations. Health facilities are subject to regulation, accreditation, certification, and professional requirements. These include but are not limited to those imposed by state licensing agencies and The Joint Commission. Accrediting bodies periodically review their accreditations for health care facilities and recommend certain actions or impose conditions on an existing accreditation. Although these are private organizations, they play an important role in the Medicare program. In certain cases, a hospital will be deemed to have met the Medicare Conditions of Participation (and eligible for Medicare payment) if it is accredited by The Joint Commission, the Healthcare Accreditation Program, DNV GL Healthcare or another acceptable accrediting organization. However, at any time, CMS may still require a survey of a hospital by a state agency to determine whether the hospital actually meets the Conditions of Participation. Loss of or limitations imposed on hospital licenses or accreditations could reduce hospital utilization or revenues or a hospital's ability to operate all or a portion its facilities.

EMTALA. The Emergency Medical Treatment and Active Labor Act ("EMTALA") is a federal civil statute that requires hospitals and facilities with emergency departments to treat or conduct a medical screening for emergency conditions and to stabilize a patient's emergency medical condition before releasing, discharging or transferring the patient. Outpatient facilities that are included as part of a hospital by virtue of a provider-based status designation are required to adhere to EMTALA's requirements, regardless of whether they are located on or away from the hospital's main campus. A hospital that violates EMTALA is subject to civil monetary penalties and exclusion from the Medicare and Medicaid programs. In addition, the hospital may be liable for any claim by an individual who has suffered harm as a result of a violation.

Environmental Laws and Regulations. Health facilities are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. These include, but are not limited to: (i) air and water quality control requirements; (ii) waste management requirements; (iii) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances; (iv) requirements for providing notice to employees and members of the public about hazardous material handled by or located at the health facility; (v) requirements for training employees in the proper handling and management of hazardous materials and wastes; (vi) specific regulatory requirements applicable to dispensing, administering, prescribing, transferring, storing, manufacturing and ordering pharmaceuticals and controlled substances for clinical and research purposes; and (vii) other requirements.

Health facilities may be subject to requirements related to investigating and remedying hazardous substances located on their property, including such substances that may have migrated off the property. Typical health facility operations include the handling, use, storage, transportation, disposal and/or discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; and may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance.

Enforcement Activity. Enforcement activity against health care providers has increased, and enforcement authorities have adopted aggressive approaches. In the current regulatory climate, it is anticipated that many hospitals and physician groups will be subject to audits, investigations, or other enforcement actions regarding the health care fraud laws mentioned above. In addition, the initial scope of reviews or audits by enforcement authorities can be expanded in certain circumstances to include an investigation of a variety of other issues.

Enforcement authorities are often in a position to compel settlements by providers charged with, or being investigated for, false claims violations by withholding or threatening to withhold Medicare, Medicaid and/or similar payments and/or by instituting criminal action. In addition, the Insurance Fraud Prevention Act provides a vehicle for anti-fraud prosecutions. The cost of defending such an action, the time and management attention consumed, and the

facts of a case may dictate settlement. Therefore, regardless of the merits of a particular case, a hospital could experience materially adverse settlement costs, as well as materially adverse costs associated with implementation of any settlement agreement. Prolonged and publicized investigations could be both costly and damaging to the reputation and business of a hospital, regardless of outcome.

Certain acts or transactions may result in a violation or alleged violation of a number of the federal and state health care fraud laws described above, and the penalties or settlement amounts often are compounded. Generally, these risks are not covered by insurance. Enforcement actions may involve multiple hospitals or other facilities in a health system, as the federal and State governments often extends enforcement actions regarding health care fraud to other hospitals in the same organization. Therefore, the risks identified as being materially adverse to a hospital or health care provider could have materially adverse consequences to a health system, taken as a whole.

Cost of Pharmaceuticals and the 340B Drug Discount Program. The rising cost of pharmaceuticals continues to present challenges for hospitals and may adversely affect the operations, financial condition and financial performance of hospital providers.

Entities that participate in the prescription drug discount program established under Section 340B of the federal Public Health Service Act (the "340B Program") are able to purchase certain outpatient drugs for patients at a reduced cost. Effective January 1, 2018, CMS imposed large cuts on such discounts. Such cuts are currently being challenged in federal court and proceeding through the appellate process, but the final result of such lawsuit cannot be predicted. In addition, most health entities participating in the 340B Program have relied upon automated solutions to ensure that prescriptions, dispensing, and inventory replenishment comply with 340B Program standards, and those solutions may not always be equipped to assure compliance. A hospital that participates in the 340B Program will experience costs of updating any automated solutions, revising policies, and ensuring adequate staffing to comply with the program's requirements. Congressional and administrative efforts have also been made, seeking to tighten 340B Program eligibility requirements and reduce the scope of the program. CMS has proposed to further increase 340B Program drug discounts in 2021. Future legal, legislative or administrative changes to the 340B Program that result in a loss of 340B eligibility, or further decreases in 340B Program drug discounts, could have a material adverse effect on the Obligated Group. In addition, eligibility for the 340B Program is determined on an annual basis and, therefore, can be unpredictable. Furthermore, the rules and regulations applicable to participation in the 340B Program are technical, complex, numerous and may not fully be understood or implemented by billing or reporting personnel. Failure to comply with the 340B Program requirements or rules could result in exclusion from the 340B Program, thus significantly increasing costs for drugs and creating a repayment obligation, which in either case could have a material adverse effect on the operations or financial condition of the Obligated Group.

Whistleblower Litigation. Large employers with complex workforces, such as hospitals, are susceptible to whistleblower litigation filed by current or former employees or subcontractors and vendors. These individuals may be in a position to know of regulatory violations of which senior management is unaware and may even discuss perceived violations with their supervisors or compliance officers. If employees are disciplined and terminated for infractions of human resources policy, they may file employment litigation, alleging that the disciplinary action was retaliatory. Employees, contractors, and vendors may also file *qui tam* proceedings under the federal or state false claim acts. See "— *False Claims Act*" above. The Department of Justice is required to either pursue parallel criminal investigations against responsible individuals or draft a written memorandum justifying the decision to decline criminal investigation. Thus, a hospital's employees or executives may be subject to criminal prosecution. If determined adversely, a hospital may experience materially adverse costs associated with the repayment of claims, treble damages, and penalties, and could be subject to a costly and burdensome corporate integrity agreement. Regardless of outcome, the results could be damaging to the reputation and business of a hospital.

Business Relationships and Other Business Matters

Integrated Delivery Systems. Health facilities and health care systems often own, control or have affiliations with relatively large physician groups. In order to offer an integrated package of health care services, including physician and hospital services, to patients, health care insurers, and managed care providers. Such an alliance has been implemented by the Corporation and its affiliates, which operate as an integrated health care delivery system.

Generally, the sponsoring health facility or health system will be the primary capital and funding source for such alliances and may have an ongoing financial commitment to provide growth capital and support operating

deficits. These types of alliances are generally designed to respond to trends in the delivery of medicine to better integrate health facilities and physician care, to increase physician availability to the community and/or to enhance the managed care capability of the affiliated health facilities and physicians. However, these goals may not be achieved, and an unsuccessful alliance may be costly and counterproductive to all of the above-stated goals.

Integrated delivery systems carry with them the potential for legal or regulatory risks in varying degrees. The ability of health facilities or health systems to conduct integrated physician operations may be altered or eliminated in the future by legal or regulatory interpretation or changes, or by health care fraud enforcement. In addition, participating physicians may seek their independence for a variety of reasons, thus putting the health facilities' or health system's investment at risk, and potentially reducing its managed care leverage and/or overall utilization.

The ACA provided for a Medicare pilot program for integrated care to include bundled payments covering both health facility and physicians' services. Services covered by the payment bundle include acute care inpatient services, physician services both in and out of the acute care hospital, outpatient hospital services, and post-acute care services. Since 2018, Medicare has given providers the option to participate in a voluntary bundled payment program. It is unclear whether this or a similar bundled payment program will be implemented or required as part of the general Medicare program, though CMS has announced that it anticipates making bundled payments mandatory in the near future. If such a program is implemented, it will likely drive further hospital-physician integration.

Integrated delivery systems present business challenges and risks. Inability to attract or retain participant physicians may negatively affect managed care, contracting and utilization. The technological and administrative infrastructure necessary both to develop and operate integrated delivery systems and to implement new payment arrangements in response to changes in Medicare and other payor reimbursement is costly. Hospitals may not achieve savings sufficient to offset the substantial costs of creating and maintaining this infrastructure.

Accountable Care Organizations. The ACA establishes a Medicare Shared Savings Program (the "MSSP") that seeks to promote accountability and coordination of care through the creation of Accountable Care Organizations ("ACOs"). The program allows hospitals, physicians and others to form ACOs and work together to invest in infrastructure and redesign integrated delivery processes to achieve high quality and efficient delivery of services. ACOs that achieve quality performance standards are eligible to share in a portion of the amounts saved by the Medicare program. CMS has issued final regulations governing the MSSP and the development of ACOs and other applicable regulating bodies have also published guidance for ACOs to follow in order to comply with the law. The regulations and published guidance are complex. Some hospital participants in ACOs have had to marshal a large upfront financial investment to form ACO structures, and not all ACO structures have been successful. For those that do qualify, it is unknown whether the savings will be sufficient to recoup the initial investment. There may also remain regulatory risks for participating hospitals. In particular, since the federal ACO regulation would not preempt state law, providers participating as a federal ACO must be organized and operated in compliance with existing state statutes and regulations. It remains unclear whether providers will pursue federal ACO status or whether the required investment would be warranted by increased payment. It is anticipated that private insurers may seek to establish similar incentives for providers, while requiring change in infrastructure and organization. In addition, although the regulation provides for waivers of certain federal laws, there may remain regulatory risks for participating hospitals, as well as financial and operational risks. The applicable regulating bodies have published guidance for ACOs to follow in order to comply with the law, but the published guidance is complex. The potential impacts of these initiatives and the regulation for ACOs are unknown, but they are expected to introduce greater risk and complexity to health care finance and operations.

Integrated delivery models require extensive infrastructure investment and administrative support, the cost of which is at risk for achievement of quality measures and shared savings adequate to recoup the costs. In addition, Medicare and other payors are interested in moving from shared savings payments to greater or full risk-sharing models, where the ACOs are exposed to both upside and downside risk.

Many hospitals and health systems are pursuing strategies with physicians in order to offer an integrated package of health care services, including physician hospital services, to patients, health care insurers, and managed care organizations ("MCOs"). These integration strategies are capital intensive and may create certain business and legal liabilities for the Obligated Group. The start-up capitalization for such developments, as well as operational deficits, may be funded by an Obligated Group Member. Depending on the size and organizational characteristics of a particular development, these capital requirements may be substantial. In some cases, an Obligated Group Member

may be asked to provide a financial guarantee for the debt of a related entity that is carrying out an integrated delivery strategy. In certain of these structures, an Obligated Group Member may have an ongoing financial commitment to support operating deficits, which may be substantial on an annual or aggregate basis.

Management of Risk-Based Arrangements. The success of risk-based arrangements, including but not limited to ACOs, depends, in part, on the timeliness and quality of data. Contracts involving population health management frequently have a multiple-year term. Data regarding the covered patient population and performance of the providers, however, often may not be available until the contract is well underway. Any delay in the availability of quality data may materially impact a provider's ability to adjust care delivery practices and, therefore, achieve success in managing risk-based arrangements. In addition, because of accounting guidance that requires accrual of deficiency reserves, a delay in receipt of data regarding a provider's under-performance in managing care for a covered patient population may be accelerated, rather than amortized with the term of the contract, if losses under a multi-year contract are not identified until the contract is well underway. Such a circumstance could cause a material and adverse effect on the financial condition of the provider in the particular fiscal period in which the loss must be recognized.

Physician Financial Relationships. In addition to the physician integration relationships referred to above, hospitals and health care systems frequently have various additional business and financial relationships with physicians and physician groups. These are in addition to hospital-physician contracts for individual services performed by physicians in hospitals. They potentially include: joint ventures to provide a variety of outpatient services; recruiting arrangements with individual physicians and/or physician groups; loans to physicians; medical office leases; equipment leases from or to physicians; and various forms of physician practice support or assistance. These and other financial relationships with physicians (including hospital-physician contracts for individual services) may involve financial and legal compliance risks for the hospitals and systems involved. From a compliance standpoint, these types of financial relationships may raise federal and state "anti-kickback" and federal "Stark" and related state issues (see "— Regulatory Environment," above), as well as other legal and regulatory risks, and these could have a material adverse impact on hospitals and health facilities.

Antitrust. Enforcement of the antitrust laws against health care providers is becoming more common and antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, payor contracting, physician relations, joint ventures, merger, affiliation and acquisition activities, certain pricing or salary setting activities, as well as other areas of activity. Liability may not be insured. In particular, the Federal Trade Commission has publicly acknowledged increased enforcement action in the area of physician joint contracting and hospital consolidation. Failure to develop a sufficiently integrated clinical program could expose the participants in such a program to liability under applicable antitrust laws. Likewise, increased enforcement action exists relating to a retrospective review of completed hospital mergers. The application of the federal and state antitrust laws to health care is evolving, and therefore not always clear.

Violation of the antitrust laws could subject an organization to criminal and civil enforcement action by federal and state agencies, as well as treble damage liability to private litigants. At various times, health care organizations may be subject to an investigation by a governmental agency charged with the enforcement of the antitrust laws or may be subject to administrative or judicial action by a federal or state agency or a private party. The most common areas of potential liability are joint activities among providers with respect to payor contracting, medical staff credentialing, and use of a hospital's local market power for entry into related health care businesses. From time to time, a hospital or health facility may be involved in joint contracting activity with other hospitals, health facilities or providers. The precise degree to which this or similar joint contracting activities may expose any health care provider to antitrust risk from governmental or private sources is dependent on facts that may change from time to time.

A United States Supreme Court decision allows physicians who are subject to adverse peer review proceedings to file federal antitrust actions against hospitals. Hospitals regularly have disputes regarding credentialing and peer review and, therefore, may be subject to liability in this area. In addition, hospitals occasionally indemnify medical staff members who are involved in such credentialing or peer review activities and may be liable with respect to such indemnity. Recent court decisions have also established private causes of action against hospitals that use their local market power to promote ancillary health care business in which they have an interest. Such activities may result in monetary liability for the participating hospitals under certain circumstances where a competitor suffers business damage. Government parties also are entitled to challenge joint ventures that may injure competition.

Health Care Charges. It is possible that legislative action at the state level may be taken with regard to how health care providers charge for health care services. In addition to legislative, regulatory, administrative, and enforcement oversight, payors and consumers have repeatedly brought actions challenging providers charges. It is expected that this will continue, and providers with high charges relative to their peers will be targeted.

Price Transparency. On January 1, 2021, the CMS "Price Transparency Rule" went into effect, requiring hospitals to publish gross charges, discounted cash prices, payor-specific negotiated charges, and minimum and maximum negotiated charges for all items and services provided by the hospital. Hospitals are also required to publish a consumer-friendly list of standard charges for at least 300 (or as many as the hospital provides if less than 300) shoppable services—generally, non-emergency services that patients can schedule in advance. Failure to comply with these requirements may result in daily monetary penalties to the hospital. The Price Transparency Rule could result in further legislative or regulatory action to restrain hospital rates or charges. Additionally, the availability of competitively sensitive rate information among hospitals, insurers, and employer sponsors of group health plans could lead to market distortions and possible anti-competitive effects that could impact hospital rates and revenue. The publication of hospital standard charges, including negotiated charges, could also result in changes to patient choice. Accordingly, compliance with the Price Transparency Rule could materially adversely impact the operations, financial position and cash flows of the Obligated Group.

Surprise Billing. The 2021 Appropriations Act included legislation designed to address surprise medical bills that patients may incur as a result of receiving services from an out-of-network provider at an in-network facility or having to receive emergency medical care at an out-of-network facility (the "No Surprises Act"). Effective January 1, 2022, patients are protected from surprise medical bills that could arise from out-of-network emergency care, certain ancillary services provided by out-of-network providers at in-network facilities, and for out-of-network care provided at in-network facilities without the patient's informed consent. Patients will be required to pay only the in-network cost-sharing amount, which will be determined through a formula established by the DHHS Secretary and will count toward the patient's health plan deductible and out-of-pocket cost-sharing limits. Providers will not be permitted to balance bill patients beyond this cost-sharing amount. Both providers and health plans will be required to inform patients about these protections. Violations could result in state enforcement action or federal civil monetary penalties. Although surprise billing laws are important for protecting patients, they can reduce the bargaining power of hospitals with payors and ultimately lead to lower revenues. The ultimate effect of the No Surprises Act on the Obligated Group's operations and financial condition cannot be predicted at this time.

Information Technology. The ability to adequately price and bill health care services and to accurately report financial results depends on the integrity of the data stored within information systems, as well as the operability of such systems. An ongoing commitment of significant resources is required to maintain, protect and enhance existing information systems and to develop new systems that keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. No assurance can be given that efforts to upgrade and expand information systems capabilities, protect and enhance these systems, and develop new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

Electronic media are also increasingly being used in clinical operations, including the conversion from paper to electronic medical records, computerization of order entry functions and the implementation of clinical decision-support software. In addition, the delivery of care in a virtual setting, whether through video visits, telephone visits or electronic communication, is increasing. The reliance on information technology for these purposes imposes expectations on physicians and other workforce members to be adept in using and managing electronic systems. It also introduces risks related to patient safety and to the privacy, accessibility and preservation of health information. See BONDHOLDERS' RISKS — Regulatory Environment — *HIPAA*" and "— *The HITECH Act*" and "— *Security Breaches and Unauthorized Releases of Personal Information*" above and "— Business Relationships and Other Business Matters — *Cybersecurity Risks*" below. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians, other health care professionals, and payors. Health information systems may also be subject to different or higher standards or greater regulation than other information technology or the paper-based systems previously used by health care providers, which may increase the cost, complexity and risk of operations. The implementation of new or upgraded electronic health record systems or other information technology systems can result in inadvertent billing errors and other operational challenges, and associated compliance risks, until such

systems are fully implemented, tested, and debugged. All of these risks may have adverse consequences on hospitals and health care providers.

Cybersecurity Risks. Health care organizations rely on digital technologies to conduct their customary operations. In the past several years, a number of entities have sought to gain unauthorized access to digital systems of large organizations for the purpose of misappropriating assets or information or causing operational disruptions or demanding payment for the return of system data or control of the system. These attempts include highly sophisticated efforts to electronically circumvent network security as well as more traditional intelligence gathering, and social engineering aimed at obtaining information necessary to gain access. Cyber-attacks specifically targeted at health systems have been occurring more frequently, and in some recent cases, have resulted in the disruption or temporary cessation of facility operations.

Any breach or cyber-attack that limits a health facility's ability to access its information systems or otherwise compromises patient data could result in the disruption or cessation of facility operations, patient safety issues, the loss of patient records, the payment of significant ransoms, negative press, and/or the imposition of substantial fines or penalties for violation of HIPAA or similar state privacy laws (as discussed above), any of which may adversely affect a health facility's business or financial condition.

As cybersecurity threats continue to evolve, the Obligated Group may not be able to anticipate certain attack methods in order to implement effective protective measures and may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. Additionally, the Obligated Group's information systems routinely interface with and rely on third-party systems that are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider could harm the Obligated Group's financial condition, operations and reputation. Although the Obligated Group members have insurance against some cyber risks, it may not be sufficient to offset the impact of a material loss event and could result in a material adverse impact on the Obligated Group's financial condition.

State and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed.

In Connecticut, the Data Breach Notification Law requires businesses to notify the Office of the State Attorney General ("AGO") and affected individuals in the event of a data breach involving unsecured personal information. Businesses, including hospitals, must implement and document compliance with certain security standards such as vendor contracting provisions and encryption of portable devices. The AGO may bring an action under the Unfair Trade Practices Statute for violation of the Data Breach Notification Law. In addition, the Data Disposal Law requires businesses like hospitals to employ specific safeguards when disposing of or destroying personal information.

State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, as discussed with respect to the HITECH Act above, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could damage a health care provider's reputation and materially adversely affect business operations.

Big Data. Health care providers are increasingly analyzing or partnering or contracting with others to analyze health care "Big Data," i.e., datasets of such volume or breadth that cannot be analyzed using ordinary database software tools. In particular, large hospitals may analyze health care Big Data for operational purposes such as to measure value-based performance. Hospitals may also enter into research collaborations with technology companies to analyze health care Big Data for research purposes. Although HIPAA permits the use and disclosure of individually identifiable health information held by covered entities for operational or research purposes, both the covered entity and its business associate must comply with stringent privacy and security requirements which, if not met, can lead to

significant exposure both with respect to the government and civil litigants. For example, to share individually identifiable health information with a research partner, a hospital may choose to de-identify such information which would be a permissible use or disclosure under HIPAA. However, the failure to properly de-identify could result in significant financial exposure particularly due to the volume of patients affected. The Obligated Group Members may use or share health care Big Data for operational and research purposes and due to the complexity of HIPAA's requirements, non-compliance in this context in the future could result in a material adverse impact.

Charity Care. Tax-exempt hospitals often treat large numbers of low-income patients who are unable to pay in full for their medical care. These hospitals may be susceptible to economic and political changes that could increase the number of low-income patients or their responsibility for caring for this population. General economic conditions that affect the number of employed individuals who have health coverage further affect the ability of patients to pay for their care. Similarly, changes in governmental policy, which may result in coverage exclusions under local, state and federal health care programs (including Medicare and Medicaid) may increase the frequency and severity of charity care treatment by such hospitals and other providers. It also is possible that future legislation could require that tax-exempt hospitals and other providers maintain minimum levels of charity care as a condition of federal income tax exemption or exemption from certain state or local taxes.

Physician Medical Staff. The primary relationship between a hospital and physicians who practice in it is through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have their privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges or who have such membership or privileges curtailed or revoked often file legal actions against hospitals and medical staffs. Such actions may include a wide variety of claims, some of which could result in substantial uninsured damages to a hospital. In addition, failure of the hospital governing body to adequately oversee the conduct of its medical staff may result in hospital liability to third parties.

Physician Supply. Sufficient community-based physician supply is important to hospitals. CMS annually reviews overall physician reimbursement formulas for Medicare and Medicaid. Changes to physician compensation under these programs could lead to physicians ceasing to accept Medicare and/or Medicaid patients. Regional differences in reimbursement by commercial and governmental payors, along with variations in costs of living and quality of life considerations, may cause physicians to avoid locating their practices in communities with low reimbursement, high living costs, or perceptions of quality of life challenges. Hospitals may be required to invest additional resources in recruiting and retaining physicians, or may be compelled to affiliate with, and provide support to, physicians in order to continue serving the changing population base and maintain market share. Such arrangements present certain regulatory risks that can result in significant penalties. See "— *Anti-Kickback Law*" and "— *Stark Referral Law*" above.

Staffing. In recent years, the health care industry has suffered from a scarcity of primary care physicians, nursing personnel, respiratory therapists, pharmacists and other trained health care technicians, and a number of such trained health care professionals and technicians are expected to retire in the next several years. Significant factors underlying this trend include a decrease in the number of persons entering such professions and changing work expectations among new entrants into the workplace. This may intensify in the future, aggravating the general shortage and increasing the likelihood of hospital-specific shortages. The COVID-19 pandemic has amplified and exacerbated, these existing trends, with practitioners deciding to leave medicine, or retire early. In addition, a number of COVID-19 related factors, such as increased unemployment assistance available during the COVID-19 pandemic, fears of exposure to COVID-19 in the workplace, vaccination mandates and difficulties in finding child and elder care options outside the home, have led to a tight job market. Many employers in a variety of sectors are struggling to fill available positions at pre-pandemic wages, and costs of labor have increased. Hospitals, like other employers, have found it difficult to find employees for jobs of all sorts, with lower wage workers having more well-paying employment options, and clinical and hospital staff suffering from more than a year of difficult working conditions during a pandemic. Competition for employees, coupled with increased recruiting and retention costs for permanent staffing and the high cost of contract labor to address temporary staffing needs will increase hospital operating costs, possibly significantly, and growth may be constrained. This trend could have a material adverse impact on the financial conditions and results of operations of hospitals. As reimbursement amounts are reduced to health care facilities and organizations that employ or contract with physicians, nurses and other health care professionals, pressure to control and possibly reduce wage and benefit costs may further strain the ability to attract and retain those professionals. Hospital operations, patient and physician satisfaction, financial condition and future growth could be

negatively affected by physician and nursing and other technical personnel shortages, resulting in material adverse impact to hospitals and health systems.

Competition Among Health Care Providers. Increased competition from a wide variety of sources, including specialty hospitals, other hospitals and health care systems, inpatient and outpatient health care facilities, long-term care and skilled nursing facilities, clinics, physicians and others, may adversely affect the utilization and/or revenues of hospitals. Existing and potential competitors may be subject to different restrictions, and competition, in the future, may arise from new sources not currently anticipated or prevalent.

Specialty hospital developments that attract away an important segment of an existing hospital's admitting specialists and/or services that generate a significant source of revenue may be particularly damaging.

Likewise, freestanding ambulatory surgery centers may attract away significant commercial outpatient services traditionally performed at hospitals. Commercial outpatient services, currently among the most profitable for hospitals, may be lost to competitors who can provide these services in an alternative, less costly setting. Full-service hospitals also rely upon the revenues generated from commercial outpatient services to fund other less profitable services. Competing ambulatory surgery centers, more likely a for-profit business, may not accept charity care patients or low paying programs and would leave these populations to receive services in the hospital setting.

The health care industry is highly competitive. Many hospitals have merged or affiliated with other hospitals in an effort to remain financially viable as health care delivery systems compete against each other and against other providers of health care services, including physician groups, specialty providers and other industry participants. Presently, hospitals and other industry participants continue to actively consider merger, affiliation, and acquisition options.

Employer Status. Hospitals are major employers, with mixed technical and non-technical workforces. Labor costs, including salary, benefits and other liabilities associated with the workforce, have significant impacts on hospital operations and financial condition. Developments affecting hospitals as major employers include: (1) imposing higher minimum or living wages; (2) enhancing occupational health and safety standards; and (3) penalizing employers of undocumented immigrants. Legislation or regulation on any of the above or related topics could have a material adverse effect on a hospital's operations.

Labor Relations. Hospitals are large employers with a wide diversity of employees. Increasingly, employees of hospitals are becoming unionized, and many hospitals have collective bargaining agreements with one or more labor organizations. Dealing with a new bargaining unit or negotiating collective bargaining agreements may result in significant cost increases to hospitals. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and hospital reputation.

Wage and Hour Class Actions and Litigation. Federal law and many states impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods and similar requirements. Large employers with complex workforces, such as hospitals, are susceptible to actual and alleged violations of these standards. In recent years there has been a proliferation of lawsuits over these "wage and hour" issues, often in the form of large, sometimes multi-state, class actions. For large employers such as hospitals and health systems, such class actions can involve multi-million-dollar claims, judgments and/or settlements. A major class action decided or settled adversely to the Obligated Group could have a material adverse impact on their financial condition and their results of operations.

Other Class Actions. Nonprofit hospitals and health systems have long been subject to a wide variety of litigations risks, including liability for care outcomes, employer liability, property and premises liability, billing, charging, and collections practices, among others. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for tax-exempt hospitals and health systems. These class action suits have most recently focused on hospital billing and collections practices, and they may be used for a variety of currently unanticipated causes of action. Since the subject matter of class action suits may involve uninsured risks, and since such actions often involved alleged large classes of plaintiffs and a large number of patient encounters, they may have material adverse consequences on hospitals and health systems in the future.

Health Care Worker Classification. Health care providers, like all businesses, are required to withhold income taxes from amounts paid to employees. If the employer fails to withhold the tax, the employer becomes liable for payment of the tax imposed on the employee. On the other hand, businesses are not required to withhold federal taxes from amounts paid to a worker classified as an independent contractor. The IRS has established criteria for determining whether a worker is an employee or an independent contractor for tax purposes. If the IRS were to reclassify a significant number of hospital independent contractors (e.g., physician medical directors) as employees, back taxes and penalties could be material.

Professional Liability Claims and General Liability Insurance. In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against health care providers. Insurance does not provide coverage for judgments for punitive damages.

Professional liability litigation also is subject to public policy determinations and legal and procedural rules that may be altered from time to time, with the result that the frequency and cost of such litigation, and resultant liabilities, may increase in the future. Health systems may be affected by negative financial and liability impacts on physicians.

CMS does not reimburse hospitals for medical costs arising from certain "never events," which include specific preventable medical errors. Certain private insurers and HMOs similarly will not pay for costs arising from such events. The occurrence of "never events" may be more likely to be publicized and may negatively impact a hospital's reputation, thereby reducing future utilization and potentially increasing the possibility of liability claims.

There is no assurance that hospitals will be able to maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover malpractice judgments rendered against a hospital or that such coverage will be available at a reasonable cost in the future.

Composition of the System and the Obligated Group. From time to time, the Corporation may evaluate and pursue potential acquisition, merger and affiliation candidates as part of the overall strategic planning and development process. As part of its ongoing planning and management functions, the Corporation reviews the use, compatibility and business viability of many of the operations of its care delivery system and from time to time may pursue changes in the use of, or disposition of, the care delivery system's facilities, including the facilities owned and operated by Obligated Group Members. Likewise, the Corporation occasionally receives offers from, or conducts discussions with, third parties about the potential acquisition of operations and properties which may become subsidiaries or affiliates of Obligated Group Members in the future, or about the potential sale of some of the operations or property which are currently conducted or owned by the Obligated Group. As a result, it is possible that the current organization and assets of the Obligated Group may change from time to time.

In addition to relationships with other hospitals and physicians, the Corporation may consider investments, ventures, affiliations, development and acquisition of other health care-related entities. These may include home health care, long-term care entities or operations, infusion providers, pharmaceutical providers, and other health care enterprises which support the overall operations of the health care delivery system, including the Obligated Group. In addition, the Corporation may pursue such transactions with health insurers, HMOs, preferred provider organizations, third-party administrators and other health insurance-related businesses. Because of the integration occurring throughout the health care field, management of the Corporation will consider such arrangements if there is a perceived strategic or operational benefit for its health care delivery system. Any such initiative may involve significant capital commitments and/or capital or operating risk (including, potentially, insurance risk) in a business in which the Corporation may have less expertise than in hospital operations. There can be no assurance that these projects, if pursued, will not lead to material adverse consequences to the Obligated Group.

In addition, the Master Indenture provides that entities may be admitted to the Obligated Group from time to time upon the satisfaction of certain conditions and, except for the Corporation, that any Member of the Obligated Group may withdraw from the Obligated Group upon the satisfaction of certain conditions. Accordingly, the composition of the Obligated Group may change from time to time. Changes to the composition of the Obligated Group may result in an Obligated Group that is financially and operationally different from the current Obligated Group.

Nonprofit Health Care Environment

Each Member of the Obligated Group is a nonprofit entity, exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code. The tax-exempt status afforded nonprofit health care organization is increasingly being threatened. Nonprofit tax-exempt organizations such as the Members of the Obligated Group are subject to federal, state and local laws, regulations, rulings and court decisions relating to their organization and operation, including operation for religious and charitable purposes. At the same time, nonprofit health care providers conduct large-scale complex business transactions. There can often be a tension between the rules designed to regulate a wide range of charitable organizations and the day-to-day operations of a complex, multi-state and/or multi-facility health care organization.

The operations or practices of health care providers are routinely challenged or questioned to determine if they are consistent with the tax exemption benefits conferred on such providers or the regulatory requirements for nonprofit tax-exempt organizations. These challenges, in some cases, are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead are examinations of core business practices of the health care organizations. An overarching concern is that nonprofit hospitals may not confer community benefits that exceed or are equal to the benefit received from their tax-exempt status. Areas that have come under examination include pricing practices, billing and collection practices, charitable care, providing and reporting community benefit, executive compensation, exemption of property from real property taxation, and others. These challenges and questions arise from a variety of sources, including state attorneys general, the IRS, labor unions, Congress, state legislatures, and patients, and in a variety of forums, including hearings, audits and litigation. Such challenges include class action litigation in various jurisdictions concerning hospital pricing practices with respect to the uninsured or underinsured. Some of these challenges and examinations are described below.

Congressional Hearings. Senate and House committees have conducted several nationwide investigations of hospital billing and collection practices and prices charged to uninsured patients and have considered reforms to the nonprofit sector, including proposed reform in the area of tax-exempt health care organizations, as part of health care reform generally. The ACA added Section 501(r) to the Code which addresses these issues (see "BONDHOLDERS' RISKS — Tax-Exempt Status and Other Tax Matters — *Maintenance of the Tax-Exempt Status of the Members of the Obligated Group*"). The fact that Congress enacted legislation in this area does not mean that Congress will not enact additional legislation in the future.

IRS Review of Tax-Exempt Bonds. IRS officials routinely audit tax-exempt bonds, including the use of bond proceeds, in the charitable organization sector. A schedule to the Form 990 return (Schedule K) addresses what the IRS believes is significant noncompliance with recordkeeping and record retention requirements. Schedule K also requires tax-exempt organizations to report on the investment and use of bond proceeds to address IRS concerns regarding compliance with arbitrage rebate requirements and the private use of bond-financed facilities.

IRS Examination of Compensation Practices. For more than a decade, the IRS has been concerned about executive compensation practices of tax-exempt hospitals. In 2009, the IRS issued its Hospital Compliance Project Final Report (the "IRS Final Report") that examined tax-exempt hospitals' practices and procedures with regard to compensation and benefits paid to their officers and other defined "insiders." The IRS Final Report indicated that the IRS will continue to scrutinize executive compensation arrangements, practices and procedures of tax-exempt hospitals and other tax-exempt organizations and, in certain circumstances, may conduct further investigations or impose fines or tax-exempt organizations.

Litigation Relating to Billing and Collection Practices. In the early 2000s lawsuits were filed in both federal and state courts alleging, among other things, that tax-exempt hospitals were failing to fulfill their obligations to provide charity care to uninsured patients and were overcharging uninsured patients. Nearly all of those cases were dismissed or settled, or later rendered moot by the enactment of the ACA. However, from time to time new cases arise based on scrutiny or a particular institution's patient charges, billing or collection practices, with these cases sometimes attracting attention of state charity officials, the IRS and/or Congressional leaders. Investigations have also been undertaken to examine the collection practices of nonprofit hospitals for unpaid bills and whether those practices are consistent with their nonprofit status.

Community Benefit Initiatives. The IRS has issued final regulations interpreting the requirements of Section 501(r) of the Code which focus on community benefit initiatives of hospitals. See "BONDHOLDERS' RISKS — Tax-Exempt Status and Other Tax Matters — *Maintenance of the Tax-Exempt Status of the Members of the Obligated Group*." Form 990 includes Schedule H which hospitals and health systems must use to report their community benefit activities, including the cost of providing charity care and other tax-exemption related information.

State Oversight. Nonprofit corporations are subject to oversight and examination by state attorneys general to ensure their charitable purposes are being carried out, that their fundraising and investment activities comply with state law, that the terms of charitable gifts are followed, and that acquisitions, dispositions, and reorganizations are in the public interest. This oversight can limit some of the options available to tax-exempt entities in states where the respective attorney general takes a keen interest in these issues.

Challenges to Real Property Tax Exemptions and Related Matters. The real property tax exemptions afforded to certain nonprofit health care providers by state and local taxing authorities have been challenged on the grounds that the health care providers were not engaged in sufficient charitable activities. These exemptions may apply to both real property owned outright and real property leased to another party (sometimes referred to as "possessory interest"). The bases for these challenges generally include nonuse of real property for the charitable object of the tax-exempt organization, use by a non-exempt party, inadequate levels of public benefit, uncompensated care, aggressive billing and collection practices, and excessive financial margins. Several of these challenges have resulted in litigation or at least expensive audits by state and local authorities. The litigation has resulted in several settlements where the tax-exempt organizations have agreed to pay to the local taxing authority payments in lieu of taxes and, in at least one instance, revocation of the state real property tax exemption of the organization. On occasion, legislation has been introduced in state legislatures to limit or repeal certain state tax exemptions available to private nonprofit health care providers.

The foregoing are some examples of the challenges and examinations facing nonprofit health care organizations. They are indicative of a greater scrutiny of the billing, collection and other business practices of these organizations and may indicate an increasingly difficult operating environment for health care organizations such as the Members of the Obligated Group.

Tax-Exempt Status and Other Tax Matters

Maintenance of the Tax-Exempt Status of the Members of the Obligated Group. The maintenance of the status of each Obligated Group Member as an organization described in Section 501(c)(3) of the Code is contingent on compliance by each Obligated Group Member with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and other permissible purposes and their avoidance of transactions that may cause their earnings or assets to inure to the benefit of private individuals. As these general principles were developed primarily for public charities that do not conduct large-scale technical operations and business activities, they often do not adequately address the myriad of operations and transactions entered into by a modern health care organization. Although traditional activities of health care providers, such as certain management contracts and other use arrangements, have been the subject of interpretations by the IRS in the form of Private Letter Rulings, many activities or categories of activities have not been fully addressed in any official opinion, interpretation or policy of the IRS.

The ACA also contained new requirements for tax-exempt hospitals. Under Section 501(r) of the Code, enacted as part of the ACA, each tax-exempt hospital facility is required, to (i) conduct a community health needs assessment at least every three years and adopt an implementation strategy to meet the identified community needs, (ii) adopt, implement and widely publicize a written financial assistance policy and a policy to provide emergency medical treatment without discrimination, (iii) limit charges to individuals who qualify for financial assistance under such tax-exempt hospital's financial assistance policy to no more than the amounts generally billed to individuals who have insurance covering such care and refrain from using "gross charges" when billing such individuals, and (iv) refrain from taking extraordinary collection actions without first making reasonable efforts to determine whether the individual is eligible for assistance under such tax-exempt hospital's financial assistance policy. In addition, the IRS is required to review information about each tax-exempt hospital's community benefit activities at least once every three years, as well as to submit an annual report to Congress with information regarding the levels of charity care, bad debt expenses, unreimbursed costs of government programs, and costs incurred by tax-exempt hospitals for community benefit activities. The periodic reviews and reports to Congress regarding the community benefits

provided by hospitals described under Section 501(c)(3) of the Code may increase the likelihood that Congress will require such hospitals to provide a minimum level of charity care in order to retain tax-exempt status and may increase IRS scrutiny of particular Section 501(c)(3) hospital organizations.

The IRS has periodically conducted audit and other enforcement activity regarding tax-exempt health care organizations. Certain audits are conducted by teams of revenue agents, often take years to complete and require the expenditure of significant staff time by both the IRS and the audited organization. These audits examine a wide range of possible issues, including tax-exempt bond financing, partnerships and joint ventures, retirement plans and employee benefits, employment taxes, political contributions and other matters. Such reviews or audits can be expanded in certain circumstances to include a variety of other issues. Because of the complexity of the tax laws and the presence of issues about which reasonable persons can differ, an IRS audit could result in additional taxes, interest and penalties. An IRS audit ultimately could affect the tax-exempt status of the Obligated Group Members or one or more affiliates, as well as the exclusion from gross income for federal income tax purposes of the interest on the Bonds and other tax-exempt debt issued for the Obligated Group.

Tax-exempt organizations are subject to scrutiny from and face the potential for sanctions and monetary penalties imposed by the IRS. If a tax-exempt entity is engaged in private inurement or impermissible private benefit or violates other requirements, the IRS may revoke its tax-exempt status. Although the IRS has not frequently revoked the tax-exempt status of nonprofit hospitals, it could do so in the future. If an Obligated Group Member were to lose its tax-exempt status, defaults in covenants regarding the Bonds would likely be triggered and such Obligated Group Member could incur substantial tax liabilities on its income. For these reasons, loss of tax-exempt status could have material adverse consequences on the financial condition of the Obligated Group.

In some cases, the IRS has imposed substantial monetary penalties on tax-exempt corporations and public benefit obligations in lieu of revoking their tax-exempt status, as well as requiring that certain transactions be altered, terminated or avoided in the future and/or requiring governance or management changes. In those cases, the IRS and exempt corporations entered into settlement agreements requiring the corporation to make substantial payments to the IRS. Given the range of complex transactions entered into by the Members of the Obligated Group and potential exemption risks, Members of the Obligated Group could be at risk for incurring monetary and other liabilities imposed by the IRS. These liabilities could be materially adverse.

Pursuant to the "intermediate sanctions" rules, the IRS may impose penalty excise taxes on certain "excess benefit transactions" involving Section 501(c)(3) organizations and "disqualified persons" rather than revoking the organization's exempt status. An excess benefit transaction is one in which a disqualified persons or entity receives more than fair market value from the exempt organization or pays the exempt organization less than fair market value for property or services or share the net revenues of the tax-exempt entity. A disqualified person is a person (or an entity) who is in a position to exercise substantial influence over the affairs of the exempt organization during the five years preceding an excess benefit transaction. The statute imposes excise taxes on the disqualified person and any "organization manager" who knowingly participates in an excess benefit transaction. These rules do not penalize the exempt organization itself, so there would be no direct impact on the Members of the Obligated Group or the tax status of the Bonds if an excess benefit transaction were subject to IRS enforcement pursuant to the intermediate sanctions rules. However, these sanctions do not replace the other remedies available to the IRS described above.

State and Local Tax Exemption. State laws also require tax-exempt hospitals to periodically conduct community needs assessment, to adopt an implementation strategy and to have a charity care policy. It is likely that the loss by any Member of the Obligated Group of federal tax exemption would also trigger a challenge to their state tax-exemption. Depending on the circumstances, such event could be material and adverse.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of nonprofit corporations. There can be no assurance that future changes in the laws and regulations of state or local governments will not materially adversely affect the financial condition of the Members of the Obligated Group by requiring payment of income, local property or other taxes.

Tax-Exempt Status of Bonds. The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and facilities financed with bond proceeds, limitations on the investment earnings of bond proceeds prior to expenditure, a requirement that certain investment

earnings on bond proceeds be paid periodically to the United States, and a requirement that the issuer file an information report with the IRS. The Obligated Group has agreed that it will comply with such requirements. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of the interest on the Bonds as taxable. Such adverse treatment may be retroactive to the date of issuance. See "TAX MATTERS" herein.

Neither the Authority nor the Members of the Obligated Group have sought to obtain a private letter ruling from the IRS with respect to the status of interest on the Bonds, and the opinion of Bond Counsel is not binding on the IRS. There is no assurance that any IRS examination of the Bonds will not adversely affect the market value of the Bonds.

For certain individual taxpayers, future tax legislation could tax a portion of the interest on tax-exempt bonds under the regular income tax or the alternative minimum tax and could apply not only to bonds issued on and after the effective date, but to bonds issued before the effective date, including the Bonds. From time to time, Congress has considered revisions to the Code that may limit access to the tax-exempt debt market to issuers or borrowers such as the Members of the Obligated Group. If any such legislation is introduced and is retroactively applied to tax-exempt bonds, including the Bonds, previously issued for the benefit of any Obligated Group Member, the adoption of any such legislation could adversely affect the marketability of and the market value for the Bonds and the financial condition of the Obligated Group. Moreover, the adoption of any such legislation could materially increase the cost to the Obligated Group of financing future capital needs.

Unrelated Business Income. In recent years, the IRS and local taxing authorities also have been undertaking audits and reviews of the operations of tax-exempt hospitals with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). The Members of the Obligated Group participate in activities which generate UBTI. Management of the Obligated Group believes it has properly accounted for and reported UBTI in all material respects; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI, and in some cases could affect the tax-exempt status of such Member of the Obligated Group as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds and certain other tax-exempt debt issued on behalf of the Obligated Group.

Limitations on Contractual and Other Arrangements Imposed by the Code. As tax-exempt organizations, the Members of the Obligated Group Members are limited with respect to their use of practice income guarantees, reduced rent on medical office space, low interest loans, joint venture programs and other means of recruiting and retaining physicians. Uncertainty in this area has been reduced somewhat by the issuance by the IRS of guidelines on permissible physician recruitment practices. The IRS scrutinizes a broad variety of contractual relationships commonly entered into by hospitals and has issued a detailed audit guide suggesting that field agents scrutinize numerous activities of hospitals in an effort to determine whether any action should be taken with respect to limitations on or revocation of their tax-exempt status or assessment of additional tax. Any suspension, limitation, or revocation of any Member of the Obligated Group's tax-exempt status or assessment of significant tax liability would have a materially adverse effect on the Obligated Group.

Additional Risk Factors

Construction Risks. The Project is complex. Approximately $100 million of the costs of the Project are expected to be funded from proceeds of the Bonds. The ability of the Corporation to complete the Project on budget and within the anticipated timeline could be negatively impacted by a variety of risks, including, but not limited to, tariffs, inflation of construction or raw materials costs, supply chain disruption, delays in issuance of required building permits or other necessary approvals or permits, unforeseen environmental, engineering or geological problems, changes required by governmental or regulatory authorities, labor strikes or disruption, shortages of materials and labor, adverse weather conditions, fire or natural disasters, disruption of existing operations and facilities, change orders, changes in scope of development, or plan or specification modification.

There is no guarantee that the Project will be completed on budget or within anticipated timelines. There can be no assurance that events will not occur that would result in increases to the cost of completing the Projects or the compensation payable to contractors that exceed amounts budgeted. Furthermore, there can be no assurance that the Corporation will have sufficient funds to pay costs in excess of amounts that are budgeted.

Completion of the Projects depends on performance by third parties of their obligations under various construction-related contracts. If these parties do not perform their obligations, if construction and design are not adequately coordinated, if disputes arise between parties or if third parties are excused from performance of their obligations because of non-performance by the Corporation or events of force majeure, the Corporation may not be able to acquire substitute services on substantially the same terms and conditions, if at all, or may be required to incur greater construction costs, which may adversely affect the Corporation's ability to complete the Project within the projected budget and on schedule. These events additionally could adversely impact the Corporation's ability to make payments with respect to the Bonds. This Official Statement contains no financial information with respect to the various parties to the construction-related contracts. As a result, in making an investment decision with respect to the Bonds, a purchaser can have no assurance, based on the information provided in this Official Statement, that any third party will have the ability to meet its obligations under the agreements to which it is a party.

In addition, the Corporation plans to take action to minimize the impact on ongoing operations at the Hospital, but no assurances can be given that implementation of the New Tower will not disrupt the ongoing operations of the Hospital. Therefore, the construction of the Project, including the New Tower, may adversely impact the business, operations and revenues of the Corporation during the period of implementation.

For a description of the Project, see APPENDIX A—"INFORMATION CONCERNING CONNECTICUT CHILDREN'S MEDICAL CENTER."

State Budget. Many states face severe financial challenges, including erosion of general fund tax revenues. These factors have resulted in a shortfall between revenue and spending demands. The financial challenges facing states may negatively impact health care organizations in a number of ways, including, but not limited to, a greater number of low-income patients who are unable to pay for their care and a greater number of individuals who qualify for Medicaid and/or reductions in Medicaid reimbursement rates, states may modify health benefits for state employees in a manner that puts additional rate pressure on providers, and/or states may resolve budget shortfalls by retaining all or a portion of funds received through hospital tax and fee programs originally implemented to provide additional funding to hospitals.

Default by the Obligated Group or the Authority. No representations or assurances can be given that the Members of the Obligated Group or the Authority will not default in performing their respective obligations under the Master Indenture or any of the other financing documents. The payment of the redemption price or the purchase price of Bonds redeemed or required to be tendered for purchase will be a direct obligation solely of the Corporation and the Obligated Group and is not supported by any credit or liquidity facility. A failure by the Obligated Group to provide for the payment of the purchase price of Bonds upon a mandatory tender date will constitute an Event of Default under the Indenture and the Loan Agreement. If an Event of Default occurs under the Master Indenture, the Bond Trustee may accelerate the maturity of the Bonds, as necessary.

Enforceability of Remedies. The remedies available to the Bond Trustee, the Authority and the Bondowners upon an Event of Default under the Master Indenture are in many respects dependent upon judicial actions which are, in turn, often subject to discretion and delay. Under existing constitutional and statutory laws and judicial decisions, including specifically the federal Bankruptcy Code, a particular remedy specified by the Master Indenture may not be readily available or, if available, may be limited or subject to substantial delay. The various legal opinions to be delivered concurrently with the issuance and delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by principles of equity and by bankruptcy, reorganization, insolvency, moratorium and similar laws affecting the rights of creditors generally.

Enforceability of the Master Indenture and Loan Agreement. It is possible that the joint and several obligation of a Member of the Obligated Group to make payments due under Obligation No. 1 in respect of moneys used by another Member may not be valid and enforceable and could be declared void in an action brought by third-party creditors, by a trustee in bankruptcy in the event of the bankruptcy of the Member from which payment is requested, or by the Connecticut Attorney General.

To be enforceable under Connecticut law, a Member's guarantee of the debts of another (or a pledge of the assets by a Member of the Obligated Group to secure the debts of another) must be in furtherance of the Member's corporate purposes. Further, some or all of the assets of a Member of the Obligated Group may be subject to restrictions on use imposed by a donor or may be held by a court to be subject to a charitable trust which prohibits

payments in respect of obligations incurred by or for the benefit of others, particularly if the Member has insufficient assets remaining to carry out its own charitable functions, or if such obligations were issued for purposes inconsistent with or beyond the scope of the charitable purposes for which the Member was organized. The validity of master trust indentures has been challenged by the Connecticut Attorney General and could be challenged in jurisdictions outside of Connecticut. In one case the Connecticut Attorney General obtained an injunction against a Connecticut convalescent home making any payments pursuant to a proposed master trust indenture with an out-of-state affiliate. The convalescent home was not going to receive any proceeds of the proposed bond issue. In the absence of clear legal precedent in Connecticut, there can be no assurance as to the validity and enforceability of the agreement of any Member of the Obligated Group to make payments due under Obligation No. 1 to the extent issued for the benefit of another Member of the Obligated Group.

In addition, any obligation of a Member of the Obligated Group may be voided under the federal Bankruptcy Code or under the Connecticut fraudulent conveyance statute, if (i) the obligation was incurred without receipt by the obligor of "fair consideration" or "reasonably equivalent value," and (ii) the obligor is insolvent or the obligation renders the obligor "insolvent," as such terms are defined under the applicable statute.

Interpretation by the courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. For example, a Member's joint and several obligation under the Master Indenture to make all payments thereunder, including payments in respect of funds used for the benefit of the other Members, may be held to be a "transfer" which makes such Member "insolvent" in the sense that the total amount due under the Master Indenture could be considered as causing its liabilities to exceed its assets. Also, one of the Members may be deemed to have received less than "fair consideration" for such obligation because none or only a portion of the proceeds of the Bonds are to be used to finance facilities occupied or used by such Member. While the Members may benefit generally from the facilities financed from the proceeds of the Bonds, the actual cash value of this benefit may be less than the joint and several obligation. The rights under the Connecticut fraudulent conveyance statutes may be asserted for a period of up to six years from the incurring of the obligations or granting of security under the Loan Agreement.

Enforceability of Lien on Gross Receivables. *Pledge of Gross Receivables.* Pursuant to the Master Indenture, each Member of the Obligated Group has granted a security interest to the Master Trustee in its Gross Receivables and the proceeds thereof, to secure the performance by each Member of the Obligated Group under the Master Indenture. "Gross Receivables" means all accounts, chattel paper, instruments, and payment intangibles; excluding, however, any of the foregoing in which a security interest cannot be granted under applicable law, and excluding any grant, gift, bequest, contribution or other donation specifically restricted to an object or purpose inconsistent with their use for payment of Required Payments.

The Members are not granting a security interest in any property other than the Gross Receivables and the proceeds thereof. Specifically, they are not granting a security interest in any deposit account or other account in which collections of Gross Receivables may be deposited. As a result, the Master Trustee will have a security interest in collections of Gross Receivables only if such collections are identifiable and can be proven to be collections of Gross Receivables. In addition, there are Gross Receivables, possibly including Gross Receivables owing from federal, state, or other governmental entities, in which the Members cannot validly grant a security interest, and the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) will have not have a security interest in such Gross Receivables or the proceeds thereof. If the Master Trustee does not have a security interest in specific property, the rights of the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) with respect to such property will be only those of an unsecured creditor.

The security interest in Gross Receivables and the proceeds thereof described above will be perfected solely by the filing and maintenance of UCC financing statements. The Obligated Group Members will not enter into any deposit account control agreements. As a result, the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) will have a perfected security interest only in Gross Receivables and proceeds in which a security interest can be perfected by the filing of a UCC financing statement. Thus, there may be Gross Receivables or proceeds in which the Master Trustee (and thus the Bond Trustee and the holders of the Bonds) does not have a perfected security interest. The security interest of the Master Trustee in proceeds may be perfected only to a limited extent and thus there may be proceeds in which the Master Trustee does not have a perfected security interest. If the Master Trustee's security interest is not perfected in certain Gross Receivables or proceeds, other creditors or transferees of the Members may be able to obtain an interest in such Gross Receivables or proceeds that has priority over the security interest of the

Master Trustee (and thus the Bond Trustee and the holders of the Bonds). Even if the lien of the Master Indenture is perfected when the Bonds are issued, the lien could become unperfected if the applicable UCC financing statements are not properly maintained.

Even if the lien of the Master Indenture is perfected in Gross Receivables and proceeds, the lien may not be not be of first priority. The security interest in Gross Receivables and proceeds may be subordinated to the interests and claims of others in several circumstances (for example, statutory liens, liens in favor of the United States or an agency thereof, and equitable liens imposed by courts). In addition, a Member of the Obligated Group may have deliberately or inadvertently granted a lien on Gross Receivables or proceeds prior to granting a security interest under the Master Indenture. There are a number of different types of creditors and transferees who can take priority over the Master Trustee with respect to proceeds of Gross Receivables. If the interest, claim, or security interest of another person or entity has priority over the lien of the Master Indenture, the Master Trustee (and thus the Bond Trustee and the holders of the Notes) will generally be able to assert rights to the applicable Gross Receivables or applicable proceeds only after the other person or entity has been paid in full.

Gross Receivables subject to the lien of the Master Indenture may be sold or pledged if such sale or pledge is in accordance with the provisions of the Master Indenture. The lien created under the Master Indenture on Gross Receivables sold pursuant to the Master Indenture would terminate and be immediately released upon any such sale.

With respect to receivables and revenues not subject to the security interest, or where such security interest was unenforceable, the Master Trustee would have the rights of an unsecured creditor.

Insufficiency of Assets. There exists common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that the corporation has insufficient assets to carry out its stated charitable purposes or has taken some action that renders it unable to carry out its purposes. Such court action may arise on the court's own motion or pursuant to a petition of the attorney general of a particular state or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

Bankruptcy. Should a Member of the Obligated Group become the subject of a bankruptcy case, there could be adverse effects on the holders of the Bonds that could result in delays or reductions in payments on, or other losses with respect to, the Bonds.

If a Member of the Obligated Group is in bankruptcy, the parties (including the Bond Trustee, the Master Trustee, and the holders of the Bonds) may be prohibited from taking any action to collect any amount from such Member or to enforce any obligation of such Member, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Bond Trustee and the Master Trustee from foreclosing on Gross Receivables or making payments to the holders of the Bonds from funds in the possession of the Bond Trustee or the Master Trustee. A rate covenant, or the covenant under the Master Indenture to maintain a Long-Term Debt Service Coverage Ratio at a required level, may not be enforceable in bankruptcy by any party (including the Bond Trustee, the Master Trustee, and the holders of the Bonds).

If a Member of the Obligated Group goes into bankruptcy, any Gross Receivables generated by that Member after it goes into bankruptcy will likely not be subject to the lien of the Master Indenture. If a Member is in possession of collections on Gross Receivables when it goes into bankruptcy, the Member may not be required to turn them over to the Master Trustee or the Bond Trustee.

The Bond Trustee and the Master Trustee may be required to return to any Member of the Obligated Group that is in bankruptcy any Gross Receivables that became subject to the lien of the Master Indenture within the 90 days (or possibly one year) immediately preceding the filing of the bankruptcy petition, and any Gross Receivables in which the Master Trustee does not have a perfected security interest. Payments previously made to the holders of the Bonds during the 90 days (or possibly one year) immediately preceding the filing of the bankruptcy petition may be avoided as preferential payments, so that the holders would be required to return such payments to the Member of the Obligated Group in bankruptcy.

If a Member of the Obligated Group is in bankruptcy, the obligation of such Member to make required payments on behalf of another Member of the Obligated Group may be unenforceable if a court determines that the Member in bankruptcy did not receive reasonably equivalent value in return for assuming the obligation to make required payments on behalf of the other Member and the Member in bankruptcy was insolvent at the time the Bonds were issued, at the time such Member became a Member, or at the time such Member made required payments on behalf of another Member. If such obligation of the Member in bankruptcy is unenforceable, then required payments previously made to the holders of the Bonds by such Member on behalf of another Member may be avoided as fraudulent or voidable transfers, so that the holders would be required to return such payments to the Member of the Obligated Group in bankruptcy.

A Member of the Obligated Group that is in bankruptcy may be able to borrow additional money that is secured by a lien on any of its property (including the Gross Receivables), which lien could have priority over the lien of the Master Indenture, as long as the bankruptcy court determines that the rights of the Bond Trustee, the Master Trustee, and the holders of the Bonds will be adequately protected. Such Member may be able to cause some of the Gross Receivables to be released to it, free and clear of the lien of the Master Indenture, as long as the bankruptcy court determines that the rights of the Bond Trustee, the Master Trustee, and the holders of the Bonds will be adequately protected.

If a Member of the Obligated Group is in bankruptcy it may be able, without the consent and over the objection of the Bond Trustee, the Master Trustee, and the holders of the Bonds, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

Actions also could be taken in a bankruptcy of a Member of the Obligated Group that could adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of a Member of the Obligated Group that could result in delays or reductions in payments on the Bonds, or result in losses to the holders of the Bonds. Regardless of any specific adverse determinations in a bankruptcy of a Member of the Obligated Group, the fact of a bankruptcy of a Member of the Obligated Group could have an adverse effect on the liquidity and value of the Bonds.

Enforceability of Obligation No. 1. The joint and several obligations described herein of each Member of the Obligated Group to make required payments on Obligation No. 1 may not be enforceable under any of the following circumstances:

(i) to the extent payments on Obligation No. 1 are requested to be made from assets of a Member which are donor-restricted, or which are subject to a direct, express or charitable trust that does not permit the use of such assets for such payments;

(ii) if the purpose of the debt created and evidenced by Obligation No. 1 is not consistent with the charitable purposes of the Member from which such payment is requested or required, or if the debt was incurred or issued for the benefit of an entity other than a nonprofit corporation that is exempt from federal income taxes under Section 501(a) of the Code as a 501(c)(3) organization and is not a "private foundation" as defined in Section 509(a) of the Code;

(iii) to the extent payments on Obligation No. 1 would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by such Member; or

(iv) if and to the extent payments are requested to be made pursuant to any loan violating applicable usury laws.

These limitations on the enforceability of the joint and several obligations of the Members of the Obligated Group on Obligation No. 1 also apply to their obligations on all Master Indenture Obligations. If the obligation of a particular Member of the Obligated Group to make payment on a Master Indenture Obligation is not enforceable and

payment is not made on such Master Indenture Obligation when due in full, then Events of Default will arise under the Master Indenture.

The various legal opinions delivered concurrently with the issuance of the Bonds are qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, receivership, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

Investments. The Obligated Group has significant investment holdings. Market fluctuations may affect the value of those investments and those fluctuations may be material. For a discussion of the Obligated Group's investments, see APPENDIX A — "INFORMATION CONCERNING CONNECTICUT CHILDREN'S MEDICAL CENTER — FINANCIAL INFORMATION — Investment Policy and Procedures."

Bond Ratings. There is no assurance that the ratings assigned to the Bonds will not be lowered or withdrawn at any time, which could adversely affect the market value or marketability of the Bonds. See "RATINGS" below.

Secondary Market. There can be no assurance that there will be a secondary market for the purchase or sale of the Bonds. From time to time there may be no market for the Bonds depending upon prevailing market conditions, the financial condition or market position of any firms who may make the secondary market, and the financial condition and results of operations of the Members of the Obligated Group.

Rate Pressure from Insurers and Purchasers. Certain health care markets are strongly impacted by large health insurers and, in some cases, by major purchasers of health services. In those markets, health insurers or purchasers may have significant influence over the rates, utilization and competition of hospitals and other health care providers. Rate pressure imposed by health insurers or other major purchasers, including managed care payors, may have a material adverse impact on health care providers, particularly if major purchases put increase pressure on payors to restrain rate increases. In addition, disputes with non-contracted payors are increasing and may result in inability to collect billed charges from these payors.

Other Future Risks. In the future, the following factors, among others, may adversely affect the operations of health care providers or the market value of the Bonds to an extent that cannot be determined at this time.

- Adoption of legislation that would establish a national or statewide single-payor health program or that would establish national, statewide or otherwise regulated rates applicable to hospitals and other health care providers.
- Reduced demand for the services of hospitals and other health care providers that might result from decreases in population or movement of services to outpatient settings.
- Bankruptcy or business failures of an indemnity/commercial insurer, managed care plan or other payor could have a material adverse impact on contracted hospitals and other health care providers in the form of payment shortfalls or delay, and/or continuing obligations to care for managed care patients without receiving payment.
- New clinical techniques and technology, as well as new pharmaceutical and genetic developments and products, may alter the course of medical diagnosis and treatment in ways that are currently unanticipated and that may dramatically change medical and hospital care. These could result in higher health care costs, lower utilization of hospital service and/or new sources of competition for hospitals and other health care providers.
- Cost and availability of any insurance, such as fire, flood, automobile and general comprehensive liability coverages, which health care facilities of a similar size and type generally carry.
- The occurrence of a disaster, a pandemic or an epidemic that could damage hospital facilities, interrupt utility service to the facilities, result in an abnormally high demand for health care services or otherwise impair hospitals' operations and the generation of revenues from the facilities.
- Either the absence of legislation that limits the dollar amounts of damage recoveries from professional and general liability suits or legislation that modifies any such limits.

TAX MATTERS

Federal Taxes

In the opinion of Bond Counsel, under existing law, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Bond Counsel's opinion with respect to the Bonds will be rendered in reliance upon and assuming the accuracy of and continuing compliance with certain representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Bonds, the Authority and each member of the Obligated Group will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Bond proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Bonds is conditioned upon compliance by the Authority and each member of the Obligated Group with such requirements. In addition, in rendering its opinion, Bond Counsel has relied upon the opinion of counsel to the Obligated Group regarding, among other matters, the current qualifications of each member of the Obligated Group as an organization described in Section 501(c)(3) of the Code.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Bonds.

Original Issue Discount

The initial public offering prices of certain maturities of the Bonds may be less than the stated principal amount (the "OID Bonds"). Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds will constitute original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement for such OID Bonds are expected to be the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the OID Bonds are sold. Under existing law, original issue discount on the OID Bonds accrued and properly allocable to the owners thereof under the Code is excluded from gross income for federal income tax purposes if interest on the OID Bonds is excluded from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in an OID Bond purchased at an original issue discount, original issue discount is treated as having accrued while the owner holds such OID Bond and will be added to the owner's basis. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of such an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued original issue discount, the accrual of original issue discount in the case of owners of OID Bonds purchasing such OID Bonds after the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

Original Issue Premium

The initial public offering prices of certain maturities of the Bonds may be more than their stated principal amounts payable at maturity (the "OIP Bonds"). In general, an owner who purchases an OIP Bond must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the

owner's basis in the OIP Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their tax advisors regarding the amortization of premium and its effect upon basis.

Other Federal Tax Matters

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes

In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on an OID Bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Bonds.

Changes in Federal and State Tax Law

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Bonds should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

General

The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance.

Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Bonds.

CONTINUING DISCLOSURE

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

The Corporation, acting on behalf of itself and the other Members of the Obligated Group, will enter into a Continuing Disclosure Agreement with respect to the Bonds for the benefit of the Beneficial Owners of the Bonds, substantially in the form attached as Appendix H to this Official Statement (the "Continuing Disclosure Agreement"). Pursuant to the Continuing Disclosure Agreement, the Corporation agrees to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, (i) certain annual and quarterly financial information and operating data relating to the Obligated Group, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the Corporation to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The Corporation has engaged Digital Assurance Certification, L.L.C. as dissemination agent with respect to the Bonds. The Underwriters' obligation to purchase the Bonds shall be conditioned upon their receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

LEGALITY OF THE BONDS FOR INVESTMENT AND DEPOSIT

Under the Act, the Bonds are securities in which all public officers and public bodies of the State and its political subdivisions, all insurance companies, State banks and trust companies, national banking associations, savings banks, savings and loan associations, investment companies, executors, administrators, trustees and other fiduciaries in the State may properly and legally invest funds, including capital in their control or belonging to them.

The Bonds may, under the Act, be deposited with and received by the State or any municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds or obligations of the State may be authorized by law.

NEGOTIABLE INSTRUMENTS

Under the Act, the Bonds are, and are deemed to be for all purposes, negotiable instruments, subject only to the provisions for registration and transfer contained in the Indenture and in the Bonds.

STATE NOT LIABLE ON THE BONDS

The Bonds are special obligations of the Authority payable solely from the sources therefor as set forth in the Indenture, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof, is pledged to the payment of the principal, purchase price, if any, of or redemption premium, if any, or interest on the Bonds. The Act does not in any way create a so-called moral obligation of the State to pay debt service in the event of default by the Corporation, any other Member of the Obligated Group or the Authority. The Authority has no taxing power.

COVENANT BY THE STATE

Under the Act, the State pledges and agrees with the owners of any obligations of the Authority that the State will not limit or alter the rights vested in the Authority until such obligations, together with the interest thereon, are fully met and discharged, provided that nothing in the Act shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the owners of such obligations.

UNDERWRITING

The Bonds are being purchased by Goldman Sachs & Co. LLC and Loop Capital Markets LLC (the "Underwriters"). Pursuant to a Purchase Contract between the Underwriters and the Authority (the "Purchase Contract"), the Underwriters have agreed to purchase the Bonds at a purchase price of $114,061,624.32 (which represents the $112,385,000.00 principal amount of the Bonds, plus a net original issuance premium of $2,298,196.70, less the Underwriters' discount of $621,572.38). The purchase contract provides that the fees of the counsel for the Underwriters will be paid by the Authority from proceeds from the sale of the Bonds.

The Letter of Representation, delivered by the Corporation in connection with the execution and delivery of the Purchase Contract, contains the agreement of the Corporation to indemnify the Underwriters and the Authority against certain liabilities to the extent permitted by law with respect to the Bonds. The initial public offering prices set forth in the inside cover page of this Official Statement may be changed without notice from time to time by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and certain of their affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority or the Members of the Obligated Group, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority or the Members of the Obligated Group.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Authority are subject to the approval of Pullman & Comley, LLC, whose approving opinion, the form of which is attached hereto as Appendix G, will be delivered with the Bonds. Certain legal matters will be passed upon for the Authority by its special counsel, Carmody Torrance Sandak & Hennessey LLP. Certain legal matters will be passed upon for the Obligated Group by its counsel, Hinckley, Allen & Snyder LLP. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP.

INDEPENDENT AUDITORS

The Consolidated Financial Statements and Supplementary Information of CCMC Corporation and Subsidiaries as of September 30, 2022 and 2021 and as of September 30, 2021 and 2020 and for the years then ended included in Appendices B-1 and B-2 to this Official Statement have been audited by Baker Tilly US, LLP, independent auditors, as stated in their report appearing therein.

FINANCIAL ADVISOR

The Obligated Group has retained Ponder & Co. ("Ponder"), a municipal advisory firm registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board, as financial advisor in connection with the issuance of the Bonds. Although Ponder has assisted in the preparation of this Official Statement, Ponder was not and is not obligated to undertake, and has not undertaken to make, an independent verification and assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

LITIGATION

The Authority

There is not now pending or, to the knowledge of the Authority, threatened any litigation against the Authority 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. There is no litigation pending which in any manner questions the right of the Authority to make the loan to the Corporation in accordance with the provisions of the Act, the Master Indenture, the Indenture and the Loan Agreement.

The Members of the Obligated Group

For information on litigation with respect to the Members of the Obligated Group, see APPENDIX A — "INFORMATION CONCERNING CONNECTICUT CHILDREN'S MEDICAL CENTER — LEGAL AND REGULATORY MATTERS."

RATINGS

Fitch, Inc. ("Fitch") and Moody's Investors Service ("Moody's") have assigned long-term ratings of "A+" (stable) and "A3" (stable), respectively, to the Bonds. The "A+" and "A3" ratings, respectively, reflect Fitch's and Moody's current assessment of the creditworthiness of the Obligated Group.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. 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 given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. A rating agency may downgrade, qualify or withdraw a rating at any time. Any such downward revision, qualification or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. The above ratings are not recommendations to buy, sell or hold the Bonds. Furthermore, the Securities and Exchange Commission may determine that one or both of Fitch and Moody's no longer qualifies as a nationally recognized statistical ratings organization for purposes of the federal securities laws and that determination may have an adverse effect on the market price of the Bonds.

The Underwriters have undertaken no responsibility either to bring to the attention of the Holders of the Bonds any proposed change in or withdrawal of any rating or to oppose any such proposed revision or withdrawal.

As part of the process of obtaining ratings for the Bonds, the Corporation had initial discussions with, submitted certain materials to and requested a private rating from S&P Global Ratings ("S&P"). The private rating that S&P assigned to the Bonds was slightly lower than the rating that Moody's assigned to the Bonds. Although the Corporation requested ratings from three rating agencies, the Corporation had not intended to select three rating agencies to publicly rate the Bonds due to the Corporation's desire to reduce the costs and resources required for three public ratings.

MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the Bonds, the Indenture, the Loan Agreement, the Continuing Disclosure Agreement, the Master Indenture, the First Supplemental Master Indenture, Obligation No. 1, and all references to other materials not purporting to be quoted in full are brief outlines of certain provisions thereof. Such summaries or descriptions do not purport to be complete, and reference is made to said documents and other materials for full and complete statements of their provisions. The appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity and at the expense of the person requesting the same, of the Indenture, the Loan Agreement, the Continuing Disclosure Agreement, the Master Indenture, the First Supplemental Master Indenture, or Obligation No. 1 may be obtained during the offering period upon request to the Underwriters and thereafter may be examined or obtained at the corporate trust office of the Bond Trustee in Pittsburgh, Pennsylvania.

This Official Statement has been issued by the Authority and approved by the Corporation. This Official Statement is not to be construed as a contract or agreement between the Authority, the Corporation and the purchasers or Holders of any of the Bonds.

STATE OF CONNECTICUT HEALTH AND
EDUCATIONAL FACILITIES AUTHORITY

By: /s/ Jeanette Weldon
Executive Director

APPROVED:

CONNECTICUT CHILDREN'S MEDICAL CENTER, on behalf of itself and as Credit Group Representative

By: /s/ Bridgett Feagin
Executive Vice President and Chief Financial Officer

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APPENDIX A

INFORMATION CONCERNING CONNECTICUT CHILDREN'S MEDICAL CENTER

The information contained in this Appendix A has been obtained from Connecticut Children's Medical Center and other sources believed to be reliable.

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INTRODUCTION

General

CCMC Corporation, a Connecticut nonprofit corporation (the "Parent"), is the controlling entity of a series of affiliated entities that own and operate an integrated healthcare system (collectively referred to herein as the "System") that provides comprehensive care to pediatric patients across Connecticut and in parts of New York and Massachusetts. The System includes Connecticut Children's Medical Center, which is a nationally recognized, acute care children's hospital in Hartford, Connecticut (the "Hospital"), a physician group that employs physicians in more than 30 medical and surgical specialties, and a variety of other affiliates providing care to children of all ages affected by a wide range of conditions. The System has a long history of clinical excellence and is the only health system in Connecticut dedicated to children.

The System's history spans more than 100 years. Initially founded as a 10-bed hospital for children who suffered incurable conditions like cerebral palsy, spina bifida and polio, the System has since expanded and now includes the Hospital—a tertiary referral center that provides care to children of all ages. The Hospital is one of only two freestanding children's hospitals in New England and the only freestanding children's hospital in Connecticut. The Hospital is owned and operated by Connecticut Children's Medical Center, a Connecticut nonprofit corporation (the "Corporation"), whose sole corporate member is the Parent. The Corporation currently operates 187 licensed beds and provides hospitalist medicine, neonatal intensive care unit ("NICU") and newborn nursery, well-baby nursery, and certain pediatric inpatient care to children at the Hospital and at other facilities and adult hospitals throughout Connecticut, New York and Massachusetts. Currently, 84 of the Corporation's 187 licensed beds exist within partner adult acute care hospitals, functioning as satellite units under the Corporation's accreditation, provider and tax identification numbers, and management (collectively, the "Satellite Units"). See "STRATEGIC INTIATIVES – Strategic Partnerships" herein.

The Corporation, Connecticut Children's Foundation, Inc. (the "Foundation"), and Connecticut Children's Specialty Group, Inc. (the "Specialty Group"), each a Connecticut nonprofit corporation, comprise the members of an Obligated Group (collectively, the "Obligated Group" and each, a "Member" of the Obligated Group), created under a Master Trust Indenture described in the forepart of this Official Statement (as supplemented and amended, the "Master Indenture"). See "SECURITY AND SOURCES OF PAYMENT" in the forepart of this Official Statement for a discussion of the Master Indenture and APPENDIX D – "FORM OF THE MASTER INDENTURE" attached hereto. The Obligated Group is the central financing vehicle and credit for the System. Each Member of the Obligated Group is a 501(c)(3) charitable organization, exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code").

Under the Master Indenture, each Member of the Obligated Group has agreed to be jointly and severally obligated for debt incurred under the Master Indenture. Other entities controlled by or affiliated with Parent are not Members of the Obligated Group. Only the Corporation, the Foundation, and the Specialty Group are obligated to make payments with respect to the Bonds.

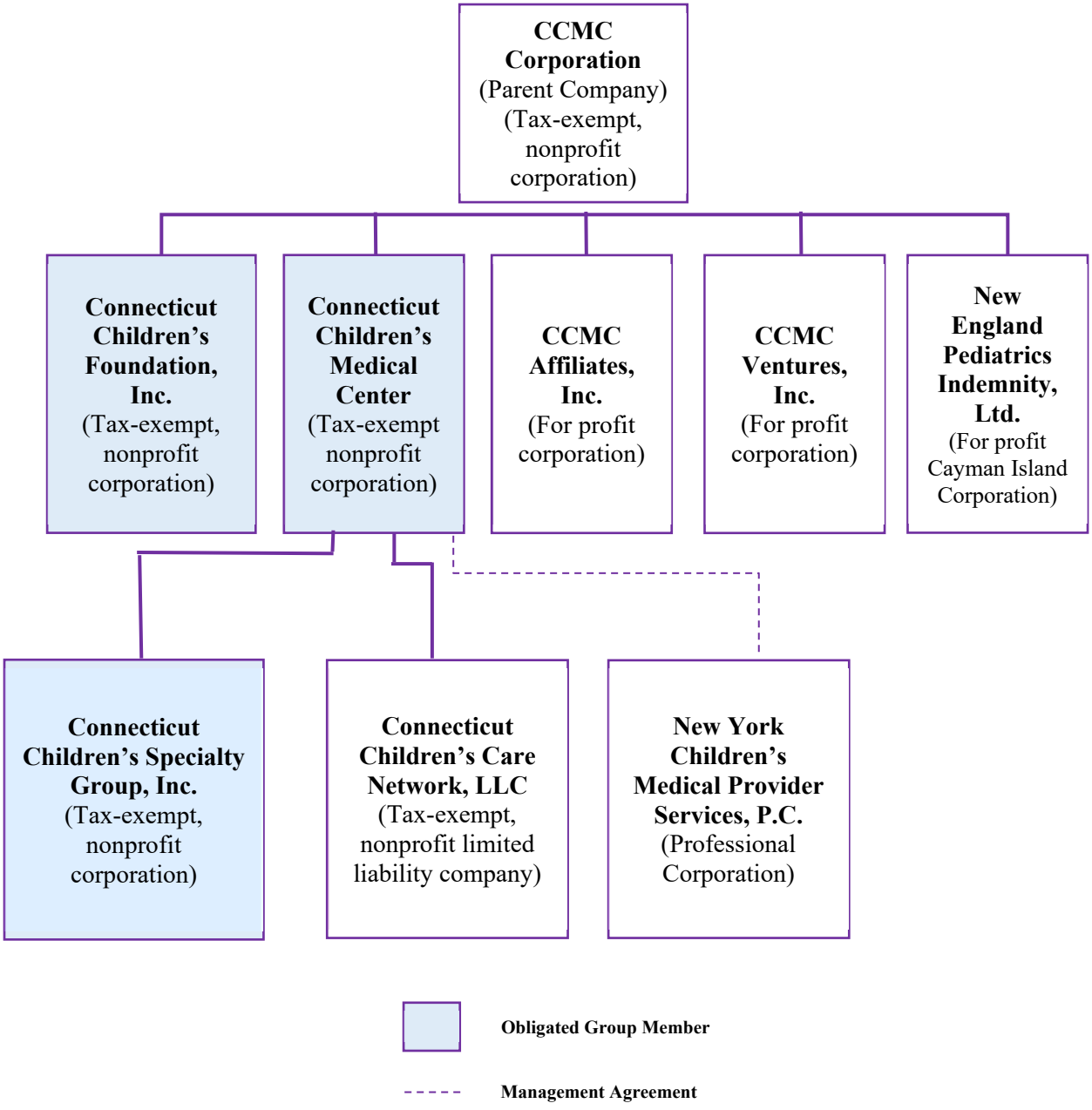
Mission

The Corporation is dedicated to improving the physical and emotional health of children served by the System. The Corporation has adopted a five-year strategic plan, known as Health Compass 2027, which serves as a roadmap for implementing this vision across the System. See "STRATEGIC INITATIVES – Health Compass 2027" herein.

ORGANIZATION

Organizational Structure

The following chart shows the relationship among the Parent, the Corporation, the other Members of the Obligated Group and other affiliates within the System.



Obligated Group

The Obligated Group serves as the central financing vehicle for the System. Upon the issuance of the Bonds, the Corporation, the Foundation, and the Specialty Group will be the only members of the Obligated Group created under the Master Indenture. See "SECURITY AND SOURCES OF PAYMENT" in the forepart of this Official Statement for a discussion of the Master Indenture and APPENDIX D – "FORM OF THE MASTER INDENTURE" attached hereto.

The Corporation. The Corporation is a Connecticut nonprofit, nonstock corporation that is exempt from federal income taxation under Section 501(c)(3) of the Code. The Parent is the sole corporate member of the Corporation. The Parent was incorporated in 1985 for the purpose of benefiting, carrying out the purposes of and upholding, promoting and furthering the welfare programs and activities of the Corporation. The Corporation was incorporated in 1921 and owns and operates the Hospital and carries on and manages the day-to-day operations of the System. The Parent has certain reserved powers over the Corporation, including among others, approving the incurrence of certain debt. See "GOVERNANCE AND MANAGEMENT—Reserved Powers" herein.

The Foundation. The Foundation is a Connecticut nonprofit, nonstock corporation that is exempt from federal income taxation under Section 501(c)(3) of the Code. The Parent is the sole corporate member of the Foundation. The Foundation was incorporated in 1985. Its primary purpose is to benefit, assist and further the purposes of the System. The Foundation maintains assets and solicits and receives gifts, contributions, grants, and certain other funds to support the System. The Foundation retains and invests such assets and transfers certain amounts to the Corporation each fiscal year. See "PHILANTHROPY AND THE FOUNDATION" herein. The Parent has certain reserved powers over the Foundation, including, among others, approving the incurrence of certain debt. See "GOVERNANCE AND MANAGEMENT—Reserved Powers" herein.

The Specialty Group. The Specialty Group is a Connecticut nonprofit, nonstock corporation that is exempt from federal income taxation under Section 501(c)(3) of the Code. The Corporation is the sole corporate member of the Specialty Group. The Specialty Group was incorporated in 1996. The Specialty Group is a multispecialty physician group that employs more than 940 team members, including 291 physicians and surgeons who deliver care throughout the System at over 40 locations. Services are delivered on an inpatient and outpatient basis, including care delivered at the Satellite Units. The Specialty Group is led by a physician president and vice president of operations.

Only the Corporation, the Foundation and the Specialty Group are obligated to make payments with respect to the Bonds. As of and for the fiscal year ended September 30, 2022, the Obligated Group generated 99.1% of the total operating revenue and represented 99.5% of the total net assets of CCMC Corporation and Subsidiaries. These percentages are calculated in conformity with certain Master Indenture ratios, such that, in each instance eliminations are excluded from the total operating revenue and total net assets of the Obligated Group but included in the total consolidated operating revenue and total consolidated net assets of CCMC Corporation and Subsidiaries. See "UTILIZATION AND HISTORICAL FINANCIAL INFORMATION — Management Discussion and Analysis of Financial Operations."

Non-Obligated Affiliates

In addition to the Members of the Obligated Group, the Parent has a number of other affiliates (collectively, the "Non-Obligated Affiliates"). Under the Master Indenture, each Member of the Obligated Group has agreed to be jointly and severally obligated for debt incurred under the Master Indenture. The Non-Obligated Affiliates are not Members of the Obligated Group. ***Only the Corporation, the Foundation and the Specialty Group are obligated to make payments with respect to the Bonds. None of the revenues***

or the assets of the Non-Obligated Affiliates are pledged to the payment of the Bonds or the Obligation issued under the Master Indenture to secure the Bonds, and none of the Non-Obligated Affiliates has any obligation to provide funds or security for payments with respect to the Bonds or the Obligation issued under the Master Indenture to secure the Bonds. Upon the issuance of the Bonds, the Corporation, the Foundation and the Specialty Group will be the sole members of the Obligated Group.

The audited consolidated financial statements of CCMC Corporation and Subsidiaries as of September 30, 2022, 2021 and 2020 and for the years then ended set forth in Appendix B to this Official Statement include the assets, liabilities and results of operations of Non-Obligated Affiliates. There are no Non-Obligated Affiliates that generated more than 5% of the total consolidated operating revenue of CCMC Corporation and Subsidiaries in the fiscal year ended September 30, 2022. Descriptions of the Non-Obligated Affiliates, which are not part of the Obligated Group, but are part of the System, follow.

CCMC Affiliates, Inc. ("CCMC Affiliates"). CCMC Affiliates is a Connecticut nonprofit, nonstock corporation and a wholly owned subsidiary of the Parent that was formed for the purpose of operating various programs focusing on children and adolescents, including, without limitation, educational programming for healthcare professionals and the public, programs related to the quality and accessibility of healthcare services and support research related to community and population health. Although CCMC Affiliates remains active as a corporate entity, it is not currently engaged in any programming.

CCMC Ventures, Inc. ("CCMC Ventures"). CCMC Ventures is a Connecticut for-profit stock corporation and a wholly owned subsidiary of the Parent that engages in for-profit activities in the healthcare sector. Specifically, CCMC Ventures serves as joint owner of the Health Consortium. The Health Consortium is a Delaware limited liability company jointly owned by CCMC Ventures and Guidehouse, a global consulting services company. Formed in October 2020, the Health Consortium provides financial revenue cycle management and financial integrity services to the System and at other children's hospitals across the country. The Health Consortium is currently inactive pending the addition of other children's hospital members.

New England Pediatrics Indemnity, Ltd. ("New England Pediatrics Indemnity"). New England Pediatrics Indemnity is a captive insurance company domiciled in Cayman Islands and is a wholly owned subsidiary of the Parent. New England Pediatrics Indemnity provides insurance for professional and general liability risks for the System.

Connecticut Children's Care Network, LLC (the "Care Network"). The Care Network is a Connecticut limited liability company and a wholly owned subsidiary of the Corporation. The Care Network aims to improve efficiency, safety, and fiscal health for patients, physicians, and the System. Independent physicians and physician groups that contract with the Care Network receive personalized support to enhance quality of care, reduce overall cost, and improve health outcomes. The Care Network is a network of more than 300 pediatricians in 51 locations across Connecticut that are responsible for over 100,000 value-based contracted lives. The Care Network utilizes pediatric-specific quality metrics and best practices to provide more coordinated care across the continuum. The Care Network currently holds value-based agreements with both commercial health plans and Connecticut's Person-Centered Medical Home Plus program, which applies to Medicaid beneficiaries. Since its inception in 2019, the Care Network has delivered approximately $7.2 million in incremental revenue to the System based on performance under contracts that span 2020 and 2021, which is comprised of payments for care coordination, quality improvement, and shared savings.

In 2022, the Care Network entered into a Medicaid Partnership Agreement with ProHealth Physicians, an independent physician group that is part of OptumCare, whereby over 90 pediatricians provide certain pediatric services to qualifying patients (the "Medicaid Partnership") at locations across

Connecticut. The Medicaid Partnership covers approximately 25,000 lives. The Medicaid Partnership is evaluated annually for renewal by the State of Connecticut, the Care Network and ProHealth Physicians.

New York Children's Medical Provider Services, P.C. ("NY Provider Services"). NY Provider Services is a New York professional corporation that employs physicians and advanced practice providers who provide healthcare services to patients of Nuvance Health, a not-for-profit health system, located in New York. The Corporation entered into a Management Services Agreement with NY Provider Services on January 1, 2021 to manage and administer the day-to-day business and financial affairs of NY Provider Services. This includes, but is not limited to, human resources, recruitment, compliance, legal, contracting, patient safety, quality assurance, bookkeeping, marketing, clerical and billing services.

Children's Fund of Connecticut, Inc. (the "Children's Fund"). The Corporation was the sole member of the Children's Fund, which was a Connecticut corporation formed to further the charitable mission of the Corporation. In February 2021, the Corporation dissolved the Children's Fund. Upon dissolution, approximately 70% of the Children's Fund's assets were transferred to the Foundation and approximately 30% were transferred to Child Health and Development Institute of Connecticut, Inc. ("CDHI"), a former subsidiary of the Children's Fund. CDHI is an independent entity and not part of the System. The Children's Fund was included in the CCMC Corporation and Subsidiaries audited consolidated financial statements for the fiscal years ended September 30, 2021 and 2020. See Note 1 to APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF CCMC CORPORATION AND SUBSIDIARIES" attached hereto.

SERVICES

Specialty Services

The System offers a wide range of specialized pediatric healthcare services including the following:

Specialized Pediatric Services

Adolescent Medicine	Neurology
Aerodigestive	Neurosurgery
Allergy-Immunology	Ophthalmology
Anesthesiology	Orthopedics
Cardiology	Otolaryngology
Cardiovascular Surgery	Pain & Palliative Medicine
Craniofacial Surgery	Physical Medicine & Rehabilitation
Critical Care Medicine	Plastic Surgery
Developmental & Behavioral Pediatrics	Primary Care
Dialysis Center	Psychiatry
Emergency Medicine	Psychology
Endocrinology	Pulmonology
Fetal Medicine	Radiology
Gastroenterology & Nutrition	Rare Bone
General Surgery	Rheumatology
Genetics	Sedation
Glycogen Storage Disease	Sleep Medicine
Hematology Oncology	Sports Medicine
Hospital Medicine	Suspected Child Abuse and Neglect
Infectious Disease	Urgent Care
Mental Health	Urology
Neonatology	Vascular Anomalies
Nephrology	Weight Management

The System's notable clinical service lines are described below:

Neonatal Services. The System provides the highest level of intensive care to sick and premature newborns. The NICU services operated by the Corporation has been ranked among one of the best in neonatal care among children's hospitals, according to *U.S. News & World Report*. The System's neonatal expertise expands beyond the Hospital and Satellite Units and includes NICUs and delivery units operated at 15 adult acute care hospitals or health systems across the state of Connecticut, as well as in eastern New York. See "INTRODUCTION—Strategic Partnerships" herein.

Mental Health. The System provides children and families access to mental health services across the mental health continuum of care. The System's physicians and mental health services team specialize in diagnosing and treating a full range of psychiatric conditions and mental health concerns in children, adolescents, and young adults. The mental health programs and services include consultation and liaison inpatient services, transitions clinic, medical coping clinic, and mental and medical wellness.

Infectious Diseases. The System provides care for children of all ages who suffer from acute and chronic infectious diseases and immunodeficiency disorders. The System has been committed to helping children and families stay safe and healthy during the COVID-19 pandemic and has played a role in educating families about vaccine safety and effectiveness. Because of this commitment, the Corporation was awarded one of eight research grants from the National Institutes of Health ("NIH") and the Eunice Kennedy Shriver National Institute of Child Health & Human Development to refine new technologies for early diagnosis of severe illnesses resulting from COVID-19 infection in children.

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Bed Count by Service Category

Currently, the Corporation has 187 licensed beds, 84 of which the Corporation operates as Satellite Units. As part of the Project (as defined herein), it is expected that the Corporation will add 12 inpatient medical-psychiatric beds, 33 NICU beds, and 26 general inpatient pediatric beds, for a total of 258 licensed beds. Upon completion of the Project, the Corporation anticipates operating 191 licensed beds at the Hospital and 67 licensed beds as Satellite Units. See "FACILITIES AND THE PROJECT" herein.

Licensed Beds

Category	As of December 31, 2022	Upon Completion of the Project	Change
The Hospital			
Pediatric (Med/Surg and ICU)	103	117	14
Fetal Care Center	-	6	6
Advance Cellular and Gene Therapy Unit	-	6	6
Inpatient Medical-Psychiatric Unit	-	12	12
Neonatal ICU Level IV	-	50	50
Saint Mary's			
Pediatric (Med/Surg and ICU) [(1)]	12	12	-
Hartford Hospital			
Neonatal ICU Level IV[(1)(2)]	32	15	(17)
John Dempsey Hospital			
Neonatal ICU Level III[(1)]	40	40	-
TOTAL	**187**	**258**	**71**

[(1)] Operated as a Satellite Unit under the Corporation's accreditation, provider and tax identification numbers, and management.
[(2)] Currently, 32 licensed bassinets at Hartford Hospital are operated in an open ward-style unit. Upon completion of the Project, it is expected that the Corporation will operate 15 licensed bassinets in private rooms at Hartford Hospital and will relocate 17 licensed bassinets currently operated at Hartford Hospital to the Hospital. See "FACILITIES AND THE PROJECT" herein.

Quality

Quality Purpose. The Corporation is committed to partnering with patients, families, and communities using evidence-based models to achieve top performance in quality and safety. The Corporation has built a plan based on the leadership model and principles recommended by the Institute for Healthcare Improvement.

Organizational Excellence Program. The Corporation has been dedicated to the principles of high reliability over the past 10 years and has implemented a program called "Safety Starts with Me," in which every team member is trained in error prevention methods and high reliability. In 2021, the Corporation evolved its continuous improvement training to include a training program called "Organizational Excellence," which is modeled on the SHINGO Institute Lean methodology, to help build deeper problem-solving capabilities and principle-based leadership. Since its implementation in 2021, over 200 team members have been trained in the Organizational Excellence program.

Patient Safety Program. The Corporation works with the Children's Hospital Solutions for Patient Safety ("SPS") to help drive performance improvement and benchmark the Corporation's success against 140 other children's hospitals. In March 2021, the Corporation was named SPS's Hospital of the Month.

The Corporation has focused on reducing hospital-acquired conditions such as central line associated blood stream infections, catheter associated urinary tract infections, surgical site infections, pressure injuries, falls, and unplanned extubations. Other focus areas involve work in reducing serious, preventable harm, improving hand hygiene compliance, and enhancing the Corporation's ability for sepsis identification and prevention.

In addition, the Corporation has implemented the Clinical Effectiveness Program, which aims to improve the quality and value of care pediatric patients receive in primary care, ambulatory, and acute care settings across Connecticut and other nearby regions through use of clinical pathways and community care guidelines. Clinical pathways and community care guidelines are structured, evidence-based, multidisciplinary plans that detail steps in the care of patients with specific conditions. The Corporation has developed metrics for and track each pathway. There are currently over 110 active clinical pathways and community care guidelines with over 75,000 external views in 2022. In a recent survey of 81 pediatric hospitals conducted by Pediatric Research for Inpatient Setting Network in 2022, the Corporation was ranked in the top tenth percentile for the number of pathways and guidelines. Based on its accomplishments, the Corporation is part of a newly-formed Pathways4Kids Program, which is a national group under the Children's Hospital Association, which aims to optimize clinical outcomes for pediatric patients via collaborative sharing of clinical pathway implementation and measurement strategies to enhance clinical workflows, standardize care, promote evidence-based practice and ensure health equity.

Simulation Program. The Corporation uses medical simulation to help improve patient safety and clinical quality, as well as to provide education in healthcare. The Corporation's simulation program reaches the Corporation's hospital, satellites and partnerships and in 2022, the simulation program reached over 1,300 learners, provided over 200 sessions, and identified and addressed approximately 180 latent safety issues.

Emergency Response Program. The Corporation has established an Emergency Response Committee, which routinely reviews performance data and implements improvement initiatives in response to this data analysis to help ensure the Corporation is maximizing its ability to identify and appropriately treat patients at risk for clinical deterioration. The Corporation has been able to reduce its out of ICU codes by 46% over the past five years and has received recognition from the American Heart Association for its work in resuscitation.

Antimicrobial Stewardship Program. The Corporation has created an Antimicrobial Stewardship Program to help address issues surrounding the emergence of new antibiotic-resistant bacteria. The Corporation's Antimicrobial Stewardship Program helps to ensure that antibiotics are used only when necessary and appropriate. The Corporation increased its Beta-Lactam Allergy Reaction documentation by 20% in 2022 to prevent unnecessary drug reactions. Additionally, in 2022, the Corporation maintained its 90% to 100% compliance with respect to its clinical pathway for correct antibiotic choice, understanding that patient complexities can result in appropriately deviating from a clinical pathway.

Benchmarking. The Corporation participates in multiple benchmarking databases to understand its performance in the context of like institutions, to recognize its achievements, and to identify opportunities for improvement. In particular, the Corporation is part of the SPS, Society of Thoracic Surgery, National Surgical Quality Improvement Program, Standardized Care to Improve Outcomes in Pediatric End-stage Renal Disease and Improving Pediatric Sepsis Outcomes.

Achievements, Awards and Recognitions

In recent years, the System has been nationally recognized as a quality healthcare provider. The System has been consistently ranked in multiple specialties by *U.S. News & World Report* as one of the

Best Children's Hospitals in the nation and the Hospital is Magnet recognized by the American Nurses Credentialing Center, a designation only 7% of hospitals achieve.

In addition, the System has achieved the following awards and recognitions:

- American Nurses Credential Center Accreditation through its Practice Transition Accreditation Program from August 22, 2022 through October 31, 2026.
- 2021 and 2022 American Heart Association's Get With the Guidelines – Resuscitation GOLD for Neonatology and Infant Care.
- 2020 and 2021 American Heart Association's Get With the Guidelines – Resuscitation GOLD PLUS for Hospital Pediatric Care.
- 2023 Women's Choice Award Best Children's Hospital. The Hospital also received this award in every year since 2017.
- 2023 Women's Choice Best Children's Emergency Care Award.
- Level 1 ACS Verified Children's Surgery Center by the American College of Surgeons Children's Surgery Verification Quality Improvement Program since October 14, 2021; the next site visit is expected to occur in October 2024.
- Named New England's first and only Center of Excellence by the National Society for Pediatric Sedation. The Corporation is one of only 10 programs nationally to receive this distinction from May 2020 to May 2024.
- eHealthcare Leadership Award Winner in the category of Best COVID-19 Related Communications in 2022 and named 2020 eHealthcare Leadership Award Winner in the Category of Best Native Mobile App.
- 2022 CHIME Healthcare's Most Wired Award.
- 3M Award of Excellence in Skin Safety in recognition of positive clinical outcomes, teamwork and knowledge of transfer for skin safety in 2018.
- 2021-2023 Extracorporeal Life Support Organization Gold Level Center of Excellence for demonstrated commitment to evidence-based processes and quality measures, staff training and continuing education, patient satisfaction and ongoing clinical care.
- Level 1 ACS Verified Pediatric Trauma Center by the American College of Surgeons Children's Surgery Verification Quality Improvement Program since 2008.
- 2023 Mental Health America's Bell Seal for Workplace Mental Health.
- First and only health system in Connecticut to be accredited as an ACHD Accredited Comprehensive Care Center by the Adult Congenital Heart Association (achieved this designation in 2018).
- First and only pediatric bariatric surgery program in Connecticut awarded national accreditation by the Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program (achieved this designation in 2019).

ACADEMIC AFFILIATIONS AND RESEARCH

Academic Affiliations

The Hospital serves as the primary pediatric teaching hospital for the University of Connecticut School of Medicine, the Corporation has a teaching partnership with the Frank H. Netter MD School of Medicine at Quinnipiac University and the Corporation is a research partner of The Jackson Laboratory.

University of Connecticut School of Medicine. Since April 1996, the Hospital has been the academic home for the University of Connecticut Department of Pediatrics and is the principal training site for the University of Connecticut Pediatric Residency Program, University of Connecticut Pediatric and Surgical Subspecialty Fellowship Programs, and medical student pediatric education. The affiliation agreement with the University of Connecticut School of Medicine includes terms that outline the levels of required teaching time per program as well as the number of required faculty, and reimbursement levels for respective roles and responsibilities.

Quinnipiac University Frank H. Netter MD School of Medicine. Since April 2014, the Hospital has been the academic home for third-year medical students at the Netter School of Medicine to complete their pediatric clerkship training. In addition, the Hospital is home to Netter School of Medicine fourth-year medical students interested in completing sub-intern and elective pediatric rotations. The educational affiliation agreement with the Netter School of Medicine details the duration of each rotation and the geographic locations where trainings will take place, as well as the financial arrangements that support the teaching and administrative effort associated with these rotations.

The Jackson Laboratory. The Hospital partners with The Jackson Laboratory for Genomic Medicine, a non-profit biomedical research institution ("JAX"), in Farmington, Connecticut. This partnership is focused around conducting research that may lead to discovery, clinical breakthroughs, novel diagnostics and therapeutics and understanding complex causes of pediatric diseases. This collaboration leverages the clinical expertise of the Hospital and the genomic expertise of JAX to further explore advanced and novel life-saving therapies that may serve the children and families of Connecticut and beyond. In addition to the co-sponsored laboratory of Drs. Ching Lau and Joanna Gell, JAX and the Connecticut Children's Research Institute have multiple collaborative research projects.

Connecticut Children's Research Institute

The Connecticut Children's Research Institute (the "CCRI"), serves as the research arm of the Corporation, and supports physicians, nurses, clinical providers, researchers, and faculty who specialize in conducting research related to cardio-oncology, hematology, oncology, infectious disease, inflammation biology, population health, and regenerative medicine, among other fields. Founded in 2021, the CCRI looks to investigate, discover and evaluate biological mechanisms and agents, and delivery of care for the treatment of disease and the improvement of health. The CCRI scientists collaborate across the research continuum, including basic and translational research that includes a focus in regenerative medicine and inflammation biology, through the Corporation's areas of emphasis in Clinical Research, the home for certain clinical trials and programs for rare diseases/endocrinology, gastrointestinal disorders, and hematological/oncological disorders, and Community and Population Health & Outcomes, focusing on suicide prevention, asthma management, social determinants of health, and clinical pathways to improve health outcomes.

As of March 1, 2023, the Corporation is leading 400 active clinical research studies across 42 departments, involving 544 team members and including 132 clinical trials. The Office for Sponsored Programs within the CCRI currently manages a portfolio of over $23 million in research and sponsored

program funding. The Hospital has a shared research agreement with the University of Connecticut School of Medicine that details the terms of the Hospital's shared resources such as laboratory space and staff, and the management of intellectual property that is the result of collaboration between institutions.

MEDICAL STAFF

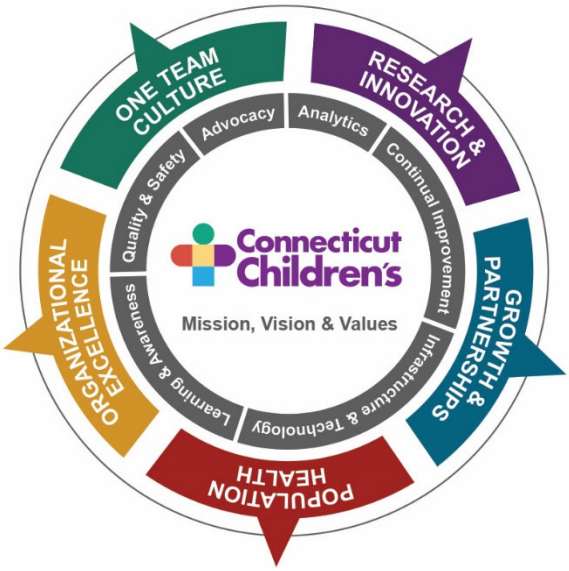
As of December 31, 2022, the Medical Staff had 1,015 active members with admitting privileges ("Active Medical Staff"), 291 of which are employed physicians and 358 are affiliates that meet the qualifications for appointment to the Medical Staff and provide healthcare to patients in the community. Of the 1,015 active staff, 99.7% were board certified in one or more specialties and 100% are board eligible. The average age of the admitting staff was 47.64 years. The following table shows the Corporation's Active Medical Staff by specialty as of December 31, 2022.

Department	Number of Active Staff
Anesthesiology, Perioperative & Pain Medicine	93
Cardiology	17
Cardiovascular Surgery	7
Dentistry	62
Laboratory Medicine	26
Adolescent Medicine	4
Community Medicine	20
Critical Care	13
Immunology/Dermatology	1
Developmental Medicine	9
Emergency Medicine	56
Endocrinology	19
General Pediatrics	34
Genetics/Genomics	4
Gastroenterology/Nutrition	18
Hematology/Oncology	27
Immunology/Rheumatology/Allergy	11
Infectious Diseases	8
Nephrology	9
Newborn Medicine	120
Pulmonary Medicine	15
Radiation Oncology	10
Neurology	15
Neurosurgery	12
Ophthalmology	24
Orthopedic Surgery/Sports Medicine	50
Otolaryngology	28
Pathology	26
Plastic & Oral Surgery	11
Psychiatry	70
Radiology	143
Surgery	42
Urology	11
Total	1,015

STRATEGIC INITIATIVES

Health Compass 2027

Health Compass 2027 is designed to pave the path of transformation to make the System the preeminent choice for employment, partnership, and care. Health Compass 2027 is stabilized by six core functions of advocacy, analytics, continual improvement, infrastructure and technology, learning and awareness, and quality and safety and requires the execution of five transformational strategies, which include one team culture, research and innovation, growth and partnerships, population health, and organizational excellence.



Transformational Strategies of Health Compass 2027. Through the five transformational strategies of Health Compass 2027, the Corporation aims to impact more children, their families, and its community. The five transformational strategies of Health Compass 2027 are summarized below:

1. One Team Culture. This strategy aims to foster an environment where all feel respected, a sense of belonging, and empowered to be the best be in service to System's mission and to each other. The "One Team Culture" strategy includes efforts aimed at:

- *Diversity, Equity, and Inclusion*: Fostering a diverse, equitable, inclusive, and just culture. Increasing diversity in all roles to meet the physical and emotional needs of patients, families, and workforce. For more detail on diversity, equity and inclusion initiatives, see "SOCIAL GOVERNANCE—Diversity, Equity, Inclusion Declaration" herein.
- *Talent Acquisition*: Transforming recruitment to realize aspirations. Adapting to the increased challenges of the healthcare labor market through partnerships with universities, unique training programs, and community relations.
- *Leader Effectiveness*: Fostering a culture of engagement, productivity, personal growth, and belonging. Ensuring that team members feel connected, inspired, and supported with leadership.

- *Team Member Engagement, Well-Being, and Retention*: Becoming an employer of choice that is externally recognized as the standard for culture and team member experience. Acting through the understanding that transforming children's health and well-being starts with taking care of the Corporation's team. Ensuring that members understand how their roles contribute to the mission, have input on how their work gets done, and are given the tools and opportunity to grow.

2. Organizational Excellence. This strategy focuses on improving the team member experience, patient experience, and patient outcomes. The Corporation seeks to improve operational efficiency and effectiveness by improving its systems, tools, and communication to support its people and patients. The Corporation seeks to cultivate a culture of kindness where team members are fully present, listening, gracious, curious, humble, and committed to learning. In addition, the Corporation seeks to improve the platforms that it uses and looks to implement new technologies with the goal of realizing new efficiencies. The Corporation plans to seek ways to improve the end-to-end experience of how patients flow through the System in all care areas, including inpatient, outpatient, and ambulatory care locations.

3. Growth and Partnerships. The growth and partnerships strategy endeavors to assure that System remains a pediatric health system that positively impacts children, invests in niche programs, brings care closer to home, and participates in the evolution of innovative payment models that prioritize value over volume. This strategy includes the following goals:

- *Partnerships, Mergers, and Acquisitions*: Continuing to advance collaborative efforts, both formal and informal. See "—Strategic Partnerships" herein.
- *Value Based Care*: Creating innovative revenue streams to invest in people, new technology, and care. See "ORGANIZATION—Non-Obligated Affiliates—Connecticut Children's Care Network" herein for more information about commitment to value based care.
- *Close to Home*: Creating the network and support necessary to provide high-quality care to children that need it, when and where they need it most. Investing in the System's outpatient care footprint, virtual delivery tools, and other digital capabilities.
- *Facilities, Expansion, and Optimization*: Creating an environment at System facilities to further the Corporation's commitment to provide high-quality care to the most acute patients and meet the needs of the community. Advancing behavioral health and emergency care services with an inpatient medical-psychiatric unit. Adding space by completing the Project (as defined herein). See the "FACILITIES AND THE PROJECT" herein for more information about current expansion plans.

4. Research and Innovation. This strategy aims to advance research that expands expertise and make the System a destination of care, this includes the following goals:

- *Federal Funding*: Advancing the team by reaching toward higher tiers of funding that will support clinical researchers in their work.
- *Learning*: Furthering focused scientific vision through targeted development in infectious disease, regenerative medicine, gastroenterology inflammation, cancer and blood disorders, and rare disease research. Expanding knowledge with new specialty research in fetal medicine, behavioral health, community health, neurosciences, and more.

- *Entrepreneurship*: Advancing the Connecticut Children's Center for Innovation, which is an ecosystem that includes 3,000 pediatric team member innovators, entrepreneurs, investors, established companies, legislative officials, community and corporate partners, established to develop ideas and technologies that will impact the health and well-being of children. Partnering with researchers, team members, and other innovative companies looking for co-development as they aim to commercialize innovations can transforming children's health and well-being.

- *Connecticut Children's Research Institute*: Building an institute that is the first choice for researchers and learners and turns clinical and research insight into public benefit. Cultivating new partnerships and strengthening infrastructure to advance basic, translational, clinical, and population health research. See "ACADEMIC AFFILIATIONS AND RESEARCH—Connecticut Children's Research Institute" herein.

5. Population Health. This population health strategy aims to improve whole child health, and includes collaboration with families and communities, deepening partnerships with organizations serving children across diverse sectors, and investing in care coordination services with referral and linkage to community-based resources. The Corporation has created Connecticut Children's Office of Community Child Health ("Office of Community Child Health"), which has a wide variety of programs that promote optimal child health, development and well-being. The Office of Community Child Health offers numerous population health innovation programs, direct services programs, and education and research programs.

Strategic Partnerships

The Corporation has developed strategic partnerships with many adult acute care hospitals and health systems throughout Connecticut, New York and Massachusetts. Currently, 84 of the Corporation's licensed beds/bassinets are operated as Satellite Units at the following locations:

- *Saint Mary's Hospital.* Twelve licensed beds are located inside Saint Mary's Hospital, a member of the Trinity Health of New England healthcare system. Located in Waterbury, Connecticut.

- *University of Connecticut's John Dempsey Hospital.* Forty Level III NICU licensed bassinets are located inside the University of Connecticut's John Dempsey Hospital ("John Dempsey Hospital"). Located in Farmington, Connecticut.

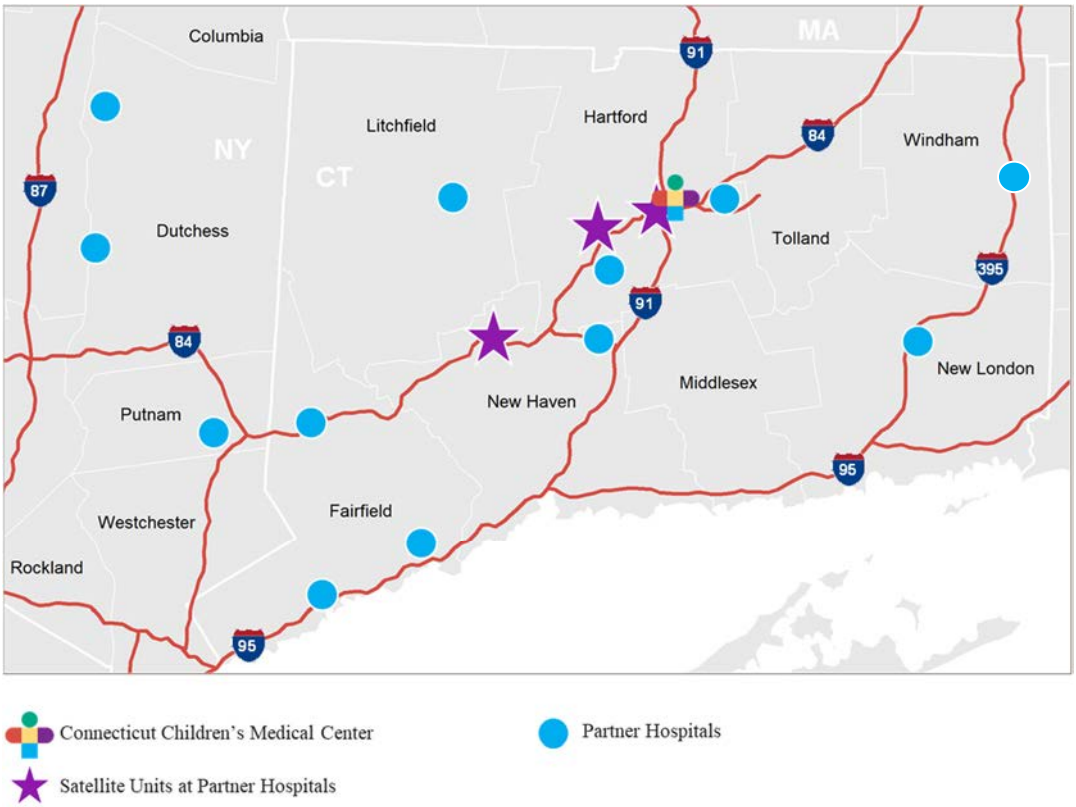
- *Hartford Hospital.* Thirty-two Level IV NICU licensed bassinets are located inside Hartford Hospital, a member of the Hartford Healthcare system. Located one floor below labor and delivery in Hartford Hospital in Hartford, Connecticut, this Satellite Unit is physically connected to the Hospital. Currently, 32 licensed bassinets at Hartford Hospital are operated in an open ward-style unit. Upon completion of the Project, it is expected that the Corporation will operate 15 licensed bassinets in private rooms at Hartford Hospital and will relocate 17 licensed bassinets currently operated at Hartford Hospital to the Hospital. See "SERVICES-Bed Count by Service Category" herein.

The Corporation collaborates with 15 hospitals or health systems across the region to provide hospitalist medicine services, NICU services, and well-baby nursery coverage. The table below summarizes strategic partnerships with adult acute care and adult general hospitals in the region:

Partner Organization	Location	Services	Distance from Main Campus (approximate)
Hartford Healthcare			
Hartford Hospital	Hartford, CT	NICU[(1)], Nursery	n/a
St. Vincent's Hospital	Bridgeport, CT	NICU	47 miles
Midstate Medical Center	Meriden, CT	Nursery	14 miles
Backus Hospital	Norwich, CT	Nursery	34 miles
Hospital of Central Connecticut	New Britain, CT	NICU, Nursery	8 miles
Charlotte Hungerford Hospital	Torrington, CT	Nursery	21 miles
Nuvance Health			
Northern Dutchess Hospital	Rhinebeck, NY	Nursery	65 miles
Vassar Brothers Medical Center	Poughkeepsie, NY	NICU, Nursery, Pediatric Inpatient, Pediatric Emergency Department	65 miles
Putnam Hospital	Carmel, NY	Nursery	57 miles
Norwalk Hospital	Norwalk, CT	NICU, Nursery	59 miles
Danbury Hospital	Danbury, CT	NICU, Nursery, Pediatric Inpatient, Pediatric Emergency Department	46 miles
University of Connecticut			
John Dempsey Hospital	Farmington, CT	NICU[(1)], Nursery	6 miles
Trinity Health of New England			
Saint Mary's Hospital	Waterbury, CT	Pediatric Inpatient[(1)], Pediatric Emergency Department	23 miles
Eastern Connecticut Health Network			
Manchester Memorial	Manchester, CT	NICU	8 miles
Day Kimball Healthcare			
Day Kimball Hospital	Putnam, CT	NICU	46 miles

[(1)] Includes licensed beds/bassinets operated as Satellite Units under the Corporation's accreditation, provider and tax identification numbers, and management.

The following map shows the location of the various partner hospitals, including the location of the Satellite Units:



In addition, the Corporation has various formal and informal strategic partnerships with entities across the region. The Hospital serves as the primary pediatric teaching hospital for the University Of Connecticut School Of Medicine, the Corporation is a teaching partner of the Frank H. Netter MD School of Medicine at Quinnipiac University, and the Corporation is a research partner of The Jackson Laboratory, a nonprofit biomedical research institution. See "ACADEMIC AFFILIATIONS AND RESEARCH" herein.

Through a partnership with Women's Health of Connecticut, the Corporation provides women's and children's services at its urgent care location in Farmington, Connecticut. Behavioral healthcare services are offered through close partnership with The Village for Families and Children and technical assistance for this care is provided through a partnership with Bradley Hospital in Rhode Island. Informally, the Corporation partners with other organizations with interests in the health of children such as schools, community programs, employers, the State of Connecticut and payors.

Strategic Transactions

The Corporation continuously evaluates new business opportunities that may involve affiliations, associations or contractual arrangements with or the acquisition of other healthcare enterprises. Consideration of any of such opportunities is made with the goal of strengthening market presence in the System's service area. Future affiliations, associations or contractual arrangements may involve divestiture of assets or capital expenditures, all or a portion of which may be financed through debt incurred by the Obligated Group. See "BONDHOLDERS' RISKS" in the front part of this Official Statement. Any such affiliations, associations or contractual arrangements would be subject to the requirements of the Master

Indenture. In addition, the Corporation periodically examines current affiliations, associations and assets to determine whether continued affiliation, association or ownership is consistent with strategic priorities. It is possible that, as a result of such examinations, affiliations or associations may be terminated, assets may be divested, and the organizational structure of the System and/or the Obligated Group may be modified.

FACILITIES AND THE PROJECT

Existing Facilities

The Hospital is the System's main hospital campus (the "Main Campus"). The Hospital was built in 1996 and has approximately 330,000 square feet of space. The Hospital has three floors of medical and surgical inpatient beds, a pediatric intensive care unit, a surgical suite with eight operating rooms, including one hybrid operating room, and associated pre- and post-op patient care space. To date, all improvements to the Hospital have been through renovation of specific interior areas of the building, and no external modifications have been made. Such improvements include a new dialysis center completed in 2020, the addition of a hybrid operating room in 2022, and the completion of a three-tesla magnetic resonance imaging suite in 2019. Construction is currently underway on renovation projects at the Hospital, including a new inpatient behavioral health unit, replacement of a computed tomography scanner, and surge space to accommodate the NICU patient bed demand before the New Tower (defined herein) is placed in service, all of which are expected to be completed by the end of the calendar year in 2025.

A portion of the Main Campus is located on land that is part of a long-term land lease, dated as of August 2, 1994 (the "Lease"), between the Corporation and Hartford Hospital, a Connecticut nonprofit corporation that owns and operates Hartford Hospital located in Hartford, Connecticut. The Lease has a term of 99 years, commencing as of November 1, 1993, with the option for the Corporation to extend for an additional term of 99 years upon the same terms and conditions. The Lease only covers land located at 282 Washington Street in Hartford, Connecticut; all structures and physical property on the Main Campus outside of such land exclusively belongs to the Corporation. In accordance with the Lease, the Corporation has agreed to provide notice to, and obtain consent from, Hartford Hospital prior to commencing certain structural alterations or additions to the leased premises. Hartford Hospital reserves the right to terminate the lease upon the event of certain events of default under the Lease.

In addition to the Main Campus, the Corporation leases a total of approximately 850,000 square feet of space at various locations throughout Connecticut, Massachusetts, and New York.

The Project

As part of the overall strategic plan for the System, the Corporation has approved a building expansion project of approximately 252,500 square feet (the "Project"), including the construction of an approximately 195,000 square foot, 8-story tower (the "New Tower") to be located on the Main Campus, adjacent to the Hospital. The New Tower is expected to house multiple clinical programs and support spaces, including, among other things, two floors of NICU services, acuity adaptable beds, advanced cellular gene therapy unit, fetal medicine and surgery (including two new operating rooms), and a pharmacy. In addition, it is expected that the New Tower will have a lobby, gift shop, conference center, and food services. It is expected that the New Tower will be connected via a pedestrian bridge to a parking structure across Washington Street from the Main Campus. The parking structure will be designed and built by Walker Consultants and will be operated by LAZ Parking. The Corporation intends to lease parking from LPRI QOZB I, LLC, an affiliate of LAZ Parking.

The Project also includes the renovation of approximately 40,000 square feet of existing space at the Hospital for, among other things, supply chain, facilities, an equipment depot, biomedical, and environmental services.

The Corporation is working with CannonDesign as the Architect and DPR Construction as the construction manager. Several other consultants have been engaged to complete the design team, including Fuss and O'Neill for civil and landscape services, BVH Engineering for MEP design, and Blue Cottage for medical equipment planning.

Construction of the Project began early in calendar year 2023 and it is anticipated that construction will be substantially complete by July 2025. The Corporation expects a certificate of occupancy will be issued by November 2025. The Corporation has budgeted approximately $326 million for the total cost of the Project. The Corporation anticipates financing the Project with approximately $100 million from the proceeds from the sale of the Bonds described in the forepart of this Official Statement, approximately $115 million from philanthropy, and approximately $111 million from operating cash flow.

The Project includes renovations to the Corporation's improvements on the land leased to the Corporation under the Lease. In addition to the Lease, the Corporation and Hartford Healthcare Corporation, a Connecticut nonprofit corporation, and the sole corporate member of Hartford Hospital, entered into a Clinical Affiliation and Collaboration Agreement in October 2020 (the "Alliance Agreement"). Pursuant to the Alliance Agreement, the Corporation and Hartford Healthcare Corporation agreed to work together to expand the pediatric-related services provided by the Corporation on the Main Campus, including renovating and constructing one or more new buildings on the property leased by the Corporation from Hartford Hospital. The Alliance Agreement provides that all renovations or any capital improvements to, or construction of any new buildings on, property leased by the Corporation from Hartford Hospital must comply with architectural standards established by Hartford Healthcare Corporation. The Corporation gave written notice to Hartford Hospital on October 9, 2020 of its intent to complete the Project in accordance with the Lease and the Corporation is working closely and collaboratively on the Project with Hartford Hospital and Hartford Healthcare Corporation, as contemplated by the Lease and the Alliance Agreement.

The ability of the Corporation to complete the Project could be negatively impacted by a variety of risks. There is no guarantee that the Project will be completed on budget or within anticipated timelines. There can be no assurance that events will not occur that could result in increases to the cost of completing the Project or the compensation payable to architects, contractors, or other consultants that exceed amounts budgeted by the Corporation. Furthermore, there can be no assurance that the Corporation will have sufficient funds from philanthropy or other sources, including cash flow from operations, to pay costs in excess of amounts that are budgeted. See "BONDHOLDER'S RISKS—Construction Risks" in the forepart of this Official Statement.

The Project is expected to increase the Corporation's licensed bed count to a total of 258 licensed beds, including the addition of 12 inpatient medical-psychiatric beds, 33 NICU beds, and 26 general inpatient pediatric beds. Currently, the Corporation operates 103 licensed beds at the Hospital and 84 licensed beds at Satellite Units. Upon completion of the Project, the Corporation anticipates operating 191 licensed beds at the Hospital and 67 licensed beds at Satellite Units. See "SERVICES—Bed Count by Service Category" and "STRATEGIC INITIATIVES—Strategic Partnerships" herein.

The following image is an artist's rendering of what the exterior of the Main Campus from Washington Street, including the New Tower, is expected to look like when complete.

GOVERNANCE AND MANAGEMENT

The Board of Directors

The Board of Directors of the Parent (the "Board") is comprised of not less than 15 and no more than 22 directors. Of this number, the Chief Executive Officer of the Corporation (the "Chief Executive Officer"), the President of the Connecticut Children's Medical Center Medical Staff (the "Medical Staff"), and the Chair of the Foundation are *ex-officio* directors and the balance are elected directors. *Ex-officio* directors have the rights and duties of elected directors, including the right to be counted in determining quorum and the right to vote. Elected directors of the Board are limited to serving three consecutive full three-year terms, with approximately one-third of the members elected at each annual meeting. The terms for the Chief Executive Officer and Chair of the Foundation, as directors, continue as long as they hold their respective positions. The term for the President of the Medical Staff is two years. Officers of the Board are elected annually.

As the governing body of the sole corporate member of the Corporation and the Foundation, the Board is required to elect the Board of Directors of the Corporation (the "Corporation's Board") and the Board of Directors of the Foundation (the "Foundation's Board"). The Board and the Corporation's Board have overlapping directors and, pursuant to the Corporation's bylaws, the executive committee of the Corporation's Board shall mirror the executive committee of the Board. Current members of the Board and the Corporation's Board are listed below.

Officers of the Board of Directors

Name, Office	Present/Past Affiliation or Occupation	Initial Appointment	Term Expiration (December)
David Roth, *Chair*	Partner at South Ocean Capital Partners, LLC	2011	2023
Jonathan Rubin, *Chair Elect*[(1)]	Retired – Former Chief Financial Officer, Magellan Health Services, Inc.	2017	2025
James Fanelli, *Vice Chair*[(1)]	Managing Director and Market Director, Bank of America Private Bank	2015	2023
Tina Brown-Stevenson, *Secretary*	Retired - Former Senior Vice President, Health System Analytics and Decision Support, United Healthcare	2017	2025
James Shmerling, *President and Chief Executive Officer*[(1)]	President and Chief Executive Officer of the Corporation	2015	n/a
Bridgett Feagin, *Treasurer*[(1)]	Executive Vice President and Chief Financial Officer of the Corporation	2020	n/a

Board of Directors

Name	Present/Past Affiliation or Occupation	Initial Appointment	Term Expiration
Andrea Balogh[(1)]	Division President and Chief Legal Officer, Integrated Oncology Network (ION)	2017	2025
Scott Braunstein[(1)]	Senior Vice President, Operations at Data-Mail, Inc.	2020	2025
Christopher Holley	Financial Planner, Barnum Financial Group	2023	2025
Jeffrey Klenk	President of Bond and Specialty Insurance, The Travelers Companies, Inc.	2023	2025
Preston “Skip” Kodak, III	Regional President – Americas, LEGO	2017	2023
Dorothy Levine	Pediatrician, Stamford, CT Community	2018	2024
Burke Magnus	President, Programming and Original Content, ESPN	2019	2025
Otis Maynard	Senior Associate General Counsel, United Healthcare	2020	2025
Carlos Mouta	Owner, Westside Property Management	2019	2024

Name	Present/Past Affiliation or Occupation	Initial Appointment	Term Expiration
Michelle Murphy	Managing Director, BDO USA, LLP	2019	2025
Tina St. Pierre[(1)]	Partner, Landmark Partners	2017	2023
Andrew Zeitlin	Partner, Shipman & Goodwin, LLP	2019	2024

***Ex-Officio* Board Members**

Name	Present/Past Affiliation or Occupation	Initial Appointment	Term Expiration
Nicole Murray, MD	Medical Staff President	2023	2025
Shari Cantor	Chair, Foundation Board of Directors; Mayor, Town of West Hartford, CT	2021	n/a

(1) Serves on the Finance and Audit Committee. See "—Board Committees" herein.

Board Committees

Pursuant to the Parent's bylaws (the "Bylaws"), the Board has several committees, including an Executive Committee, a Governance Committee, a Finance and Audit Committee, a Community and Economic Benefit Committee, a Compensation Committee, an Investment Committee, a Quality Improvement Committee, and such other committees as the Board may from time to time consider necessary or advisable. All committees, except the Executive Committee, are advisory in nature and do not have the authority to act on behalf of the Parent, except as specified in the Bylaws or by a resolution of the Board. Pursuant to the Bylaws, each committee shall meet with sufficient frequency to accomplish its assigned functions.

The Executive Committee consists of the Chair, Chair Elect, Vice Chair, President and Chief Executive Officer, Chair of Governance Committee, Chair of Finance and Audit Committee and Chair of Quality Committee, and the Executive Committee has the power to transact all regular business of the Parent during the interim between meetings of the Board, except the Executive Committee may not fill vacancies on the Board, amend the certificate of incorporation, adopt, amend or repeal bylaws, approve a plan of merger, approve a sale, lease, exchange or other disposition of all or substantially all of the property of the Parent or approve a proposal to dissolve the Corporation. The Finance and Audit Committee consists of at least five members, one of whom shall be the President and Chief Executive Officer. The Chair is an ex-officio member and the Treasurer and Chief Operating Officer serves as a non-voting member of the Finance and Audit Committee.

Reserved Powers

The Parent, as the sole corporate member of the Corporation and the Foundation, has certain reserved powers, including but not limited to, adopting or amending the bylaws for the conduct of the affairs of the Corporation and the Foundation, electing the Corporation's Board and the Foundation's Board, approving any merger, dissolution or liquidation of the Corporation or the Foundation, or a transfer of all or substantially all of the Corporation's or Foundation's assets, and reviewing and approving certain other fundamental decisions of the Corporation's Board or Foundation's Board as set forth in the bylaws of the Corporation or Foundation, respectively. The bylaws of the Corporation further provide that the Parent

shall have the power to approve, among others, the following fundamental decisions of the Corporation's Board: formulation of the Corporation's annual operating and capital budgets, any borrowing by the Corporation in excess of $1,000,000, and any sale, pledge, lease or transfer of any substantial amount of the Corporation's assets. The Corporation, as the sole corporate member of the Specialty Group, also has certain reserved powers, including but not limited to, fixing the number of directors appointed from the Corporation serving on the Specialty Group's Board at any time, appointing and filling vacancies in such directorships in accordance with the bylaws of the Specialty Group, removing any Corporation-appointed director with or without cause, and reviewing and approving certain other fundamental decisions of the Specialty Group's Board as set forth in the bylaws of the Specialty Group.

Conflicts of Interest

The Board has adopted a Conflicts of Interest policy, which applies to entities within the System, including the Corporation, the Foundation, and the Specialty Group. The policy requires disclosure of any potential conflict by any director to be disclosed immediately to the Chair or President of such entity and such interested director will be required to refrain from participating in any discussion or action concerning such conflicted situation. Each director will be asked to complete and sign a disclosure statement annually, including an itemization of any business relationships maintained with any entity within the System and any disclosures of conflicts of interest are reviewed by the Chair and the President of such entity.

Executive Management

James E. Shmerling, DHA, FACHE. President and Chief Executive Officer. James E. Shmerling is the President and Chief Executive Officer of the Corporation. For over four decades, Dr. Shmerling has served in management roles in children's hospitals, devoting his career to advocating for children and healthy communities. Dr. Shmerling is a nationally recognized leader in issues concerning children's health and wellness and most recently was identified in Hartford Business Journal's Power 25 in Healthcare. Prior to joining the Corporation in October of 2015, Dr. Shmerling served as the Chief Executive Officer of Children's Hospital Colorado. Earlier in his career, he served in various leadership roles at Monroe Carell Jr. Children's Hospital at Vanderbilt, Le Bonheur Children's Medical Center, Indiana University Hospitals, James Whitcomb Riley Hospital for Children and the Children's Hospital of Alabama, where Dr. Shmerling's career in children's hospitals began. He earned his Bachelor of Science Degree in Health Education from the University of Tennessee in 1976. In 1980, he was awarded a Master of Science Degree in Hospital and Health Administration from the University of Alabama at Birmingham. He earned a Master of Business Administration from Samford University in 1984 and his Doctorate of Health Administration from the Medical University of South Carolina in 1999. Dr. Shmerling is a Fellow in the American College of Healthcare Executives and is an adjunct faculty member in the Hospital Administration programs at the University of Alabama at Birmingham. In addition to his professional accomplishments, Dr. Shmerling currently serves as a member of the Pediatric Home Services Board of Directors, Biostage, Inc. Board of Directors, Abe's Garden Board of Directors, and the Hartford Board of Education. He is active in several national healthcare organizations including the Children's Hospital Association and Connecticut Hospital Association.

Bob Duncan, Executive Vice President and Chief Operating Officer. Mr. Duncan joined the Corporation in 2022 with over two decades of leadership experience in strategic planning, performance improvement and business development at large healthcare systems. Mr. Duncan last led operation efforts at Children's Wisconsin, where he served as the executive vice president of the hospital and president of Children's Community Health Plan. Prior to this role, he served as the Director of the Governor's Office of Children's Care Coordination for the State of Tennessee. At this time he also was the Director for CoverKids, Tennessee's children's health insurance program. Mr. Duncan received his Bachelor of Business Administration from the University of Memphis and his Master of Business Administration from

the University of Tennessee at Martin. He also completed the Johnson & Johnson/UCLA Healthcare Executive Program at UCLA.

Paul Dworkin, MD, Executive Vice President, Office for Community Child Health; Founding Director, Help Me Grow® National Center. Dr. Dworkin is Executive Vice President of Community Child Health and professor of pediatrics at the University of Connecticut School of Medicine. Dr. Dworkin was the 2003 recipient of the C. Anderson Aldrich Award, given by the American Academy of Pediatrics' section of developmental pediatrics. Dr. Dworkin is a member of numerous professional societies including the Academic Pediatric Association, the American Academy of Pediatrics, and the Society for Developmental and Behavioral Pediatrics. He was the editor of the Journal of Developmental and Behavioral Pediatrics from 1997-2002. He serves on the board of directors for several organizations, including the Urban League of Greater Hartford, and is a member of the first entering class of the Academy of Distinguished Educators at the University of Connecticut School of Medicine. Dr. Dworkin received his bachelor's degree from Rutgers University and his medical degree from the Johns Hopkins University School of Medicine. He completed a pediatric residency and fellowship in ambulatory pediatrics at Children's Hospital Boston, with a special emphasis on developmental and behavioral issues.

Bridgett Feagin, MBA, Executive Vice President, Chief Financial Officer. Bridgett Feagin is senior executive president, chief financial officer for the Corporation. Ms. Feagin was recognized as one of Becker's Hospital Review's 70 African American Leaders in Healthcare to Know. She joined the Corporation with more than two decades of financial experience. She most recently held the position of Chief Financial Officer for three of Tenet Healthcare Corporation/Detroit Medical Center's ("DMC") seven hospitals, including Detroit Receiving, Harper University and Hutzel Women's Hospitals. Prior to DMC, she held the role of Chief Financial Officer at United Way for Southeastern Michigan ("UWSEM") in which she managed the financial health of the organization, information technology and facilities administration. Prior to UWSEM, she spent 20 years serving in various financial leadership roles at DMC, including Financial Controller of DMC's Children's Hospital of Michigan. She received her Bachelor of Science in Accounting from Alabama State University and earned a Master of Business Administration in Information Systems Management from Wayne State University. Her professional memberships include Healthcare Financial Management Association, American College of Healthcare Executives, Inforum and National Black MBA Association.

Christine Finck, MD, Executive Vice President, Surgeon-in-Chief; Peter Deckers Endowed Chair of Surgery; Associate Professor of Pediatrics and Surgery, University of Connecticut School of Medicine. Dr. Finck has served as Chief of the Division of Pediatric Surgery since 2007 and is an associate professor of pediatrics and surgery at UCONN Health. In May 2022, the Group on Women in Medicine and Science awarded Dr. Finck the Outstanding Clinical Scientist Woman Faculty Award. Dr. Finck received her bachelor's degree from Boston University and her medical degree from SUNY Upstate Medical University at Syracuse. She completed a surgery residency at SUNY Upstate Medical University at Syracuse and a pediatric surgery fellowship at Arkansas Children's Hospital.

James Moore, MD, PhD, President, Specialty Group; Chief, Division of Neonatal-Perinatal Medicine; Professor of Pediatrics, The Ross Mayer Endowed Chair in Neonatology. Dr. Moore is the President of the Specialty Group and of New York Children's Medical Provider Services. He is also the Division Chief for Neonatal-Perinatal Medicine, and a Professor of Pediatrics at the University of Connecticut School of Medicine. He earned his Ph.D. in Neurophysiology, and subsequently his medical degree, both from Emory University in Atlanta, Georgia. He then completed his pediatric residency training at University Texas Southwestern and Children's Medical Center Dallas and finished his Neonatal-Perinatal Medicine fellowship at Boston Children's in the Harvard School of Medicine combined training program. He is actively involved in education and teaching Neonatology at both the local and national level. He is the current recipient of The Ross Mayer Endowed Chair in Neonatology. He has been awarded the Richard

Rivas Memorial Teaching Award, the Founder's Award from the Southern Society for Pediatric Research, and the Graham's Foundation Honoree for contributions to Neonatology.

Juan C. Salazar, MD, MPH, Executive Vice President, Physician-in-Chief. Dr. Salazar is Professor and Chair of Pediatrics at the University of Connecticut School of Medicine and Executive Vice President and Physician-in-Chief at the Corporation. In addition to serving in these roles, Dr. Salazar has led the Division of Pediatric Infectious Diseases and Immunology at the Corporation. Dr. Salazar has received several NIH grants to study the human innate immune response to Borrelia burgdorferi and Treponema pallidum, the causative agents of Lyme disease and syphilis respectively. He is currently funded by the NIH to develop a first of its kind syphilis vaccine. Most recently his team received funding from the National Institute of Child Health and Human Development (NICHD) to study the pathogenesis of COVID-19 and the multisystem inflammatory syndrome in children (MIS-C). He has published over 100 peer reviewed articles and book chapters and has served in multiple scientific review panels at the NIH.

R. Moses Vargas, Esq., Senior Vice President and Chief Legal Officer. Mr. Vargas is Senior Vice President and Chief Legal Officer for the Corporation. Prior to joining the Corporation, Mr. Moses worked as a health care transactional and regulatory lawyer for Robinson + Cole, LLP. Mr. Vargas is a member of numerous professional organizations including the American Health Lawyers Association, Health Care Compliance Association, Connecticut Lawyers Association, and Health Law Section of Connecticut Bar Association. Mr. Vargas obtained his bachelor's degree, Master of Social Work and Master of Business Administration degrees from the University of Utah and his Juris Doctorate from the University of Connecticut School of Law.

SERVICE AREA AND COMPETITION

Description of Service Area

The System provides care across all eight counties in Connecticut. The System's primary service area includes the zip codes representing 67% of the System's inpatient admissions and covers Litchfield, Hartford, Tolland and Windham counties in Connecticut (the "Primary Service Area"). The System's secondary service area includes Fairfield, New Haven, Middlesex and New London counties in Connecticut and portions of Hampden County in Massachusetts and Dutchess and Putnam counties in New York (the "Secondary Service Area" and, collectively with the "Primary Service Area" the "Service Area").

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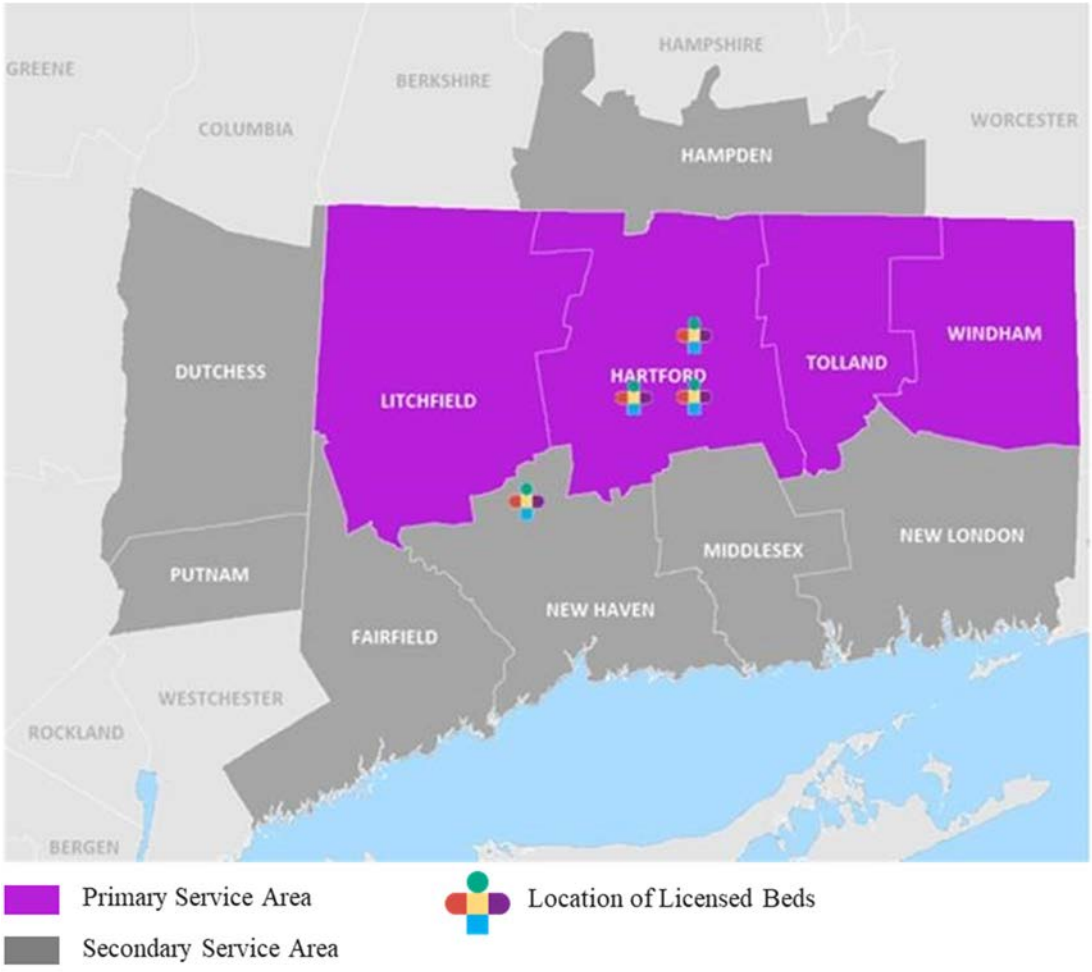
The following map shows the System's Service Area. The map highlights the location of the Corporation's licensed beds, including at the Hospital and the Satellite Units.



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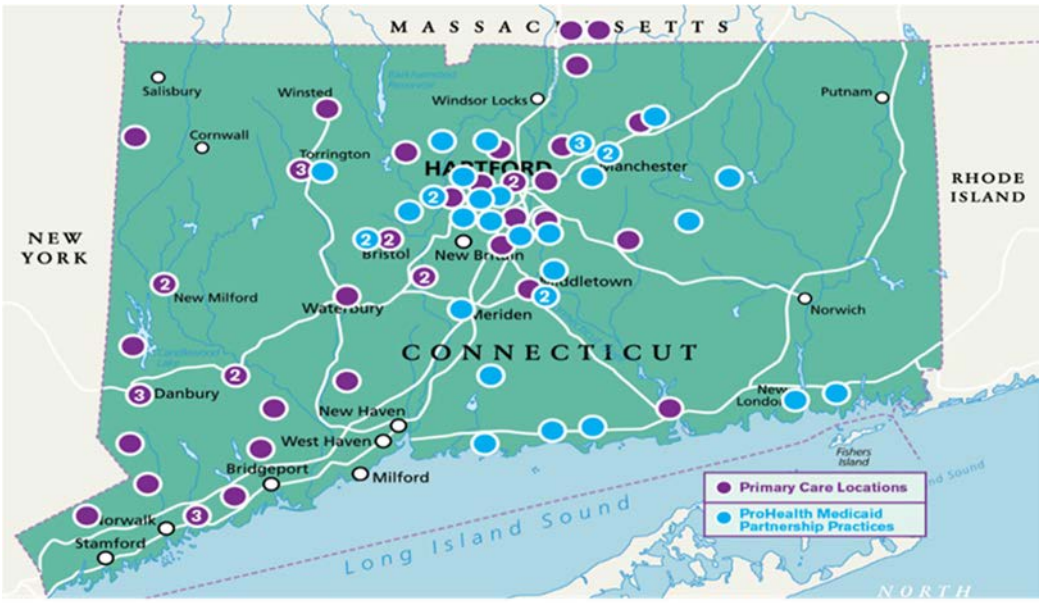
The following map shows the locations of the Care Network, which is the System's clinically integrated network of primary care practices who have signed participation agreements to be affiliated with the System. See "ORGANIZATION—Non-Obligated Affiliates—Selected Non-Obligated Affiliates—Connecticut Children's Care Network, LLC" herein.



Market Share

The table below shows inpatient and observation discharges by Service Area.

	Fiscal Year Ended September 30,		
	2020	**2021**	**2022**
Primary Service Area	89%	88%	90%
Secondary Service Area	21%	20%	24%
Statewide	46%	44%	47%
All Other	36%	27%	24%

*Source: Connecticut Hospital Association (*Ages 0-17, excluding normal newborns, mental health/substance abuse DRGs).

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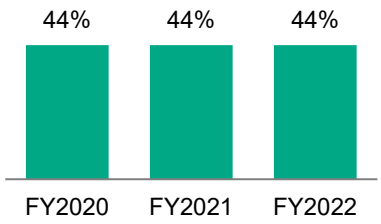
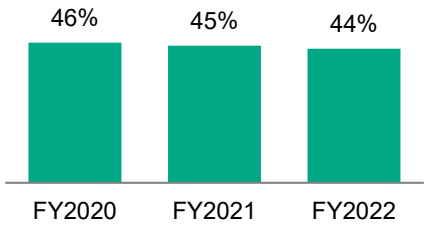
The charts below show the System's inpatient market share in the State of Connecticut for select service lines:

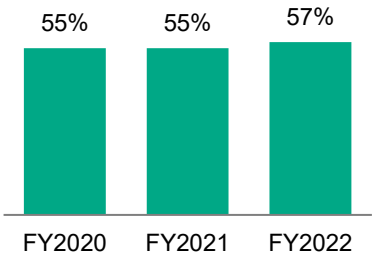
NICU (System and Partners)



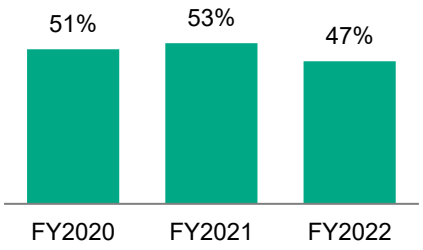
Orthopedics



Hematology Oncology



Cardio / CV Surgery



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Profile of Competition

Across the System's Service Area, seven hospitals or health systems had a market share of 3.0% or greater for the fiscal year ended September 30, 2022. The System's market share was 95% for the fiscal year ended September 30, 2020, 94% for the fiscal year ended September 30, 2021 and 95% for fiscal year ended September 30, 2022. The statewide market shares of the System and other hospitals or healthcare systems located in the System's Service Area for the fiscal years ended September 30, 2020, 2021 and 2022 are set forth below.

Service Area Market Share of Inpatient and Observation Discharges†

	Fiscal Year Ended September 30,		
Hospital / Healthcare System	**2020**	**2021**	**2022**
Primary Service Area†			
The System	95%	94%	95%
Yale-New Haven Health System (CT)	3%	4%	4%
Stamford Health (CT)	0%	0%	0%
Secondary Service Area††:			
Nuvance Health (NY)(1)	56%	52%	-
WMC Maria Fareri (NY)	14%	17%	-
St. Luke's Cornwall (NY)	16%	13%	-
MidHudson regional (NY)	1%	4%	-
New York Presbyterian – Hudson Valley Hospital (NY)	2%	3%	-

† Source: Connecticut Hospital Association ChimeData, Ages 0-17, excluding normal newborns, mental health/substance abuse DRGs. Pregnancy DRGs are excluded in this table. Primary Service Area reflects Hartford, Litchfield, Tolland and Windham counties.

†† Source: New York Statewide Planning and Research Cooperative System, calendar year 2021; data from Nuvanace Healthcare Alliance Partner. No data available for Massachusetts based hospitals. No data available for fiscal year ended September 30, 2022.

(1) The System partners with Nuvance Health to provide hospitalist medicine services, NICU services, and well-baby nursery coverage at three tertiary hospitals, see "STRATEGIC INIATIVES – Strategic Partnerships" herein.

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Demographic and Economic Statistics

The following table shows certain statewide population data by county in Connecticut:

Connecticut Statewide Population Statistics

County	2020 Population Estimate	2025 Population Estimate	Five-Year Annualized Growth Rate[(1)]
Primary Service Area			
Hartford	925,492	936,810	0.24%
Litchfield	193,116	193,112	0.00
Windham	126,432	129,527	0.49
Tolland	158,606	160,759	0.27
Secondary Service Area			
New Haven	898,514	912,056	0.30
Middlesex	170,518	170,976	0.05
New London	283,665	285,773	0.15
Fairfield	944,692	954,479	0.21
Total	**3,701,035**	**3,743,492**	**0.23%**

(1) Annual estimated growth rate between calendar year 2020 and calendar year 2025.
Source: U.S. Census Bureau QuickFacts: Hartford County, Connecticut.

According to the United Stated Census Bureau, the statewide median household income in 2021 was $80,320 with a per capita income of $43,642. As of 2021, the persons in poverty is 10.1% according to welfareinfo.org.

The following is a list of the 10 largest employers in Hartford County, Connecticut:

Employer	Industry	Size (employees)
Pratt & Whitney	Aerospace Industries	5,000-9,999
Hartford Hospital	Hospitals	5,000-9,999
Uconn Health International Travelers	Physicians and Surgeons	5,000-9,999
Hartford Financial Services Group	Insurance	5,000-9,999
Aetna Inc.	Insurance	1,000-4,999
Travelers Indemnity Co.	Insurance	1,000-4,999
Collins Aerospace	Aircraft Components – Manufacturers	1,000-4,999
Connecticut Department/State of Connecticut	State Government	1,000-4,999
Talcott Resolution Life Insurance Company	Insurance	1,000-4,999
ESPN Inc.	Television Stations and Broadcasting	1,000-4,999

Source: Connecticut Department of Labor, Labor Market Information from the Office of Research

OPERATIONS

Historical Utilization

The following table presents selected historical utilization statistics for the Corporation for the fiscal years ended September 30, 2020, 2021 and 2022 and the three months ended December 31, 2021 and 2022.

Historical Utilization

	Fiscal Year Ended September 30,			Three Months Ended December 31,	
	2020	**2021**	**2022**	**2021**	**2022**
Inpatient Statistics					
Number of Licensed Beds	187	187	187	187	187
Inpatient Admissions	5,225	5,413	6,451	1,574	1,931
Inpatient Discharges	5,592	5,624	6,734	1,641	2,077
Adjusted Discharges	9,774	10,525	12,623	3,204	3,618
Inpatient Days	42,662	43,861	47,678	11,403	14,248
Adjusted Patient Days	74,566	82,087	89,377	22,267	24,818
Case Mix Index	1.22	1.47	1.43	1.33	1.37
Average Daily Census (inpatient only)	116.50	120.30	130.60	123.90	154.90
Average Daily Census (including observations)	130.80	136.30	148.20	142.90	167.80
Average Length of Stay (day)	7.50	8.00	7.10	7.10	6.90
Outpatient Statistics					
Emergency Department Visits	41,171	35,860	53,300	13,881	16,349
Observations	5,233	5,871	6,420	1,738	1,183
Specialty Group OP Visits (excludes Emergency Department)	172,381	197,929	219,357	54,278	59,767
Worked RVUs	790,282	876,917	1,015,413	248,100	277,759
Other Metrics					
Total Surgeries	9,142	10,072	10,232	2,597	2,724
Farmington Ambulatory Surgery Center	2,440	2,645	3,676	815	1,019
Outpatient	5,164	5,634	4,968	1,378	1,292
Inpatient	1,527	1,735	1,557	392	407
Saint Mary's Unit	11	58	31	12	6

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Sources of Revenue

The Corporation derives its patient revenue from commercial insurers, government payors, self-pay and other sources. The table below presents the unaudited source of revenue based on gross patient service revenues for fiscal years ended September 30, 2020, 2021, and 2022:

Sources of Gross Patient Service Revenue

	Fiscal Year Ended September 30,		
	2020	**2021**	**2022**
		(Unaudited)	
Commercial	42.4%	42.9%	42.9%
Medicaid	56.0%	55.0%	55.1%
Medicare and Champus	1.1%	1.6%	1.5%
Self-Pay	0.5%	0.5%	0.5%
Total	100.0%	100.0%	100.0%

Approximately 28% of the Corporation's net patient service revenue is derived from its contract with Anthem Blue Cross, approximately 11% of net patient service revenue is derived from its contract with Cigna, and approximately 10% of net patient service revenue is derived from its contract with Aetna. All other contracts with third-party commercial payors represent less than 10% of consolidated net patient service revenues. The System's contracts with commercial payors are generally no more than three years in length and subject to automatic renewal, renegotiation or termination at the end of term. The Corporation's contract with Cigna is subject to renewal at the end of 2023. The Corporation's contracts with Aetna and Anthem Blue Cross were recently renewed for a three year rate period ending at the end of 2025, both with negotiated annual rate escalators. Management of the Corporation expects such contracts to be renewed or extended at or before the time of renewal. Negotiations related to contract renewals can be acrimonious and such contracts may or may not be renewed. The Corporation cannot predict with any certainty the ultimate outcome of future negotiations with managed care payors as contracts expire. As of the date of this Official Statement, there are no commercial payor contracts under termination notice.

FINANCIAL INFORMATION

Historical Financial Information

The historical financial information, including the tables, under this caption, are derived from the consolidated financial statements of CCMC Corporation and Subsidiaries. The consolidated balance sheets as of September 30, 2020, 2021, and 2022 and the consolidated statements of operations for CCMC Corporation and Subsidiaries for the years then ended have been derived from the consolidated financial statements of CCMC Corporation and Subsidiaries, which have been audited by Baker Tilly US, LLP. The consolidated balance sheets as of December 31, 2022 and the consolidated statements of operations for the three months ended December 31, 2022 and December 31, 2021 are unaudited but include all adjustments, consisting of normal recurring accruals, that management considers necessary for a fair presentation of the financial position and the results of operations for these periods. Results for the three months ended December 31, 2022 are not necessarily indicative of the results that may be expected for the entire fiscal year ending September 30, 2023.

The audited consolidated financial statements of CCMC Corporation and Subsidiaries as of and for the years ended September 30, 2022, 2021, and 2020 are set forth in Appendix B to this Official Statement. The audited consolidated financial statements of CCMC Corporation and Subsidiaries set forth in

Appendix B, include the assets, liabilities and results of operations of the Obligated Group and Non-Obligated Affiliates.

Only the Obligated Group Members are obligated to make payments with respect to the Bonds. None of the revenues or the assets of the Non-Obligated Affiliates are pledged to the payment of the Bonds or the Obligation issued under the Master Indenture to secure the Bonds, and none of the Non-Obligated Affiliates has any obligation to provide funds or security for payments with respect to the Bonds or the Obligation issued under the Master Indenture to secure the Bonds. As of and for the fiscal year ended September 30, 2022, the Obligated Group generated 99.1% of the total operating revenue and represented 99.5% of the total net assets of CCMC Corporation and Subsidiaries. These percentages are calculated in conformity with certain Master Indenture ratios, such that in each instance eliminations are excluded from the total operating revenue and total net assets of the Obligated Group but included in the total consolidated operating revenue and total consolidated net assets of CCMC Corporation and Subsidiaries.

This historical financial information should be read in conjunction with the section titled "— Management's Discussion and Analysis of Financial Operations" below and with the audited consolidated financial statements and related notes thereto included in Appendix B to this Official Statement.

The following tables show CCMC Corporation and Subsidiaries consolidated balance sheets as of September 30, 2020, 2021 and 2022 (audited) and as of December 31, 2022 (unaudited), and CCMC Corporation and Subsidiaries consolidated statements of operations for the years ended September 30, 2020, 2021 and 2022 (audited) and the three months ended December 31, 2021 and 2022 (unaudited), respectively.

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CCMC Corporation and Subsidiaries
Consolidated Balance Sheets

	At September 30,			At December 31,
	2020 (Audited)	2021 (Audited)	2022 (Audited)	2022 (Unaudited)
Assets:				
Current assets				
Cash and cash equivalents	$52,942,737	$70,733,723	$82,275,823	$66,505,593
Short-term investments	96,974,216	156,734,802	124,462,652	124,462,652
Patient accounts receivable, net	63,074,064	73,688,009	76,043,408	80,128,885
Due from affiliated entities	-	-	-	7,931,078
Inventories	6,838,490	6,918,829	7,084,033	7,114,997
Other current assets	14,646,427	18,123,731	18,448,949	26,230,502
Total current assets	234,475,934	326,199,094	308,314,865	312,373,707
Assets whose use is limited				
Investments	69,837,322	40,583,175	46,954,798	57,077,944
Restricted for capital	-	9,967,757	8,580,404	8,580,404
Beneficial interest in trust held by other	1,950,000	1,950,000	1,950,000	1,950,000
Funds held in trust by others	92,631,959	109,404,610	82,557,226	82,557,226
Total assets whose use is limited	164,419,281	161,905,542	140,042,428	150,165,574
Property, Plant and Equipment				
Buildings	206,049,169	206,467,296	178,557,003	178,762,802
Furniture and equipment	153,088,167	157,444,254	175,702,726	178,020,086
Construction in progress	4,533,727	5,048,103	15,833,562	23,368,555
	363,671,063	368,959,653	370,093,291	380,151,443
Less accumulated depreciation	(229,076,488)	(244,933,370)	(252,203,599)	(255,714,549)
Total property, plant and equipment	134,594,575	124,026,283	117,889,692	124,436,894
Other assets				
Ground Lease	2,182,346	2,153,054	-	-
Operating Lease, Right-of-Use Assets	-	-	140,025,500	137,771,755
Financing Lease, Right-of-Use Assets	-	-	43,751,566	42,728,241
Pledges receivable, long-term	1,806,622	2,218,734	5,635,779	5,471,650
Other	286,671	286,668	286,668	286,668
Total other assets	4,275,639	4,658,456	189,699,513	186,258,314
Total assets	537,765,429	616,789,375	755,946,498	773,234,489
Liabilities and Net Assets:				
Current liabilities				
Current portion of bonds payable	1,830,000	1,915,000	2,010,000	2,010,000
Current portion of notes payable	34,691	1,363,348	1,378,693	1,378,693
Current portion of operating lease liability	-	-	8,850,023	8,855,958
Current portion of financing lease liability	-	-	2,352,260	2,465,741
Current portion of capital lease liability	2,566,997	2,630,250	-	-
Accounts payable and accrued expenses	28,603,980	31,022,623	37,613,520	37,168,296
Accrued wages	25,560,815	32,741,884	30,466,800	26,179,447
COVID-19 Connecticut State Medicaid loan	7,500,000	-	-	-
COVID-19 deferred grant income	6,727,012	-	-	3,836,850
Total current liabilities	72,823,495	69,673,105	82,671,296	81,894,985
Bonds Payable, Less Current Portion	26,502,564	24,566,518	22,601,238	22,612,418
Notes Payable, Less Current Portion	-	8,259,936	6,899,418	6,556,469
Operating Lease Liability, Less Current Portion	-	-	132,276,743	130,232,158
Finance Lease Liability, Less Current Portion	-	-	40,029,986	38,999,421
Capital Lease Liability, Less Current Portion	20,948,796	20,607,940	-	-
Accrued Pension Liability	20,466,472	3,711,737	6,331,146	5,834,238
Due to Third Parties	5,420,987	6,074,799	6,721,100	6,841,100
Other Long-Term Liabilities	33,630,187	31,567,137	27,884,756	28,193,388
Total liabilities	179,792,501	164,461,172	325,415,683	321,164,177
Net assets				
Without donor restrictions	212,665,767	291,699,082	274,649,368	298,470,246
With donor restrictions	145,307,161	160,629,121	155,881,447	153,600,066
Total net assets	357,972,928	452,328,203	430,530,815	452,070,312
Total liabilities and net assets	$537,765,429	$616,789,375	$755,946,498	$773,234,489

CCMC Corporation and Subsidiaries
Consolidated Statements of Operations

	Fiscal Year Ended September 30,			Three Months Ended December 31,	
	2020 (Audited)	2021 (Audited)	2022 (Audited)	2021 (Unaudited)	2022 (Unaudited)
Revenues:					
Net patient service revenue	$399,811,578	$453,725,497	$500,836,934	$122,259,852	$146,502,006
COVID-19 grant revenue	27,036,451	13,440,190	5,962,220	-	-
Other revenues	28,366,230	33,662,246	41,237,264	21,551,164	14,050,029
Contributions and donations, net	8,848,645	14,926,273	7,411,516	-	-
Net assets released from restrictions for operations	19,186,328	26,849,216	36,164,983	7,628,915	10,134,377
Total revenues	483,249,232	542,603,422	591,612,917	151,439,931	170,686,412
Expenses:					
Salaries and wages	251,368,317	255,290,549	288,666,215	69,059,361	81,601,958
Benefits	49,657,849	55,229,172	58,892,468	14,066,041	14,429,144
Supplies and miscellaneous	166,001,101	177,177,617	205,672,480	49,529,974	56,041,163
Interest	2,262,235	1,737,213	1,428,739	(72,866)	325,096
Depreciation and amortization	16,614,204	15,633,705	15,657,153	4,322,875	4,401,871
Total expenses	485,903,706	505,068,256	570,317,055	136,905,385	156,799,232
(Loss) income from operations	(2,654,474)	37,535,166	21,295,862	14,534,546	13,887,180
Other Income (Loss)					
Investment return, net	6,220,871	15,516,638	11,762,137	4,743,884	319,061
Unrealized gains (losses) on investments	5,570,611	23,891,169	(42,809,503)	256,164	8,037,372
Net periodic pension credit	976,826	1,676,534	2,714,705	512,122	467,068
Loss on early lease termination	-	(2,959,188)	-	-	-
Income from trusts held by others	-	-	-	1,343,849	1,267,528
Total other income (loss)	12,768,308	38,125,153	(28,332,661)	6,856,019	10,091,029
Excess (deficiency) of revenues over expenses	10,113,834	75,660,319	(7,036,799)	21,390,565	23,978,209
Net Assets Without Donor Restrictions					
Excess (deficiency) of revenues over expenses	10,113,834	75,660,319	(7,036,799)	21,390,565	23,978,209
Change in funded status of pension and post-retirement plans	(2,286,502)	15,538,027	(3,806,982)	-	-
Cumulative effect of change in accounting standard	-	-	5,427,468	5,427,468	
Net assets released from restrictions for capital	2,733,683	6,562	3,019,434	-	-
Change in net asset classification	-	-	(14,652,835)	-	-
Transfer to affiliated organizations	-	-	-	-	-
Transfer of investments to CHDI from the dissolution of The Children's Fund[(1)]	-	(12,171,593)	-	-	-
Change in net assets without donor restrictions	10,561,015	79,033,315	(17,049,714)	26,818,033	23,978,209
Net Assets With Donor Restrictions					
Unrealized gains on investments	19,475	4,013	-	-	-
Income from investments	3,195	3,204	34	-	-
Net assets released from restrictions for operations	(19,186,328)	(26,849,216)	(36,164,983)	(7,628,915)	(10,134,377)
Net assets released from restrictions for capital	(2,733,683)	(6,562)	(3,019,434)	-	-
Change in funds held in trust by others	557,657	16,772,651	(26,847,384)	(1,876,933)	-
Change in net asset classification	-	-	14,652,835	-	-
Other income	382,770	37,743	3,230	4,000	-
Contributions, grants and donations, net	16,393,822	25,360,127	46,628,028	9,297,283	7,852,996
Change in net assets with donor restrictions	(4,563,092)	15,321,960	(4,747,674)	(204,565)	(2,281,381)
Change in net assets	5,997,923	94,355,275	(21,797,388)	26,613,468	21,696,828
Net Assets, Beginning	351,975,005	357,972,928	452,328,203	452,328,203	430,373,484
Net Assets, Ending	$357,972,928	$452,328,203	$430,530,815	$478,941,671	$452,070,312

(1) See "ORGANIZATION – Non-Obligated Affiliates—The Children's Fund" herein.

Management Discussion and Analysis of Financial Operations

COVID-19 Pandemic Response

The System, along with many other healthcare providers and businesses across the globe, experienced and responded to operational challenges related to the outbreak of the COVID-19 pandemic (the "COVID-19 Pandemic"). The following discussion highlights some of the impacts that the System experienced and its related responses to the COVID-19 Pandemic, which was impactful to the comparison of operations from 2020 to 2022.

On March 10, 2020, the Governor of the State of Connecticut declared a civil preparedness and public health emergency in response to the then emerging COVID-19 Pandemic. During the initial phase of the COVID-19 Pandemic, the Connecticut Department of Health ordered the cancellation of all non-essential surgeries and procedures. The impact of this decision, along with other mitigating measures, significantly reduced occupancy and operating revenues of the System, including at outpatient health centers, physician offices and other revenue impacted facilities. The cost and availability of personal protective equipment and other related equipment presented challenges to all healthcare providers, including the System. In addition, the System incurred high labor costs associated with preparing for and supporting additional surges related to the COVID-19 Pandemic.

As a result of the COVID-19 Pandemic, federal and state governments passed legislation intended to assist healthcare providers, including the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), during the fiscal years ended September 2020, 2021 and 2022, the Corporation recognized CARES Act grant revenue of approximately of $27.0 million, $13.5 million and $6.0 million, respectively.

The System experienced additional waves of the COVID-19 Pandemic in the fiscal years ending September 30, 2021 and 2022, with additional activity related to the Delta and Omicron variants of COVID-19 in the last few calendar months of 2021. The System did experience an increase in surgeries, patient encounters, emergency and urgent care visits and the resumption of elective procedures once the response restrictions imposed as a result of the COVID-19 Pandemic began to ease.

Finally, the Corporation implemented and updated safety protocols to mitigate the spread of the virus and protect the safety of its patients, families, visitors and team members. These safety protocols will guide the Corporation as it responds to any future similar surges or pandemics that could potentially occur in the future.

Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021

Operations. Income from operations decreased $0.6 million, or (4.5%), for the three months ended December 31, 2022, compared to the three-month period ended December 31, 2021, as total expense growth (14.5%) exceeded total operating revenue growth of 12.7%.

The System's total operating revenues increased $19.2 million, or 12.7%, to $170.7 million for this three-month period ended December 31, 2022. The growth in total operating revenues was primarily driven by net patient service revenues growth of $24.2 million, or 19.8%, to $146.5 million for this period in 2022 due to high volumes in the late fall and winter of 2022 due to various respiratory illnesses, in addition to a slight increase of $2.5 million, or 32.8%, of net assets released from restrictions for operations to $10.1 million. These increases were partially offset by a decrease in other revenues of $7.5 million, or (34.8%), from prior year, which were primarily attributable to a decrease in non-patient revenue of $3.6 million and a decrease in Foundation revenue of $2.7 million. Inpatient discharges grew between the first three months of 2021 and 2022 by 436 discharges, reflecting a growth of 2,845 patient days. The System's average daily census in 2022 was 31 patients higher compared to 2021. On the outpatient side, the emergency department experienced 2,508 more visits in 2022 compared to 2021.

Total operating expenses increased $19.9 million, or 14.5%, to $156.8 million for the three-month period ended December 31, 2022. The growth in total operating expenses was primarily driven by salaries and wages, which increased $12.5 million, or 18.2%, to $81.6 million. This was primarily driven by increased work hours, overtime, and temporary labor and incentivized pay, primarily due to the increased volumes and the need to maintain adequate staffing levels. In addition, operating expenses increased $6.5 million in supply costs due to increased volumes. Clinical operations had an additional 210 full time equivalents ("FTEs") in 2022 compared to the fiscal year ended September 30, 2021. Similarly, temporary help FTEs were approximately 37 FTEs higher in fiscal year ended September 30, 2022. The increased levels of staffing contributed to costs per adjusted patient day rising by $287 per day.

Non-operating income increased $3.2 million for this three-month period ended December 31, 2022 due to unrealized gains on investments increasing to $8.0 million from $0.3 million compared to the same period of the year prior. This increase was partially offset by a decrease in investment returns, which decreased $4.4 million from $4.7 million for the three months ended December 31, 2021 to $0.3 million for the three months ended December 31, 2021.

Liquidity and Capital Resources. The System continues to experience strong financial liquidity, with unrestricted cash and investments of $190.9 million as of December 31, 2022.

Fiscal Year Ended September 30, 2022 Compared to Year Ended September 30, 2021.

Operations. Income from operations decreased $16.2 million, or (43.3%), from the prior year end, as total expense growth of 12.9% exceeded total operating revenue growth of 9%.

The System's total operating revenues increased $49 million, or 9%, from the prior year end to $591.6 million for fiscal year ended September 30, 2022. The growth in total operating revenues was primarily driven by net patient service revenues growth of $47.1 million, or 10.4%, to $500.8 million for fiscal year ended September 30, 2022. This continued the trend from prior year, as restrictions related to the COVID-19 Pandemic continued to ease. In addition, net assets released from restrictions increased $9.3 million, or 34.7%, from prior year, couple with other revenues that increased $7.6 million, or 22.5%, from prior year end. This was partially offset by a decrease in COVID-19 grant revenue of $7.5 million as indicated above. The System experienced an additional 1,110 inpatient discharges, resulting in 3,817 patient days, compared to the previous year. The System also saw an additional 18,782 emergency department visits and a lower Medicaid payor mix (by 2.58%).

Total operating expenses increased $65.2 million, or 12.9%, to $570.3 million for fiscal year ended September 30, 2022. The growth in total operating expenses was primarily driven by salaries, wages and benefits, which increased $37.0 million, or 19.7%, to $347.6 million. This was primarily driven by increased work hours, overtime, and temporary labor and incentivized pay, primarily due to the increased volumes and need to maintain the proper staffing levels. The growth in operating expenses in 2022 was also a result of a $28.5 million, or 16.1%, in supply costs due to increased volumes. The System's FTEs grew by 110 and overtime and temporary FTEs grew from by roughly 16 FTEs each. The System's overall cost per adjusted patient day grew by $60 per adjusted day.

Non-operating income decreased $66.5 million from September 30, 2021 to September 30, 2022 primarily due to unrealized losses on investments of ($42.8 million), compared to unrealized gains in fiscal year ended September 30, 2021 of $23.9 million. In addition, investment returns decreased ($3.7 million) from gain of $15.5 million in 2021 to a gain of $11.7 million in fiscal year ended September 30, 2022. This was driven by market activity and conditions. The decrease in non-operating income from 2021 to 2022, as noted above, was partially offset by the non-recurring loss of ($2.9 million) on an early lease termination that occurred in fiscal year ended September 30, 2021. Finally, this decrease was also offset by an increase in the net periodic pension credit $1 million compared to prior year.

Liquidity and Capital Resources. The System continued to experience strong financial liquidity, with unrestricted cash and investments of $206.7 million as of September 30, 2022.

Net cash provided by operating activities was $14.0 million for the year ended September 30, 2022, compared to $6.5 million in 2021, indicating strong cash flow.

Fiscal Year Ended September 30, 2021 Compared to Year Ended September 30, 2020.

Operations. Income from operations increased $40.1 million from the prior year end, as total revenue growth of 12.3% exceeded total operating expense growth of 3.9%.

The System's total operating revenues increased $59.4 million, or 12.3%, from the prior year end to $542.6 million for fiscal year ended September 30, 2021. The growth in total operating revenues was primarily driven by net patient service revenues growth of $53.9 million, or 13.5%, to $453.7 million for fiscal year ended September 30, 2021. As restrictions related to the COVID-19 Pandemic eased and non-essential surgical procedures were allowed, this, in addition to revenue cycle initiatives, contributed to revenue growth. In addition, net assets released from restrictions for operations increased $7.6 million, or 39.6%, from fiscal year ended September 30, 2020. This was partially offset by a decrease in COVID-19 grant revenue of $13.5 million as indicated above. The System saw a rise of inpatient patient days of 1,199, as well as adjusted patient days by 7,521 days. Surgeries increased by 930 cases and observations surged by 638 cases compared to the previous year.

Total operating expenses increased $19.2 million, or 3.9%, to $505.1 million for fiscal year ended September 30, 2021. The growth in total operating expenses was primarily driven by an increase of $11.2 million in, or 6.7%, of supply costs due to increased volumes. Additional increases were driven by salaries, wages and benefits, which increased $9.5 million, or 12.8%, to $310.5 million. This was primarily driven by increased work hours, overtime, and temporary labor and incentivized pay, due to the volumes. The increases were partially offset by a $0.98 million decrease in depreciation expense. Overtime FTEs increased by 11.56 FTEs in fiscal year ended September 30, 2021 compared to the fiscal year ended September 30, 2020.

Non-operating income increased $25.4 million from September 30, 2020 to September 30, 2021 primarily due to an increase of $18.3 million in unrealized gains on investments of $23.9 million in 2021, compared to $5.5 million in the prior year. In addition, investment returns increased $9.3 million from prior year. The increase in non-operating income from 2020 to 2021 was partially offset by the loss on lease termination of $2.9 million in 2021. The strong investment activity was driven by the improved market in fiscal year ended September 30, 2021.

Liquidity and Capital Resources. The System continued to experience strong financial liquidity, with unrestricted cash and investments of $227.5 million as of September 30, 2021.

Net cash used in operating activities was $6.5 million for the year ended September 30, 2021, compared to net cash provided by operating activities of $21.4 million in 2020.

Debt Service Coverage – Obligated Group

The following table presents the Obligated Group unaudited pro forma maximum annual debt service coverage ratio following the issuance of the Bonds, as if such Bonds had been issued on September 30, 2022, in the aggregate principal amount of $112,385,000. Line items and all calculations in the table below are based on the definitions in the Master Indenture, but pursuant to the Master Indenture the Obligated Group will calculate the Annual Debt Service Coverage Ratio based on historical Annual Debt Service for each such fiscal year on a going forward basis.

Obligated Group
Pro Forma Maximum Debt Service Coverage
(Dollars in thousands)

	Fiscal Year Ended September 30,	
	2021	**2022**
	(Unaudited)	
Excess (Deficiency) of Revenues Over Expenses	$67,910	($4,931)
Plus:		
Depreciation and Amortization	15,612	15,653
Interest Expense	1,759	1,432
Loss on sale of property and equipment	-	-
Unrealized (gain)/loss on investments	(24,079)	40,780
Income Available for Debt Service	$61,202	$52,936
Estimated Pro Forma Maximum Annual Debt Service[(1)]	$7,465	$13,347
Estimated Pro Forma Debt Service Coverage Ratio	8.2x	4.0x

(1) Includes debt service requirements for the Bonds, the Series 2011D Bonds, and the Equipment Loan (defined herein). See APPENDIX D — "FORM OF THE MASTER INDENTURE."

Indebtedness

In June 2011, the State of Connecticut Health and Educational Facilities Authority (the "Authority") issued $41,580,000 of its Connecticut Children's Medical Center Revenue Bonds, Series D for the benefit of the Corporation and the Foundation (the "Series 2011D Bonds"). The Series 2011D Bonds were placed directly with Bank of America, N.A., as purchaser (the "Purchaser"). The Series 2011D Bonds mature in varying amounts through 2032 and bear interest at a fixed rate. In connection with the issuance of the Bonds, the Obligated Group will issue an Obligation pursuant to the Master Indenture to secure its obligations with respect to the Series 2011D Bonds. The Corporation and the Foundation are subject to certain covenants in the agreements with the Purchaser relating to the Series 2011D Bonds that are different from, and in some instances more restrictive than, those set forth in the Master Indenture, and such covenants will continue to be in effect while the Series 2011D Bonds remain outstanding. The failure of the Corporation and the Foundation to comply with such additional covenants will constitute an event of default under the agreements with the Purchaser. Compliance with these additional covenants may be waived or modified at the sole discretion of the Purchaser without consent of or notice to any Bondholder. If an event of default occurs under the agreements with the Purchaser and the Purchaser determines to enforce the remedies available to it, in its capacity as an Obligation Holder, an Event of Default under the Master Indenture will occur. Under such circumstances, all Obligations then outstanding under the Master Indenture, including the Obligation securing the Bonds, could be accelerated and/or the Master Trustee may pursue other remedies available under the Master Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement.

The Corporation is a party to a Master Financing Agreement, dated as of October 1, 2007 (the "Master Financing Agreement," as supplemented by a Schedule No. 8, dated as of June 1, 2021, the "Equipment Loan Agreement"), among the Corporation, the Authority and Banc of America Public Capital Corp, as lender (the "Lender"), whereby the Lender has agreed to lend the Corporation $10,000,000 for certain equipment costs (the "Equipment Loan"). All amounts due and owing under the Equipment Loan Agreement are due June 29, 2028. The proceeds of the Equipment Loan, less certain costs of issuance, are held and administered by the Authority, on behalf of the Corporation, in a project fund (the "Project Fund"). As of December 31, 2022, approximately $8.5 million remained in the Project Fund. Pursuant to the Equipment Loan Agreement, the Authority holds/and or invests the proceeds of the Project Fund as directed by the Corporation. The Equipment Loan is not secured by an Obligation issued under the Master Indenture.

The Corporation and the Foundation maintain a line of credit with Bank of America, N.A., which allows for advances up to $15,000,000 and expires on March 25, 2024 (the "Line of Credit"). As of December 31, 2022, neither the Corporation nor the Foundation had drawn on the Line of Credit. The Line of Credit is not secured by an Obligation issued in accordance with the Master Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement.

Liquidity – Obligated Group

The following table presents the Obligated Group's days cash on hand as of September 30, 2021 and 2022 and December 31, 2022.

Obligated Group
Cash on Hand
(Dollars in thousands)

	As of September 30,		As of December 31,
	2021	2022	2022
Combined cash and cash equivalents	$ 62,533	$ 79,846	$ 67,666
Short-term investments	156,635	124,463	124,463
Assets Whose Use is Limited			
Funds held in trust by others	109,405	82,557	82,557
Restricted for capital	9,968	8,580	8,580
Investments	28,758	29,986	38,348
Beneficial interest in trust held by other	1,950	1,950	1,950
Less: Permanently Restricted	(121,322)	(93,088)	(93,088)
Net funds available	248,026	234,294	230,476
Expenses (includes grants)	$506,604	$566,008	$156,057
Less: Depreciation & amortization	(15,612)	(15,653)	(4,402)
Divided by the number of days in period	365	365	92
Days cash on hand	184.4	155.4	139.8

Capitalization – Obligated Group

The following table presents certain outstanding long-term debt of Obligated Group and the ratios of debt to total capitalization as of September 30, 2022, and as adjusted assuming that the Bonds in the aggregate principal amount of $112,385,000 were issued on September 30, 2022 and the proceeds applied toward the purposes described in the section titled "PLAN OF FINANCE" in the forepart of this Official Statement.

Obligated Group
Debt and Capitalization
(Dollars in thousands)

	As of September 30, 2022	
	Actual	**As Adjusted**
Long-Term Debt		
The Bonds[(1)]	-	$112,385
Series 2011D Bonds [(1)]	$25,040	25,040
Other Debt		
Finance lease obligations	$42,382	$42,382
Other loans and notes	8,278	8,278
Total Other Debt	$50,660	$50,660
Total Long-Term Debt	$75,700	$188,085
Net assets without donor restrictions	$272,455	$272,455
Total Capitalization	$348,155	$460,540
Long-Term Debt as a Percentage of Capitalization	21.7%	40.8%

[(1)] Expected to be secured by an Obligation issued pursuant to the Master Indenture at the time the Bonds are issued.

Investment Policy and Procedures

The Parent and the Corporation's investments are governed by investment policies developed and overseen by the Finance and Audit Committee of the Board, together with an independent investment advisor. The Finance and Audit Committee is comprised of at least five members, one of whom shall be the President and Chief Executive Officer of the Corporation.

Retirement Plans

The Foundation's investment goals and objectives are outlined in an investment policy statement (the "Foundation Investment Policy"). The Foundation Investment Policy provides that the investment of the Foundation's assets shall be guided by the following goals: (i) to preserve the spending power of the Foundation, (ii) to maintain sufficient liquidity to meet the obligations of the Foundation, (iii) to diversify the Foundation's assets in order to reduce risk, and (iv) to achieve investment results over the long term that compare favorably with those of other endowments and foundations, professionally managed portfolios and appropriate market indexes.

As of January 1, 1993, employees hired by the Corporation were no longer eligible to participate in the State of Connecticut pension plan (the "State Plan"). Employees who were participants in the State Plan as of December 31, 1992 are able to remain participants in the State Plan so long as they continue to remain employed by the Corporation. Effective January 1, 1994, the Corporation adopted a defined benefit pension plan covering substantially all of its employees. Benefits for employees who are participants in

the State Plan are reduced to reflect vested benefits provided under the State Plan. Effective January 1, 1999, the Corporation converted its defined benefit pension plan to a cash balance retirement plan (the "Pension Plan"). The Pension Plan was frozen effective May 1, 2009. When considering the projected benefit obligation, the Pension Plan was funded ($6,331,146) and ($3,711,737) as of September 30, 2022 and 2021, respectively.

The Corporation also has a defined contribution plan. The Connecticut Children's Retirement Savings Plan (the "Savings Plan") provides that eligible employees may contribute up to 100% of their pretax annual compensation, up to Internal Revenue Service limits. The Corporation contributes 1% of compensation of eligible employees until such participant has completed four full years of employment and 2% for eligible employees who have more than four calendar years employment. The Corporation's benefits expenses related to the Savings Plan were approximately $3.8 million in 2022 and $3.5 million in 2021.

See Note 9 in the CCMC Corporation and Subsidiaries Consolidated Financial Statements and Supplementary Information for Fiscal Years Ended September 30, 2022 and 2021 attached hereto as Appendix B.

The Corporation also sponsors a post-retirement medical benefit program to certain eligible retired employees. The Corporation contribution towards the cost of medical coverage varies by years of pension credited service at retirement, ranging from 25% for employees with 10 years of service to 100% for those employees with 25 years of credited service. The Corporation's fixed dollar commitment is $5,000 per year, per retiree. As of September 30, 2022, approximately 27 retired employees qualified for such post-retirement benefit. Included in net assets without donor restrictions at September 30, 2022 and 2021 are approximately $5.2 million and $4.2 million, respectively, of net unrecognized actuarial gains that have not yet been recognized in net periodic benefit cost.

See Note 10 in the CCMC Corporation and Subsidiaries Consolidated Financial Statements and Supplementary Information for Fiscal Years Ended September 30, 2022 and 2021 attached hereto as Appendix B.

The Corporation also maintains an investment policy for its defined benefit pension plan (the "Pension Investment Policy"). Under the Pension Investment Policy, the Corporation's defined benefit pension plan assets are invested with underlying goals that include the following in relation to the defined benefit pension plan: achieving the stated actuarial target, maintaining sufficient liquidity to meet the obligations and diversifying the assets in order to reduce the risk of incurring large losses that could occur from concentrated positions.

Under the investment policies, the Parent's Investment Committee is charged with the responsibility of overseeing the assets of the Foundation and the Corporation's defined benefit pension plan and such responsibility includes selecting investment vehicles, periodically monitoring the performance of investments, and engaging the services of investment consultants.

PHILANTHROPY AND THE FOUNDATION

General

The Foundation was founded in June 1985 and exists solely to support the System. The Foundation promotes charitable giving through a variety of fundraising programs including individual giving, corporate and foundation giving, planned giving, direct mail solicitation, online fundraising, philanthropic events, third-party events and sponsorships. The Foundation's team of professionals work closely with donors to match their passions and interests with the strategic needs of the System. The Foundation had fundraising income of approximately $9.6 million, $12.3 million and $18.2 million in fiscal years ended September 30, 2020, 2021 and 2022, respectively.

Philanthropic funds collected by the Foundation are transferred to the Corporation. The following table presents transfers from the Foundation to the Corporation of unrestricted and donor-restricted contributions received by the Foundation for the benefit of the Corporation for fiscal years ended September 2020, 2021 and 2022 and for the three months ended December 31, 2021 and 2022.

	Fiscal Year Ended September 30,			Three Months Ended December 31,	
	2020	2021	2022	2021 (Unaudited)	2022 (Unaudited)
Without donor restrictions	$ -	$ -	$8,792,618	$3,755,763	$1,695,197
With donor restrictions	12,676,185	7,539,524	1,268,869	25,154	-
Total	$12,676,185	$7,539,524	$10,061,487	3,780,917	$1,695,197

Capital Campaign

In 2022, the Board and the Foundation's Board determined to undertake the Foundation's first major comprehensive campaign, with the goal of raising $150 million over five years to provide funds for the Project (the "New Tower Campaign"). As December 31, 2022, the Foundation raised approximately $15.7 million, in pledges and contributions as part of the New Tower Campaign. The Foundation anticipates receiving pledged funds approximately five years from the date of such pledge. It is expected that the Foundation will employ existing and expanding staff resources to execute the New Tower Campaign. In addition to the New Tower Campaign, the Foundation will continue its work in soliciting individual major gift donors, corporations and foundations to continue to support the System, including the New Tower. The Foundation expects to receive contributions annually for the express purpose of funding the New Tower. For a description of the Project and the New Tower, see "FACILITIES AND THE PROJECT" herein.

SOCIAL GOVERNANCE

Community and Economic Benefit Committee

Pursuant to the Bylaws of the Parent, the Board shall have a Community and Economic Benefit Committee, which consists of at least three directors. In furtherance of the System's mission, the Community and Economic Benefit Committee is tasked with providing advice and guidance to the Board related to public policy involving the promotion of child health and wellness, ways to advance community initiatives and perspective on the Community Health Needs Assessment process.

Community Health Needs

Connecticut Children's Office for Community Child Health (the "OCCH"), which is overseen by the Corporation, supports 17 community-oriented programs in their work promoting the optimal health, development and well-being of children. Such programs include a multi-partner, cross-sector effort led by the OCCH to build the "North Hartford Ascend Pipeline." The North Hartford Ascend Pipeline is a program

designed to provide cradle to career supports for children living in the federally designated North Hartford Promise Zone. In October 2021, the OCCH was awarded a five-year, $30 million Promise Neighborhoods grant from the United States Department of Education for the North Hartford Ascend Pipeline project.

The Corporation's community-focused work also includes a commitment to addressing and increasing mental health concerns faced by children. The Corporation is building out a continuum of care for those who present with medical and psychological and/or psychiatric concerns, which includes plans to add a new medical/psychiatric unit with 12 inpatient beds as part of the Project. Also, as part of that continuum, the Corporation expects to increase the number of psychologists embedded in primary care and specialty care clinics and enhance support services for patients who seek mental healthcare in the emergency department, but that are safely able to be discharged.

In addition, the Corporation works to address community needs related to equitable healthcare, chronic diseases, health, housing, nutritious food, academic success, career opportunities, trauma, violence prevention, and safe neighborhoods. The Corporation creates programming that is aimed at meeting the needs of the community the System serves by conducting a community health needs assessment and developing a community health improvement plan every three years, evaluating its efforts using quantifiable measures and metrics and being transparent in sharing its results through public reports.

Diversity, Equity and Inclusion Declaration

The Corporation has developed a "Diversity, Equity and Inclusion Framework," which is designed to address racism, discrimination and bias and to foster improvements across the System, including reducing healthcare inequities, building a more diverse workforce, and providing team members with education and training on racism and unconscious bias. The Corporation believes that diversity, equity and inclusion is vital to its mission and there is an urgent and essential need to embed those values deeply within its culture. The Diversity, Equity and Inclusion Framework sets forth the Corporation's key focus areas, which are strategic staffing, governance and leadership, retention and engagement, culture audit and assessment, analytics and metrics, compliance and issue resolution, education and awareness, community action and patient healthcare inequities.

WORKFORCE

As of March 8, 2023, the Corporation employs 2,459 full-time equivalent positions, including 343 full-time equivalent registered nurses. The turnover rates for all employees in fiscal years 2022, 2021 and 2020 were 14.9%, 16.7% and 15.3%, respectively. As of March 23, 2023, the Corporation had a nursing vacancy rate of 19.2%.

The Corporation provides a comprehensive package of employee benefits, including Ears for Peers (trained peer supporters), a staff psychologist, the Code Lavender urgent response team, financial well-being support, a fitness center on site, a discount for the CALM app, and several organizational celebrations and events. As part of the enhanced EAP/Well-Being Partnership, the Corporation also provides a sleep coach, virtual peer group, access to a well-being podcast and monthly wellness calendar events.

The Corporation provides a nurse residency program to newly-licensed nurses with less than one year of professional experience. The nurse residency program is designed to provide a supportive environment to help ease the transition from the academic setting to professional nursing practice. The Corporation's residency program is accredited by the American Nurses Credential Center through its Practice Transition Accreditation Program.

The Corporation is investing in several significant recruitment initiatives to position itself well for the evolving demands of the workforce. A workforce planning team was created to focus on multi-year hiring strategies with a goal of diversifying the Corporation's talent pipelines and investing in partnerships with schools to create future talent funnels. Additionally, the Corporation is investing in career fairs and

community outreach to increase community engagement. The Corporation is broadening its talent outreach by investing in more hybrid and remote work opportunities to attract diverse talent.

The Corporation is also prioritizing initiatives that will support employee retention, including a Kindness Culture Campaign, retention incentives for key roles, enhanced recognition programs, flexible working arrangements, Individual Development Plans to support professional engagement, and engagement action plans. The Corporation is investing significantly in diversity, equity and inclusion initiatives, which include culture awareness month, diversity, equity and inclusion team member advisory boards, facilitated discussion forums, and a speaker series from diverse panelists.

None of the Corporation's employees are currently represented by a labor union, however, it is possible that one or more unions could attempt to organize all or some classifications of the Corporation's employees at any time in the future.

MISCELLANEOUS

Insurance Coverage

Coverage for medical professional liability for the Corporation is provided through New England Pediatrics Indemnity. Limits for professional liability coverage provided are $5 million per medical incident or claim and $20 million in the annual aggregate. Comprehensive corporate general liability is also provided through New England Pediatrics Indemnity with limits of $2 million per occurrence or claim and $4 million in the annual aggregate. Coverage for workers compensation is statutory. Safety National Casualty Corporation is the excess workers compensation carrier. Employers' liability is $1 million per occurrence or claim.

The Corporation maintains a comprehensive property insurance policy with a commercial insurer in amounts that management believes are customary for similarly situated organizations to cover all real and personal property, boiler, machinery and business interruption. Such policy contains provisions for deductibles and is written on a reasonable replacement cost basis.

Cybersecurity

The Corporation's information security team manages information technology cyber risks across the corporate enterprise. The team utilizes people, processes and technologies to protect the Corporation's patient information and computing environments. A combination of policies and procedures outline the appropriate use of system access, configuration management, risk assessments, device security and security training awareness.

The information security team is responsible for monitoring the Corporation's computing network and its connected systems for anomalous activities. This is accomplished with several technologies including endpoint detection, secure web gateway, security incident event monitoring system, data loss prevention, threat intelligence assessment and security risk assessments. Systems are monitored 24 hours per day, utilizing incident response and escalation procedures for any anomalies detected. Security controls are aligned to National Institute of Standards and Technology 800-53 and the cybersecurity framework. Independent security services perform HIPAA Security Risk assessments and penetration tests for these security controls to ensure they are working as expected on an annual basis. Assessment of security controls are reported on a monthly basis to the Corporate Compliance Committee who reports to the Board.

All critical systems are backed up to a redundant data center including off-line encrypted tape storage media. The Corporation's electronic health records system runs in a high availability manner between two physical datacenters. Cyber insurance policies are maintained to supplement these technical redundancy controls in the case of a cyber-related network impact, data breach or other privacy incident.

LEGAL AND REGULATORY MATTERS

The Obligated Group Members are subject to certain legal and regulatory actions that, in whole or in part, are not or may not be covered by insurance because of the type of action or amount or types of damages requested (e.g., punitive damages), because of a reservation of rights by an insurance carrier, or because the action has not proceeded to a stage that permits full evaluation. Management does not anticipate that any such suits or actions will ultimately result in damage awards or judgments in excess of self-insurance or insured limits or, if such awards or judgments were to be entered, that they would have a material adverse impact on the financial condition or financial performance of the Obligated Group, as a whole. There can be no assurance, however, that future litigation or regulatory matters will not have such a material adverse effect. The outcome of litigation and regulatory matters are inherently uncertain, and it is possible that one or more of such matters currently pending or threatened could have a material adverse effect on the financial condition or financial performance of the Obligated Group, as a whole.

There is no controversy or litigation of any nature now pending against any Obligated Group Member or, to the knowledge of their officers, threatened, seeking to restrain or enjoin the issuance or sale of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Obligated Group taken concerning the issuance, sale or delivery thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds or use of the Bond proceeds.

CONNECTICUT CHILDREN'S MEDICAL CENTER, on
behalf of itself and as Credit Group Representative

By: /s/ Bridgett Feagin
Executive Vice President and Chief Financial Officer

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APPENDIX B-1

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION OF CCMC CORPORATION AND SUBSIDIARIES FOR FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

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CCMC Corporation and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

September 30, 2022 and 2021

CCMC Corporation and Subsidiaries

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September 30, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors of
CCMC Corporation and Subsidiaries

Opinion

We have audited the consolidated financial statements of CCMC Corporation and subsidiaries (the Corporation), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as of September 30, 2022 and 2021, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1 to the consolidated financial statements, on October 1, 2021, the Corporation adopted Accounting Standards Codification Topic 842 as required by Accounting Standards Update No. 2016-02, Leases (Topic 842) and its related amendments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly US, LLP

Iselin, New Jersey
January 11, 2023

CCMC Corporation and Subsidiaries

Consolidated Balance Sheets
September 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 82,275,823	$ 70,733,723
Short-term investments	124,462,652	156,734,802
Patient accounts receivable, net	76,043,408	73,688,009
Inventories	7,084,033	6,918,829
Other current assets	18,448,949	18,123,731
Total current assets	308,314,865	326,199,094
Assets Whose Use is Limited		
Investments	46,954,798	40,583,175
Restricted for capital	8,580,404	9,967,757
Beneficial interest in trust held by other	1,950,000	1,950,000
Funds held in trust by others	82,557,226	109,404,610
Total assets whose use is limited	140,042,428	161,905,542
Property, Plant and Equipment		
Buildings	178,557,003	206,467,296
Furniture, equipment and software	175,702,726	157,444,254
Construction in progress	15,833,562	5,048,103
	370,093,291	368,959,653
Less accumulated depreciation	(252,203,599)	(244,933,370)
Total property, plant and equipment	117,889,692	124,026,283
Other Assets		
Ground lease	-	2,153,054
Operating Lease, Right-of-Use Assets	140,025,500	-
Financing Lease, Right-of-Use Assets	43,751,566	-
Pledges receivable, long-term	5,635,779	2,218,734
Other	286,668	286,668
Total other assets	189,699,513	4,658,456
Total assets	$ 755,946,498	$ 616,789,375

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Current portion of bonds payable	$ 2,010,000	$ 1,915,000
Current portion of notes payable	1,378,693	1,363,348
Current portion of operating lease liability	8,850,023	-
Current portion of financing lease liability	2,352,260	-
Current portion of capital lease liability	-	2,630,250
Accounts payable and accrued expenses	37,613,520	31,022,623
Accrued wages	30,466,800	32,741,884
Total current liabilities	82,671,296	69,673,105
Bonds Payable, Less Current Portion	22,601,238	24,566,518
Notes Payable, Less Current Portion	6,899,418	8,259,936
Operating Lease Liability, Less Current Portion	132,276,743	-
Finance Lease Liability, Less Current Portion	40,029,986	-
Capital Lease Liability, Less Current Portion	-	20,607,940
Accrued Pension Liability	6,331,146	3,711,737
Due to Third Parties	6,721,100	6,074,799
Other Long-Term Liabilities	27,884,756	31,567,137
Total liabilities	325,415,683	164,461,172
Net Assets		
Without donor restrictions	274,649,368	291,699,082
With donor restrictions	155,881,447	160,629,121
Total net assets	430,530,815	452,328,203
Total liabilities and net assets	$ 755,946,498	$ 616,789,375

See notes to consolidated financial statements

CCMC Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2022 and 2021

	2022	2021
Revenues		
Net patient service revenues	$ 500,836,934	$ 453,725,497
COVID-19 grant revenue	5,962,220	13,440,190
Other revenues	41,237,264	33,662,246
Contributions and donations, net	7,411,516	14,926,273
Net assets released from restrictions for operations	36,164,983	26,849,216
Total revenues	591,612,917	542,603,422
Expenses		
Salaries and wages	288,666,215	255,290,549
Benefits	58,892,468	55,229,172
Supplies and miscellaneous	205,672,480	177,177,617
Interest	1,428,739	1,737,213
Depreciation and amortization	15,657,153	15,633,705
Total expenses	570,317,055	505,068,256
Income from operations	21,295,862	37,535,166
Other Income (Loss)		
Investment return, net	11,762,137	15,516,638
Unrealized (losses) gains on investments	(42,809,503)	23,891,169
Net periodic pension credit	2,714,705	1,676,534
Loss on early lease termination	-	(2,959,188)
Total other (loss) income	(28,332,661)	38,125,153
(Deficiency) excess of revenues over expenses	$ (7,036,799)	$ 75,660,319

See notes to consolidated financial statements

CCMC Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2022 and 2021

	2022	2021
Net Assets Without Donor Restrictions		
(Deficiency) excess of revenues over expenses (from previous page)	$ (7,036,799)	$ 75,660,319
Change in funded status of pension and post-retirement plans	(3,806,982)	15,538,027
Cumulative effect of change in accounting standard	5,427,468	-
Net assets released from restrictions for capital	3,019,434	6,562
Change in net asset classification	(14,652,835)	-
Transfer of investments to CHDI from the dissolution of The Children's Fund	-	(12,171,593)
Change in net assets without donor restrictions	(17,049,714)	79,033,315
Net Assets With Donor Restrictions		
Unrealized gains on investments	-	4,013
Income from investments	34	3,204
Net assets released from restrictions for operations	(36,164,983)	(26,849,216)
Net assets released from restrictions for capital	(3,019,434)	(6,562)
Change in funds held in trust by others	(26,847,384)	16,772,651
Change in net asset classification	14,652,835	-
Other income	3,230	37,743
Contributions, grants, and donations, net	46,628,028	25,360,127
Change in net assets with donor restrictions	(4,747,674)	15,321,960
Change in net assets	(21,797,388)	94,355,275
Net Assets, Beginning	452,328,203	357,972,928
Net Assets, Ending	$ 430,530,815	$ 452,328,203

See notes to consolidated financial statements

CCMC Corporation and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended September 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ (21,797,388)	$ 94,355,275
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Noncash items:		
Depreciation and amortization	15,657,153	15,633,705
Noncash interest, amortization of deferred financing fees	50,635	41,940
Gain on disposal of property and equipment	-	(309,341)
Change in operating lease right-of-use assets and obligations	14,043,534	-
Payments on operating lease obligations	(10,778,885)	-
Payments for interest on financing lease obligations	(779,110)	-
Cumulative effect of adoption of lease standard	(5,427,468)	-
Change in value of funds held in trust by others and assets released from restrictions by trustees	26,847,384	(16,772,651)
Net realized and unrealized losses (gains) on investments	45,184,420	(31,234,165)
Change in funded status of pension and post-retirement plans	3,806,982	(15,538,027)
Other changes in net assets:		
Restricted contributions and investment income	(46,631,292)	(25,401,074)
Changes in operating assets and liabilities:		
Patient accounts receivable	(2,355,399)	(10,613,945)
Inventories	(165,204)	(80,339)
Other current assets	(325,218)	(3,477,304)
Beneficial interest in trust held by others	-	-
Other long-term assets	(3,417,045)	(382,817)
Accounts payable and accrued liabilities	6,590,897	2,418,644
Accrued wages, accrued interest payable and other current liabilities	(2,275,084)	7,181,069
Due to third parties	646,301	653,812
Accrued pension liability	(1,187,573)	(1,216,708)
COVID-19 deferred grant revenue	-	(6,727,012)
Other long-term liabilities	(3,682,381)	(2,063,050)
Net cash provided by operating activities	14,005,259	6,468,012
Cash Flows From Investing Activities		
Purchase of property, plant and equipment, net	(24,377,647)	(5,149,672)
Proceeds from sale of property and equipment	-	393,600
Net (decrease) increase in investments	(17,343,901)	5,969,614
Net cash (used in) provided by investing activities	(41,721,548)	1,213,542
Cash Flows From Financing Activities		
Restricted contributions and investment income	46,631,292	25,401,074
Principal payments on bonds and notes payable	(3,266,088)	(2,201,592)
Proceeds from notes payable	-	10,000,000
Payments on Connecticut State Medicaid loan	-	(7,500,000)
Change in financing lease asset and liability	(622,294)	-
Principal payments on financing lease obligations	(2,931,882)	-
Capital lease liability	-	(277,603)
Deferred financing costs incurred	-	(102,802)
Net cash provided by financing activities	39,811,028	25,319,077
Increase in cash and cash equivalents and restricted cash and cash equivalents	12,094,739	33,000,631
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	88,844,853	55,844,222
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 100,939,592	$ 88,844,853
Supplemental Schedule of Noncash Investing and Financing Activities		
Additions to ROU assets obtained from:		
Operating	$ 140,908,941	$ -
Financing	42,413,244	-
Interest paid on bonds	485,502	283,387
Interest paid on notes	11,939	-
Total of noncash investing and financing activities	$ 183,819,626	$ 283,387
Reconciliation of Cash and Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 82,275,823	$ 70,733,723
Cash and cash equivalents included in assets whose use is limited	18,663,769	18,111,130
	$ 100,939,592	$ 88,844,853

See notes to consolidated financial statements

1. Organization and Summary of Significant Accounting Policies

CCMC Corporation (the Corporation) was incorporated on June 1, 1985 as a not-for-profit organization under the Non Stock Corporation Act of the State of Connecticut. The Corporation is organized for the purpose of benefiting, carrying out the purposes of and upholding, promoting and furthering the welfare, programs and activities of its subsidiary Connecticut Children's Medical Center (the Medical Center). The Medical Center is the sole member of Connecticut Children's Specialty Group, Inc. (CCSG), and Connecticut Children's Care Network, LLC. Connecticut Children's Medical Center Foundation, Inc. (the Foundation), and CCMC Affiliates, Inc. are wholly owned subsidiaries of the Corporation. The Corporation is also the sole member of New England Pediatrics Indemnity, Ltd. (NEPI), a freestanding entity through which the Corporation and its affiliates will insure its professional liability and potentially its general liability risk. CCMC Ventures, Inc. (presently inactive) will conduct the related for-profit activities of the Corporation, its sole shareholder.

The Medical Center was the sole member of The Children's Fund of Connecticut, Inc. (the Children's Fund). The Children's Fund was formed to further the charitable mission of the Medical Center and to improve pediatric care in the Hartford Region. In March 2021, the Children's Fund was dissolved, and approximately 70% of its investments were transferred to the Foundation, while approximately 30% of its investments were transferred to Child Health and Development Institute of Connecticut, Inc. (CHDI), a former subsidiary of the Children's Fund.

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

Regulatory Matters

The Medical Center is required to file annual operating information with the State of Connecticut Office of Health Care Access.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, such as estimated uncollectibles for patient accounts receivable, and liabilities, such as third-party settlements, professional insurance liabilities and pension and postretirement benefits liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

The Corporation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents and restricted cash and cash equivalents include cash, money market funds and certificates of deposit. Restricted cash has been restricted by the donor to a specific time frame or purpose or by debt agreements for a specific purpose.

Investments

Investments consist of fixed income securities, equity securities (including readily tradeable stocks, exchange traded funds and mutual funds), interests in common collective/commingled trusts and investments in funds of funds. All investments are measured at fair value at the consolidated balance sheets dates (see Note 17). Investment income (including unrealized and realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Investment income for the Children's Fund is reported in other revenues as these funds are used for operations. The cost of securities sold is based on the specific identification method. Investment income from funds held in trust by others is included in other income.

Short-term investments represent those securities that are available for the Corporation's operations and can be converted to cash within one year.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value.

Funds Held in Trust by Others

The Medical Center has an irrevocable right to receive income earned on certain trust assets established for its benefit. Distributions received by the Medical Center are not restricted and included in income from trusts held by others in the consolidated statements of operations and changes in net assets. The Medical Center's interest in the fair value of the trust assets is included in assets whose use is limited. Changes in the market value of the trust assets are reported as increases or decreases to net assets with donor restrictions.

Beneficial Interest in Trust Held by Others

In 2019, the Foundation became party to a trust agreement whereby the Foundation will receive the assets at the remainder of the trust agreement. The trust agreement is reported at fair value.

Patient Accounts Receivable

Patient accounts receivable are recorded at net realizable value at the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured or underinsured patients in accordance with the Corporation's policies, and/or implicit price concessions provided to uninsured or underinsured patients, and do not bear interest. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient revenue in the period of the change.

Bond Issuance Costs

Bond issuance costs incurred to obtain financing for construction and renovation programs are being amortized using the straight-line method. The difference between the straight-line method and the effective-interest method is immaterial. These costs are reported in the consolidated balance sheets as a reduction of the related debt. Amortization is reported as interest expense in the consolidated statements of operations and changes in net assets.

Property, Plant and Equipment and Software

Property, plant and equipment are recorded on the basis of cost. Software costs include the implementation costs of a project that was in process during 2022. Depreciation of assets is computed using the straight-line method using the following estimated useful lives:

	Years
Land and improvements	5 - 25
Building and improvements	15 - 40
Furniture and equipment	2 - 20

The Corporation continually evaluates whether any circumstances have occurred that indicate the remaining estimated useful lives of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Corporation uses an estimate of the related discounted operating income over the remaining life of the long-lived asset in measuring whether the long-lived asset is recoverable.

Lease Obligations and Right-of-Use Assets

The Medical Center evaluates at contract inception whether a lease exists and recognizes a lease obligation and right-of-use (ROU) asset for all leases with a term greater than 12 months. Leases are classified as either finance or operating. All lease liabilities are measured at the present value of the future lease payments using a discount rate. The future lease payments used to measure the lease liability include fixed payments, as well as the exercise price of any options to purchase the underlying asset that have been deemed reasonably certain of being exercised, if applicable. Future lease payments for optional renewal periods that are not reasonably certain of being exercised are excluded from the measurement of the lease liability. For all leases, the ROU asset is initially derived from the measurement of the lease liability and adjusted for certain items, such as initial direct costs and lease incentives received. ROU assets are subject to long-lived impairment testing.

Operating lease expense is recognized on a straight-line basis over the lease term and is included within supplies and miscellaneous in the consolidated statements of operations. The lease term is determined based on the date the Medical Center acquires control of the leased premises through the end of the lease term.

Tenant Improvement Incentive

The Medical Center recorded a tenant improvement incentive obligation liability related to the proceeds received from the landlords, which will be amortized over the lives of the leases, and is included in other long-term liabilities on the accompanying consolidated balance sheets. The net book value of the obligation was $6,043,442 and $6,624,332 for the years ended September 30, 2022 and 2021, respectively.

Pension Plan

The Medical Center has a noncontributory defined benefit pension plan in effect covering all eligible employees. The Medical Center's funding policy is to contribute amounts to the plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, or when expenditures are incurred under the terms and conditions of grants, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions to net assets without donor restrictions in the accompanying consolidated financial statements.

Net Assets

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that may be met either by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Medical Malpractice Insurance

In 2016, the Corporation created NEPI, a freestanding corporation through which the Medical Center and its affiliates will insure its professional liability and its general liability risk. The Medical Center novated outstanding and unreported claims to NEPI for the fiscal years 2013-2016 in fiscal 2017. Through NEPI, the Medical Center purchases malpractice coverage in which the primary level of coverage is $4,000,000 per claim and $12,000,000 in the aggregate. In addition, there is $50,000,000 of excess indemnity coverage spread across three different insurance companies. There are no deductibles.

Insurance Recovery Receivable and Insurance Claims Liability

The Medical Center presents anticipated insurance recoveries at net realizable value separately from estimated insurance liabilities for medical malpractice claims and similar contingent liabilities on the consolidated balance sheets. The current portion of the insurance recovery receivable and related insurance claims liability totaled $1,055,797 at September 30, 2022 and 2021, and is included within other current assets and accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Revenue Recognition

Revenue is recognized in the period services are performed and performance obligations are satisfied and consists primarily of net patient service revenues (Note 3). Net patient service revenues relate to amounts due from patients, third-party payors and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to audits, reviews and investigations.

(Deficiency) Excess of Revenues Over Expenses

The consolidated statements of operations and changes in net assets includes (deficiency) excess of revenues over expenses as the performance indicator. Changes in net assets without donor restrictions, which are excluded from (deficiency) excess of revenues over expenses include transfers to affiliated organizations, net assets released from restrictions for capital, change in the equity interest in the net assets of the Foundation and changes in the funded status of the pension and post-retirement plans. In 2022, changes in net assets without donor restrictions also includes the cumulative effect of the adoption of Accounting Standards Update (ASU) No. 2016-02, *Leases*: *(Topic 842)*.

Measure of Operations

Activities, other than in connection with providing healthcare services, are considered to be nonoperating and are included in other income. Other income consists primarily of income on invested funds, gifts and bequests, unrealized and realized gains and losses on sales of securities, net periodic pension credit, loss on early lease termination, and income from funds held in trust by others.

Advertising

The Corporation's policy is to expense advertising costs as incurred. Total advertising expense was $2,533,802 and $1,923,770 for the years ended September 30, 2022 and 2021, respectively.

Income Taxes

The Corporation and its subsidiaries, with the exception of CCMC Ventures, Inc., are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. CCMC Ventures, Inc. has no federal tax liability because it has been inactive since its incorporation.

The Corporation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management has determined that there were no material tax uncertainties that met the recognition threshold in 2022 and 2021.

New Accounting Pronouncement, Leases

On October 1, 2021, the Corporation adopted the Financial Accounting Standards Board (FASB) ASU No. 2016-02, *Leases*: *(Topic 842),* using the new transition method under ASU 2018-11, *Targeted Improvements.* ASU 2016-02 requires companies to recognize a lease liability and asset on the balance sheet for operating leases with a term greater than one year. ASU 2018-11 provided an additional transition method to adopt the new leasing standard. Under this new transition method, an entity initially applies the new leasing standard using a cumulative-effect adjustment to the opening balance of retained earnings, but will continue to report comparative periods under existing guidance in accordance with Accounting Standards Codification (ASC) 840, *Leases*.

The Corporation elected the package of practical expedients permitted under the transition guidance, which allowed the Corporation to carry forward its historical leases classification, its assessment on whether a contract is or contains a lease, and its initial direct costs for any leases that existed prior to adoption of the new standard. The Corporation also elected to combine lease and nonlease components for all real-estate contracts. The Corporation adopted the practical expedient to determine the discount rate to be used in measuring lease liability and utilized the risk-free rate provided by U.S. Treasury. The Corporation elected the short-term lease recognition exemption for all leases that qualify. Consequently, for those leases that qualify, the Corporation will not recognize right-of-use assets or lease liabilities on the balance sheet. Upon completing the implementation assessment of Topic 842, the Corporation concluded that an adjustment of $5,427,468 was required to the opening balance of net assets without donor restrictions. As a result of adopting ASC Topic 842, the Corporation recognized $140,025,500 of right-of-use assets and current liabilities of $8,850,023 and $132,276,743 of long-term liabilities related to operating leases. It also recognized $43,751,566 of right-of use assets and current liabilities of $2,352,260 and $40,029,986 of total long-term liabilities related to finance leases. See Note 15 for additional disclosures required by ASC Topic 842.

New Accounting Pronouncement, Reference Rate Reform

In March 2020, FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848).* This is an elective ASU and applies to entities that have contracts, hedging relationships and other transactions that reference LIBOR. Provisions permits optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships. The adoption of ASU No. 2020-04 during 2022 did not have a material impact on the consolidated financial statements.

New Accounting Pronouncement, Pension Plans

In August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. ASU No. 2018-14 modifies and clarifies the disclosure requirements for employers that sponsor defined benefit pension and other postretirement plans. These amendments remove disclosures that are no longer considered cost beneficial, clarify the specific requirements of disclosures and add disclosure requirements identified as relevant. The adoption of ASU No. 2018-14 during 2022 did not have a material impact on the consolidated financial statements.

Reclassifications

Certain accounts in the prior year have been reclassified for comparative purposes to conform to the presentation of the current year's financial statements.

Subsequent Events

The Corporation evaluates the impact of subsequent events, which are events that occur after the consolidated balance sheets date but before the consolidated financial statements are issued, for potential recognition or disclosure in the consolidated financial statements as of the consolidated balance sheets date. For the year ended September 30, 2022, the Corporation evaluated subsequent events through January 11, 2023, which is the date the consolidated financial statements were available to be issued. Subsequent to year end, the Medical Center entered into a construction agreement in the amount of $30,000,000 associated with the building of a new tower and construction is expected to begin in 2023.

2. Liquidity and Availability of Resources

The following table reflects the Corporation's financial assets available for general expenditures within one year of the September 30, 2022 and 2021 consolidated balance sheets date.

	2022	2021
Cash and cash equivalents	$ 82,275,823	$ 70,733,723
Patient accounts receivable	76,043,408	73,688,009
Short-term investments	124,462,652	156,734,802
Other current assets	18,448,949	18,123,731
Less professional liability insurance receivable	(1,055,797)	(1,055,797)
Less prepaid expenses	(3,444,804)	(3,774,779)
Total	$ 296,730,231	$ 314,449,689

The Medical Center maintains a $15 million line of credit, as discussed in more detail in Note 13. As of September 30, 2022, $15 million remained available on the Medical Center's line of credit.

3. Net Revenue From Services to Patients and Charity Care

Net patient service revenues are recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including commercial and governmental programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual services incurred in relation to total expected (or actual) payments. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Corporation receiving inpatient acute care services. The Corporation measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time are recognized when services are provided and the Corporation does not believe it is required to provide additional services to the patient.

Generally, because all the Corporation's performance obligations relate to contracts with a duration of less than one year, the Medical Center has elected to apply the optional exemption provided in Accounting Standard Codification (ASC) 606-10-50-14(a) and, therefore, the Corporation is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy, and /or implicit price concessions provided to uninsured patients. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. The Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year however in these cases the financing component is not deemed to be significant to the contract.

The composition of the Corporation's net patient care service revenues by payor for the years ended September 30 is as follows:

	2022	2021
Medicare	$ 1,015,405	$ 1,282,939
Medicaid	233,249,541	167,117,665
Other third-party payors	271,422,781	287,680,411
Self-pay and other	6,862,479	6,766,331
Charity care and other adjustments	(11,713,272)	(9,121,849)
Total	$ 500,836,934	$ 453,725,497

The composition of patient care service revenue based on the Corporation's lines of business for years ended September 30 is as follows:

	2022	2021
Medical Center, Inpatient	$ 222,367,347	$ 205,224,291
Medical Center, Outpatient	194,392,476	179,099,254
Physician practices (CCSG)	84,077,111	69,401,952
Total	$ 500,836,934	$ 453,725,497

Laws and regulations governing the Medicaid programs are complex and subject to interpretation. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicaid program. Changes in the Medicaid program and the reduction of funding levels could have an adverse impact on the Corporation.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. There was no impact to net patient service revenues in 2022 and 2021 due to changes in estimates of third-party reserves.

The Corporation has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the Medical Center receives per diem and fee-for-service payments for certain covered services based upon discounted fee schedules.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured or underinsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charges by any contractual adjustment, discounts and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustment to net patient service revenues in the period of the change. For the year ended September 30, 2021 the impact of changes in the estimates of discounts and contractual adjustments for performance obligations satisfied in prior years was insignificant to the consolidated financial statements.

The Corporation accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Corporation. Essentially, those policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Corporation utilizes the generally recognized poverty income levels for the State of Connecticut, but also includes certain cases where incurred charges are significant when compared to income.

The costs of charity care incurred were approximately $970,000 and $1,071,000 for the years ended September 30, 2022 and 2021, respectively. The cost of charity care is derived from both estimated and actual data. The estimated cost of charity care includes the direct and indirect cost of providing such services and is estimated utilizing the Corporation's ratio of cost to gross charges, which is then multiplied by the gross uncompensated charges associated with providing care to charity patients.

4. COVID-19

COVID-19 grant revenue consists of amounts received from federal and state funding sources related to the COVID-19 pandemic. The Corporation accounts for this funding in accordance with the FASB ASC 958-605 guidance for conditional contributions, and accordingly, revenues are recognized when conditions are substantially met, which occurs when the Corporation complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature. The Corporation measures the amounts recognized in accordance with FASB ASC 606 for variable consideration, including constraints of variable consideration, and accordingly, revenue is measured at amounts for which it is probable that there will not be a significant reversal in a future period.

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund (PRF) to provide financial support for hospitals and other healthcare providers. The Medical Center received $5,962,220 in 2022 and $6,536,715 in 2021 related to this funding.

In accordance with the terms and conditions in place at September 30, 2022 and 2021, the Medical Center can apply the funding against eligible expenses and lost revenues, the Medical Center's methodology for calculating lost revenues was a hybrid method of the difference between 2019 and 2020/2021 actual net patient care revenues and the difference between 2020 budget and 2020/2021 actual net patient care revenues.

The Medical Center has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the PRF that were applicable as of September 30, 2022 and 2021 of $5,962,220 and $6,713,178, respectively, which were recognized and included in COVID-19 grant revenue in the accompanying statements of operations and changes in net assets.

The CARES Act also established the Coronavirus Relief Fund (CRF) which the Department of the Treasury funded to states and local governments to cover COVID-19 related expenses incurred during the public health emergency. The Medical Center had eligible expenses in accordance with the terms and conditions of the CRF that were applicable as of September 30, 2021 of $6,727,012 which were recognized and included in COVID-19 grant revenue in the accompanying consolidated statements of operations and changes in net assets. No funding was recognized as of September 30, 2022.

Noncompliance with the terms and conditions of the PRF and CRF could result in repayment of some or all of the support, which can be subject to government review and interpretation. The Department of Treasury and the Department of Health and Human Services have indicated payments are subject to future reporting and audit requirements. These matters could cause reversal or claw-back of amounts previously recognized; however, an estimate of the possible effects cannot be made as of the date these consolidated financial statements were issued. In addition, it is unknown whether there will be further developments in the regulatory guidance.

Deferred Payroll Taxes - Section 2302 of the CARES Act allows the Medical Center to delay the payment of the employer portion of Social Security taxes that would be otherwise due from March 27, 2020, the date that the Act was signed into law, through December 31, 2021, without penalty or interest charges. The Medical Center will be required to pay the liability resulting from this deferral back in two 50% increments due on December 31, 2021 and 2022, respectively. As of September 30, 2022 and 2021, the Medical Center recorded $4,045,329 and $4,071,762, respectively, in accrued wages related to Section 2302 of the CARES Act. In 2021, the Medical Center recorded $4,071,762 in other long-term liabilities related to Section 2302 of the CARES Act.

5. Pledges Receivable

Pledges receivable, reported within other current assets and other assets in the consolidated balance sheets, include the following unconditional promises to give at September 30:

	2022	2021
Due within one year	$ 5,314,265	$ 3,484,027
Due in one to five years	7,275,240	2,957,506
Less discount and provision for bad debts	(1,639,461)	(738,772)
Net pledges receivable	$ 10,950,044	$ 5,702,761

The discount rate used for pledges was approximately 5%. The discount recognizes the estimated uncollectible portion of the pledges receivable and the discount of pledges receivable to net present value.

6. Concentrations of Credit Risk

The Corporation's financial instruments that are exposed to concentrations of credit risk primarily consist of cash and cash equivalents, short-term investments and patient accounts receivable.

The Corporation's cash and cash equivalents are placed with high credit quality financial institutions. The Corporation's investment policy limits its exposure to concentrations of credit risk. In the normal course of business, the Corporation maintains cash balances in excess of the Federal Deposit Insurance Corporation's (FDIC) insurance limit. Cash balances exceeded FDIC limits during the years ended September 30, 2022 and 2021.

The Corporation provides health care services and grants credit without collateral to its patients, most of whom are Connecticut residents and are insured under third-party payor agreements. An estimated allowance for doubtful accounts as well as contractual allowances is maintained at levels considered adequate to reduce the account balances to net realizable value.

The mix of receivables from patients and third-party payors at September 30 was as follows:

	2022	2021
Medicaid	28 %	26 %
Medicaid managed care	3	4
Commercial/managed care, contracted	49	51
Commercial/managed, noncontracted	5	8
Patients and other	15	11
	100 %	100 %

7. Investments

The composition of investments as of September 30, stated at fair value, is set forth in the following table:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Money market mutual funds	$ 18,685,404	$ 18,685,404	$ 18,126,542	$ 18,126,542
Equity mutual funds	94,061,374	98,222,724	81,370,907	118,116,666
Fixed income securities	14,445,669	11,848,647	7,756,050	7,414,076
Fixed income mutual funds	53,321,076	46,400,150	51,834,531	53,005,722
Investments measured at net asset value	5,080,082	4,786,316	9,897,908	10,584,831
Alternative mutual funds	22,343	25,036	30,500	37,897
Other	33,504	29,577	-	-
Total	$ 185,649,452	$ 179,997,854	$ 169,016,438	$ 207,285,734

Investment return, net for the years ended September 30 consists of the following:

	2022	2021
Interest and dividend income	$ 9,781,183	$ 4,428,482
Realized (loss) gain	(2,374,917)	7,338,983
Trust income	4,355,907	3,835,599
Investment fees and other	-	(83,222)
	11,762,173	15,519,842
Unrealized (loss) gains on investments	(42,809,503)	23,891,169
Total	$ (31,047,330)	$ 39,411,011

8. Net Assets

Endowments, Donor Restricted

The endowments consist of individual donor restricted funds established for a variety of purposes which are held and controlled by the Foundation. As required by GAAP, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions. At September 30, 2022 and 2021, the Corporation had $29,376,232 and $27,981,046, respectively, in endowments held at the Foundation which are recorded by the Corporation through its interest in the Foundation.

Interpretation of Relevant Law

The Corporation's Board and senior management have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are temporary until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard for expenditure prescribed by UPMIFA.

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the organization and the donor restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the organization

(7) The investment policies of the organization.

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Corporation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no deficiencies at September 30, 2022 and 2021.

Return Objectives and Risk Parameters

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Corporation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results that equal or exceed relevant benchmarks. The Corporation expects its endowment funds, over time, to provide an average rate of return of at least 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Corporation targets a diversified asset allocation strategy that places a greater emphasis on equity-based investments to achieve its long-term return objectives within the guidelines of its investment policy and prudent risk constraints.

Endowment Net Asset Composition by Type of Fund

Changes in donor restricted endowment net assets for the years ended September 30 consisted of the following:

	2022	2021
Endowment net assets, beginning	$ 27,981,046	$ 26,768,462
Contributions	1,113,813	792,402
Investment return	1,601,885	552,389
Net (depreciation) appreciation (realized and unrealized)	(436,905)	289,261
Appropriation of endowment assets for expenditure	(883,607)	(421,468)
Endowment net assets, ending	$ 29,376,232	$ 27,981,046

Income from endowment funds is considered restricted until it meets the original donor's time or purpose restriction of the donation. These funds are commingled with other restricted contributions for the same purposes (see tables below for discussion of the purpose of restrictions) and invested until such time that the funds are utilized. The Foundation's spending policy, which applies to the Corporation, is that any expenditure associated with the endowment is appropriated based on the donor's intention.

Net assets with donor restrictions at September 30 are restricted as follows:

	2022	2021
Healthcare and children's services	54 %	57 %
Other healthcare services	40	39
Purchases of equipment	1	1
Education	5	3
	100 %	100 %

9. Pension Plan and Defined Contribution Plan

Effective January 1, 1993, the State of Connecticut mandated that individuals hired by the Medical Center were no longer eligible to participate in the State of Connecticut pension plan (State Plan). Employees who were participants in the State Plan as of December 31, 1992, can remain participants in the State Plan so long as they continue to remain employed by the Medical Center.

Effective January 1, 1994, the Medical Center adopted a defined benefit pension plan covering substantially all of its employees. Benefits for employees who are participants in the State Plan are reduced to reflect vested benefits provided under the State Plan.

Effective January 1, 1999, the Medical Center converted its pension plan to a Cash Balance Retirement Plan (the Plan). Plan benefits are based on years of service and the employee's compensation. Contributions to the Plan are intended to provide for benefits attributed to services rendered to date and benefits expected to be earned in the future. Future benefits are earned and credited by participants based on a percentage of compensation. The percentage of pay is based on years of vesting service and age at the end of each plan year. Plan participants earn a return based on an interest rate established annually at the beginning of the plan year. Plan participants vest in their benefits after three years of service.

On February 26, 2009, the Board of Directors of the Medical Center adopted a resolution to freeze the Plan effective May 1, 2009.

Included in net assets without donor restrictions at September 30, 2022 and 2021 are unrecognized actuarial losses of $21,439,376 and $16,681,658, respectively. The actuarial loss included in net assets without donor restrictions and expected to be recognized in net periodic pension cost during the year ending September 30, 2023 is $2,138,009.

The following table presents a reconciliation of the beginning and ending balances of the Plan's projected benefit obligation and the fair value of Plan assets, as well as the funded status of the Plan and accrued pension liability included in the consolidated balance sheets at ended September 30:

	2022	2021
Change in benefit obligation:		
Benefit obligation, beginning	$ 102,350,176	$ 105,095,721
Interest cost	1,987,637	1,784,848
Actuarial gain, including the effects of any assumption changes	(18,362,513)	(1,068,601)
Benefits paid	(3,283,282)	(3,461,792)
Benefit obligation, ending	82,692,018	102,350,176
Change in Plan assets:		
Fair value of Plan assets, beginning	98,638,739	84,629,249
Actual return on Plan assets	(18,994,585)	17,471,282
Benefits paid	(3,283,282)	(3,461,792)
Fair value of Plan assets, ending	76,360,872	98,638,739
Funded status of the Plan	$ (6,331,146)	$ (3,711,437)

The weighted-average assumptions used to develop the projected benefit obligation as of September 30 are as follows:

	2022	2021
Discount rate	5.35 %	2.68 %
Cash balance interest credit	5.50	5.50
Rate of compensation	N/A	N/A

Net periodic pension credit for the years ended September 30 consist of the following:

	2022	2021
Interest cost	$ 1,987,637	$ 1,784,848
Expected return on Plan assets	(5,724,147)	(5,416,617)
Net amortization:		
Net actuarial loss	1,598,501	2,175,069
Net periodic pension credit	$ (2,138,009)	$ (1,456,700)

The weighted-average assumptions used to determine net periodic pension credit as of September 30 are as follows:

	2022	2021
Discount rate	2.68 %	2.49 %
Cash balance interest credit	5.50	5.50
Rate of compensation	N/A	N/A

The expected long-term rate of return on Plan assets was developed through analysis of historical market returns, current market conditions and the Plan's past experience. Estimates of future market returns by asset category are lower than actual long-term historical returns in order to reflect current market conditions.

The accumulated benefit obligation at September 30, 2022 and 2021 was $82,692,018 and $102,350,176, respectively. The actuarial gain of $18,362,513, which decreased the accumulated benefit obligation at September 30, 2022 is due to an increase in the discount rate from 2.68% to 5.35%.

The Medical Center does not expect to contribute to its pension plan in fiscal 2023.

The Medical Center expects to pay the following benefit payments, which reflect expected future service as appropriate:

Fiscal year:	
2023	$ 9,706,000
2024	5,871,000
2025	6,038,000
2026	6,168,000
2027	6,494,000
Years 2028 - 2032	28,944,000

Plan Assets

The Plan assets are managed by outside investment managers. The investment strategy with respect to pension assets is to maximize return while protecting principal. The investment manager has the flexibility to adjust the asset allocation and move funds to the asset class that offers the most opportunity. The investment objective for Plan assets over a full market cycle time period is to generate a return in excess of the passive portfolio benchmark for each asset class.

The asset allocations for the Plan at September 30, by asset category, are as follows:

	Percentage of Plan Assets at Year-End	
	2022	**2021**
Asset category:		
Domestic equities	40 %	42 %
International equities	25	28
Debt securities	31	30
Other	4	-
Total	100 %	100 %

The fair values of the Plan assets at September 30, 2022, by asset category, are as follows (See Note 17 for a description of the fair value hierarchy):

	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Fixed income securities:				
U.S. government bonds	$ -	$ 2,595,094	$ -	$ 2,595,094
Municipal bonds	-	281,434	-	281,434
Corporate bonds	-	3,076,530	-	3,076,530
Foreign bonds	-	295,494	-	295,494
Fixed income mutual funds	10,544,718	-	-	10,544,718
Equity mutual funds	49,501,437	-	-	49,501,437
Total assets in the fair value hierarchy	$ 60,046,155	$ 6,248,552	$ -	66,294,707
Money market mutual funds				404,115
Investments measured at net asset value (a)				9,662,050
				$ 76,360,872

The fair values of the Plan assets at September 30, 2021, by asset category, are as follows (See Note 17 for a description of the fair value hierarchy):

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income securities:				
U.S. government bonds	$ -	$ 3,264,041	$ -	$ 3,264,041
Municipal bonds	-	390,348	-	390,348
Corporate bonds	-	4,305,861	-	4,305,861
Foreign bonds	-	401,063	-	401,063
Fixed income mutual funds	10,786,668	-	-	10,786,668
Equity mutual funds	68,561,114	-	-	68,561,114
Total assets in the fair value hierarchy	$ 79,347,782	$ 8,361,313	$ -	87,709,095
Money market mutual funds				290,951
Investments measured at net asset value (a)				10,638,693
				$ 98,638,739

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value (NAV) per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the ending Plan assets disclosed.

Investments measured at NAV are subject to various management, incentive and other fees based on NAV, classes, capital account balances and/or capital commitments. Investments may also be subject to lock up periods.

Investments Measured Using NAV per Share Practical Expedient

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2022 and 2021, respectively.

	September 30, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited liability companies:				
Intermediate bond	$ 7,020,956	$ -	Monthly	Upon written notice
Multi-asset balanced				
Mutual fund	2,641,094	-	Daily	Upon written notice

	September 30, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited liability companies:				
Intermediate bond	$ 7,444,094	$ -	Monthly	Upon written notice
Institutional loan	3,194,599	-	Daily	Upon written notice

Defined Contribution Plan

The Medical Center also has a defined contribution plan. The Connecticut Children's Retirement Savings Plan, (the Savings Plan) covers all eligible employees as defined by the plan document. Eligible employees may contribute up to 100% of their pretax annual compensation, as defined by the plan document, up to the Internal Revenue Service limits. The Medical Center amended the Savings Plan as of January 1, 2017 to change the annual employer contribution to 1% of compensation until the participant has completed four full years of employment and 2% for participants who have more than four calendar years of employment. In addition, the Savings Plan was amended effective January 1, 2018 to change the safe harbor matching contributions to equal 100% of the first 4% of compensation deferred by the participant. The Medical Center expensed contributions to the Savings Plan for the years ended September 30, 2022 and 2021 of $3,753,819 and $3,508,886, respectively.

10. Post-Retirement Benefit Plan

The Medical Center sponsors the Connecticut Children's Medical Center Postretirement Welfare Plan (the PRW Plan), an unfunded plan which provides post-retirement medical benefits to retired employees who meet the specific criteria identified in the PRW Plan document. The Medical Center's contribution towards the cost of medical coverage varies by years of pension credited service at retirement, ranging from 25% for employees with ten years of credited service to 100% for those employees with 25 plus years of credited service. The Medical Center's maximum fixed dollar commitment is $5,000 per year per retiree.

Included in net assets without donor restrictions at September 30, 2022 and 2021 are $5,159,453 and $4,208,717, respectively, of net unrecognized actuarial gains that have not yet been recognized in net periodic benefit cost. There is $470,249 of actuarial gain included in net assets without donor restrictions that is expected to be recognized in net periodic pension cost during the year ended September 30, 2022.

The following table presents a reconciliation of the beginning and ending balances of the PRW Plan's projected benefit obligation and the fair value of PRW plan assets, as well as the funded status of the PRW plan and accrued post-retirement obligation included in other long-term liabilities in the consolidated balance sheets as of September 30:

	2022	2021
Change in benefit obligation:		
Benefit obligation, beginning	$ 4,279,187	$ 4,853,231
Service cost	89,638	111,124
Interest cost	92,263	89,743
Contributions	187,981	216,328
Actuarial (gains), including the effects of any assumption changes	(1,420,985)	(660,693)
Benefits paid	(296,767)	(330,546)
Benefit obligation, ending	2,931,317	4,279,187
Change in PRW Plan assets:		
Fair value of PRW Plan assets, beginning	-	-
Contributions	296,767	330,546
Benefits paid	(296,767)	(330,546)
Fair value of PRW Plan assets, ending	-	-
Accrued post-retirement obligation included in other long-term liabilities	$ 2,931,317	$ 4,279,187

The weighted-average assumptions used to develop the post-retirement benefit obligation as of September 30 are as follows:

	2022	2021
Discount rate	2.73 %	2.73 %
Healthcare cost trend rate:		
Current year	6.50	6.50
Ultimate	4.50	4.50
Year ultimate reached	2029	2028

Net periodic pension credit for the years September 30 consist of the following:

	2022	2021
Service cost	$ 89,638	$ 111,124
Interest cost	92,263	89,743
Net amortization, net actuarial gain	(470,249)	(420,701)
Net periodic pension credit	$ (288,348)	$ (219,834)

The weighted-average assumptions used to determine net periodic benefit costs are as follows for September 30:

	2022	2021
Discount rate	5.36 %	2.49 %
Healthcare cost trend rate:		
Current year	6.50	6.50
Ultimate	4.50	4.50
Year ultimate reached	2029	2028

The Medical Center does not expect to contribute to its post-retirement benefit plan in fiscal 2023.

The Medical Center expects to pay the following benefit payments, which reflect expected future service as appropriate:

Fiscal year:	
2023	$ 151,000
2024	176,000
2025	188,000
2026	200,000
2027	213,000
Years 2028 - 2031	1,189,000

11. Bonds Payable

A summary of long-term debt is as follows:

	2022	2021
Medical Center revenue bonds financed with the State of Connecticut Health and Educational Facilities Authority (CHEFA) Series D	$ 25,040,000	$ 26,955,000
Less current portion	2,010,000	1,915,000
Less unamortized bond costs	428,762	473,482
	$ 22,601,238	$ 24,566,518

In June 2011, the Medical Center along with the Foundation (collectively, the Obligated Group) refinanced their existing CHEFA hospital revenue bonds with variable rate revenue bonds (the Series D Bonds) with a principal amount of $41,580,000. The "Series D Bonds" were issued at par and directly placed with one investor. The investor has committed to holding the bonds for a ten year period, at the end of which, the investor may put the bonds back to the Obligated Group or extend their holding period at their discretion. The bonds mature in varying amounts through 2032, with a fixed interest rate of 1.786%.

The agreements and related documents provide, among other things, that the Series D Bonds and any additional bonds will be payable from payments to be made by the Obligated Group and that it will be obligated to make such payments so long as the Series D Bonds and any additional bonds are outstanding. The Series D Bonds are collateralized by an interest in revenues of the Medical Center and a mortgage on the facilities, ground lease, easements and other certain leases that comprise the overall hospital premises owned by the Medical Center.

Pursuant to the mortgage agreement and related documents, the Obligated Group is required to meet certain covenants, including a day's cash on hand, debt to capitalization and a debt service coverage ratio requirement.

Principal payments for the next five years under the CHEFA obligations are as follows:

2023	$ 2,010,000
2024	2,100,000
2025	2,205,000
2026	2,315,000
2027	2,425,000
Aggregate thereafter	13,985,000
	$ 25,040,000

12. Notes Payable

Notes payable at September 30 consists of the following:

	2022	2021
Notes payable to a bank in monthly installments of $126,268 through June 2028 at 1.68% interest. Secured by certain equipment.	$ 8,311,635	$ 9,662,724
Less current portion	1,378,693	1,363,348
Less unamortized debt costs	33,524	39,440
Total	$ 6,899,418	$ 8,259,936

Principal payments for the next five years are as follows:

2023	$ 1,378,693
2024	1,409,902
2025	1,433,772
2026	1,458,045
2027	1,482,730
Aggregate thereafter	1,148,493
	$ 8,311,635

13. Line of Credit

The Medical Center has a line of credit agreement with Bank of America, N.A. for $15,000,000. Amounts advanced under this line of credit are due on demand and interest is charged at the BSBY rate plus 80 basis points (3.90%). There is an undrawn fee on the line of credit of .25% per annum. The line of credit was allowed to expire on March 25, 2022; however, the line of credit was renewed and reinstated as of March 25, 2022 and expires on March 25, 2024. There were no borrowings at September 30, 2022.

14. Contingencies

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Corporation, if any, are not presently determinable.

There have been malpractice claims that fall within the Corporation's malpractice insurance which have been asserted against the Corporation. In addition, there are known incidents that have occurred through September 30, 2022 that may result in the assertion of claims.

The Corporation is a party to various lawsuits incidental to its business. Management believes that the lawsuits will not have a material adverse effect on the Corporation's consolidated financial position.

The Corporation records as a liability the estimate for claims-made malpractice liabilities and the estimate for incurred but not reported claims.

The estimate for incurred but not reported claims reported on the Medical Center, undiscounted, totaled approximately $3 million at September 30, 2022 and 2021, respectively, and are reported as other liabilities in the consolidated balance sheets.

The Medical Center has recorded related insurance liabilities and recoveries receivable in consideration for the expected insurance recoveries for the novated years 2014 through 2016 as follows:

	2022	2021
Other current assets	$ 1,055,797	$ 1,055,797

The Corporation records as a liability an estimate of workers' compensation claims. Such liability, undiscounted, totaled approximately $689,000 and $1,093,000 at September 30, 2022 and 2021, respectively. The short-term liability is recorded in accounts payable and accrued expenses and the remainder in other long-term liabilities in the consolidated balance sheets. Effective October 1, 2019, workers' compensation policies are issued through NEPI.

15. Right-of-Use Assets and Lease Liabilities

The Medical Center enters into finance and operating leases for equipment, medical space and office space with initial terms up to 15 years. The Medical Center also has a land lease with an initial term of 99 years. As of October 1, 2021 the Medical Center adopted the provisions of ASC 842.

Lessee

The Medical Center determines if a contract is a lease at inception. Certain leases include options to extend the leases and some include options to terminate the lease early. Leases with an initial term of 12 months or less are not recorded on the balance sheet and the related leases expense is recognized on a straight-line basis over the lease term.

The right-of-use asset represents the right to use an underlying asset for the lease term and the lease liabilities represent the Medical Center's obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized as of the commencement date based on the present value of the lease payments over the lease term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Medical Center will exercise the application option.

The Medical Center's lease payments consist both of fixed and variable lease payments. Residual value guarantees are not common within the Medical Center's lease agreements nor are restrictions or covenant imposed by leases. The Medical Center has elected the practical expedient to combine lease and nonlease components for real estate contracts. The Medical Center adopted the practical expedient to determine the discount rate to be used in measuring lease liability and utilized the risk-free rate provided by the U.S. Treasury.

While all of the agreements provide for minimum lease payments, some include payments adjusted for inflation or for variable payments based on a percentage of sales over contractual levels. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the balance sheets which include amounts for leases as of September 30, 2022:

Assets			
Operating right-of-use asset	$	140,025,500	Operating lease, right-of-use assets
Financed leases assets (1)		43,751,566	Finance lease, right-of-use assets
Total leased assets	$	183,777,066	
Liabilities			
Current:			
Operating	$	8,850,023	Current portion of operating lease liability
Finance		2,352,260	Current portion of finance lease liability
Noncurrent:			
Operating		132,276,743	Operating lease liability, less current portion
Finance		40,029,986	Finance lease liability, less current portion
Total lease liabilities	$	183,509,012	

(1) Finance leases are net of accumulated depreciation of $2,962,220, for September 30, 2022.

The components of operating lease expenses that are included in the consolidated statements of operations and changes in net assets for the year ended September 30, 2022, were as follows:

Lease Cost			
Short-term lease cost	$	2,105,379	Supplies and miscellaneous
Variable lease cost		1,608,519	Supplies and miscellaneous
Operating lease costs		10,529,268	Supplies and miscellaneous
Finance lease cost:			
Amortization of right-of-use assets		2,963,966	Depreciation and amortization
Interest of lease liabilities		779,110	Interest
Net lease cost	$	17,986,242	

The following summarizes the cash flow information related to operating and finance leases for the year ended September 30, 2022:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	10,778,885
Operating cash flows from finance leases		779,110
Financing cash flows from finance leases		2,931,882
Noncash investing and financing activities:		
Additions to ROU assets obtained from:		
Operating	$	140,908,941
Finance		42,413,244

Weighted average lease term and discount rate as of September 30, 2022 were as follows:

Weighted-average remaining lease terms (years):	
Operating leases	23.5
Finance leases	14.8
Weighted-average discount rate:	
Operating leases	1.8 %
Finance leases	1.9 %

The maturities of lease liabilities are shown below as of September 30, 2022:

	Operating	Finance	Total
2023	$ 11,057,857	$ 3,090,780	$ 14,148,637
2024	10,831,331	3,154,033	13,985,364
2025	10,638,576	3,192,050	13,830,626
2026	10,773,068	3,255,303	14,028,371
2027	10,779,581	3,031,617	13,811,198
Thereafter	123,314,368	33,026,404	156,340,772
Net minimum lease payments	177,394,781	48,750,187	226,144,968
Less interest	(36,268,015)	(6,367,941)	(42,635,956)
Present value of lease liabilities	$ 141,126,766	$ 42,382,246	$ 183,509,012

Lessor

The Medical Center has various sub-lease agreements for medical space under which we are the lessor. These leases meet the criteria for operating lease classification. Lease income associated with these leases is not material.

16. Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Corporation. All of the program and supporting functions are directly allocated based on department.

	2022			
	Fundraising	Healthcare Services	Management and General	Total
Salaries and wages	$ 2,420,775	$ 216,038,793	$ 70,206,647	$ 288,666,215
Benefits	435,740	20,004,653	38,452,075	58,892,468
Professional fees and purchased services	575,914	61,656,310	17,650,592	79,882,816
Supplies and miscellaneous	669,539	87,690,970	32,356,480	120,716,989
Food	6,219	1,518,810	74,108	1,599,137
Utilities	-	642,851	2,830,687	3,473,538
Depreciation and amortization	3,663	15,653,490	-	15,657,153
Interest	-	-	1,428,739	1,428,739
Total	$ 4,111,850	$ 403,205,877	$ 162,999,328	$ 570,317,055

	2021			
	Fundraising	Healthcare Services	Management and General	Total
Salaries and wages	$ 2,342,318	$ 193,802,277	$ 59,145,954	$ 255,290,549
Benefits	421,617	18,388,726	36,418,829	55,229,172
Professional fees and purchased services	277,374	58,610,838	16,273,966	75,162,178
Supplies and miscellaneous	590,398	65,588,458	29,949,545	96,128,401
Food	11,143	1,274,267	40,433	1,325,843
Utilities	-	1,875,350	2,685,845	4,561,195
Depreciation and amortization	-	15,611,949	21,756	15,633,705
Interest	-	-	1,737,213	1,737,213
Total	$ 3,642,850	$ 355,151,865	$ 146,273,541	$ 505,068,256

17. Fair Value of Financial Instruments

The Corporation calculates fair value of its financial assets and liabilities, when applicable, based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are applied based on a unit of account from the Corporation's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated). In order to increase consistency and comparability in fair value measurements, the Corporation utilizes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3 - Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The Corporation's financial assets and liabilities carried at fair value as of September 30, 2022 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets:				
Equity mutual funds:				
Domestic growth (a)	$ 97,798,221	$ -	$ -	$ 97,798,221
Domestic value (a)	-	333,799	-	333,799
International (a)	90,704	-	-	90,704
Fixed income securities:				
U.S. treasuries (b)	-	4,756,198	-	4,756,198
Corporate bonds (b)	-	4,596,967	-	4,596,967
Other (b)	-	2,495,482	-	2,495,482
Fixed income mutual funds:				
Domestic (a)	46,400,150	-	-	46,400,150
Other	29,577	-	-	29,577
Alternative mutual funds	25,036	-	-	25,036
Funds held in trust by others	-	-	82,557,226	82,557,226
Total assets in fair value hierarchy	$ 144,343,688	$ 12,182,446	$ 82,557,226	239,083,360
Money market mutual funds				18,685,404
Investments measured at net asset value (c)				4,786,316
Total assets				$ 262,555,080

The Corporation's financial assets and liabilities carried at fair value as of September 30, 2021 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets:				
Equity mutual funds:				
Domestic growth (a)	$ 117,794,324	$ -	$ -	$ 117,794,324
Domestic value (a)	-	209,052	-	209,052
International (a)	113,290	-	-	113,290
Fixed income securities:				
U.S. treasuries (b)	-	2,975,998	-	2,975,998
Corporate bonds (b)	-	2,876,538	-	2,876,538
Other (b)	-	1,561,540	-	1,561,540
Fixed income mutual funds:				
Domestic (a)	53,005,722	-	-	53,005,722
Alternative mutual funds	37,897	-	-	37,897
Funds held in trust by others	-	-	109,404,610	109,404,610
Total assets in fair value hierarchy	$ 170,951,233	$ 7,623,128	$ 109,404,610	287,978,971
Money market mutual funds				18,126,542
Investments measured at net asset value (c)				10,584,831
Total assets				$ 316,690,344

Includes investments in domestic and international equity mutual funds and exchange traded funds. Investments are broken out into the underlying funds' asset type and investment goals.

(a) Includes investments with a diverse portfolio of short-term high quality bonds, actively managed across the mortgage-backed security, U.S. Treasury, corporate and international fixed income sectors.

(b) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investments held by the Corporation. Investments measured at NAV are subject to various management, incentive and other fees based on NAV, classes, capital account balances and/or capital commitments. Investments may also be subject to lock up periods.

The following is a description of the Corporation's valuation methodologies for assets measured at fair value. The fair value methodologies are not necessarily indications of liquidity, but are description of the measures used to arrive at fair value pricing. Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based upon quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers and brokers. Fair value for Level 3 investments are based on the value of the Corporation's interest in the trust's assets. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Investments in the accompanying consolidated balance sheets include $4,786,316 and $10,584,831 of alternative investments funds (the Funds) at September 30, 2022 and 2021, respectively. The Funds are measured using the NAV per share practical expedient. The Corporation's alternative investments funds are generally structured such that the Corporation holds a limited partnership interest or an interest in an investment management company. The Corporation's ownership structure does not provide for control over the related investees, and the Corporation's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment. The Corporation may be exposed indirectly to securities lending, short sales of securities and trading in futures and forward contracts, options and other derivative products. The Corporation has no plans to sell the Funds or a portion of the amounts currently owned. Financial information used by the Corporation to evaluate the Funds is provided by the investment manager or general partner, and includes fair value valuations of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment. The financial statements of the Funds are audited annually by independent auditors, although the timing of reporting the results of the audits does not coincide with the Corporation's annual financial statement reporting. There is uncertainty in the accounting for the Funds arising from factors such as a lack of active markets, lack of transparency in underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates of fair value will change in the near term.

The following table summarizes investments measured at fair value based on NAV per share, the fund's objectives and redemption restrictions as of September 30, 2022 and 2021, respectively.

	2022	2021
Floating rate loan funds:		
Eaton Vance Management Ltd. (1)	$ -	$ 6,382,530
Common trust funds:		
State Street Global Advisors, World Equity Index Fund (2)	4,786,316	4,202,301
Total alternative investment funds	$ 4,786,316	$ 10,584,831

(1) This fund's investment objective is to provide as high a level of current income as is consistent with the preservation of capital, by investing in a portfolio primarily of senior floating-rate loans. Depending on the amount, the Corporation can redeem their investment in this fund no later than 90 days upon written notice. The fund was sold in 2022.

(2) The objective of the State Street Global Advisors, World Equity Index Fund is to track the performance of global developed equity markets, specifically the MSCI World ex UNGC and CW Index, while seeking to minimize as far as possible the tracking difference between the fund's performance and that of the Index. The Corporation can redeem from the fund monthly with two days' notice.

CCMC Corporation and Subsidiaries

Consolidating Balance Sheet
September 30, 2022

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Assets								
Current Assets								
Cash and cash equivalents	$ 55,197,629	$ 24,986,315	$ -	$ 63,950	$ -	$ 2,027,929	$ -	$ 82,275,823
Short-term investments	-	124,462,652	-	-	-	-	-	124,462,652
Patient accounts receivable, net	76,043,408	-	-	-	-	-	-	76,043,408
Due from affiliated entities	2,492,473	247,830	4,912	634,970	-	533,314	(3,913,499)	-
Inventories	7,084,033	-	-	-	-	-	-	7,084,033
Other current assets	12,956,938	5,347,659	-	-	-	144,352	-	18,448,949
Total current assets	153,774,481	155,044,456	4,912	698,920	-	2,705,595	(3,913,499)	308,314,865
Assets Whose Use is Limited								
Investments	609,805	29,376,232	-	-	-	16,968,761	-	46,954,798
Restricted for capital	8,580,404	-	-	-	-	-	-	8,580,404
Funds held in trust by others	82,557,226	-	-	-	-	-	-	82,557,226
Beneficial interest in trust held by other	-	1,950,000	-	-	-	-	-	1,950,000
Interest in net assets of Connecticut Children's Medical Center Foundation, Inc.	192,571,259	-	-	-	-	-	(192,571,259)	-
Total assets whose use is limited	284,318,694	31,326,232	-	-	-	16,968,761	(192,571,259)	140,042,428
Property, Plant and Equipment								
Buildings	178,557,003	-	-	-	-	-	-	178,557,003
Furniture, equipment and software	174,862,764	839,962	-	-	-	-	-	175,702,726
Construction in progress	15,833,562	-	-	-	-	-	-	15,833,562
	369,253,329	839,962	-	-	-	-	-	370,093,291
Less accumulated depreciation	(252,203,599)	-	-	-	-	-	-	(252,203,599)
Total property, plant and equipment	117,049,730	839,962	-	-	-	-	-	117,889,692
Other Assets								
Operating lease, Right-of-Use Assets	140,025,500	-	-	-	-	-	-	140,025,500
Financing lease, Right-of-Use Assets	43,751,566	-	-	-	-	-	-	43,751,566
Pledges receivable, long-term	-	5,635,779	-	-	-	-	-	5,635,779
Other	286,668	-	-	881,000	-	-	(881,000)	286,668
Total other assets	184,063,734	5,635,779	-	881,000	-	-	(881,000)	189,699,513
Total assets	$ 739,206,639	$ 192,846,429	$ 4,912	$ 1,579,920	$ -	$ 19,674,356	$ (197,365,758)	$ 755,946,498

CCMC Corporation and Subsidiaries

Consolidating Balance Sheet
September 30, 2022

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Liabilities and Net Assets (Deficiency)								
Current Liabilities								
Current portion of bonds payable	$ 2,010,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,010,000
Current portion of notes payable	1,378,693	-	-	-	-	-	-	1,378,693
Current portion of operating lease liability	8,850,023	-	-	-	-	-	-	8,850,023
Current portion of financing lease liability	2,352,260	-	-	-	-	-	-	2,352,260
Accounts payable and accrued expenses	37,363,411	8,897	-	-	-	241,212	-	37,613,520
Accrued wages	30,211,340	255,460	-	-	-	-	-	30,466,800
Due to affiliated entities	882,299	4,912	36,888	1,241,709	27,324	1,720,367	(3,913,499)	-
Total current liabilities	83,048,026	269,269	36,888	1,241,709	27,324	1,961,579	(3,913,499)	82,671,296
Bonds Payable, Less Current Portion	22,601,238	-	-	-	-	-	-	22,601,238
Notes Payable, Less Current Portion	6,899,418	-	-	-	-	-	-	6,899,418
Operating Lease Liability, Less Current Portion	132,276,743	-	-	-	-	-	-	132,276,743
Finance Lease Liability, Less Current Portion	40,029,986	-	-	-	-	-	-	40,029,986
Accrued Pension Liability	6,331,146	-	-	-	-	-	-	6,331,146
Due to Third Parties	6,721,100	-	-	-	-	-	-	6,721,100
Other Long-Term Liabilities	12,876,699	5,901	-	-	-	15,002,156	-	27,884,756
Total liabilities	310,784,356	275,170	36,888	1,241,709	27,324	16,963,735	(3,913,499)	325,415,683
Net Assets (Deficiency)								
Without donor restricted	272,612,084	150,648,532	(103,224)	338,211	(27,324)	2,710,621	(151,529,532)	274,649,368
With donor restricted	155,810,199	41,922,727	71,248	-	-	-	(41,922,727)	155,881,447
Total net assets (deficiency)	428,422,283	192,571,259	(31,976)	338,211	(27,324)	2,710,621	(193,452,259)	430,530,815
Total liabilities and net assets (deficiency)	$ 739,206,639	$ 192,846,429	$ 4,912	$ 1,579,920	$ -	$ 19,674,356	$ (197,365,758)	$ 755,946,498

CCMC Corporation and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets
Year Ended September 30, 2022

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Revenues								
Net patient service revenues	$ 500,836,934	$ -	$ -	$ -	$ -	$ -	$ -	$ 500,836,934
COVID-19 grant revenue	5,962,220	-	-	-	-	-	-	5,962,220
Other revenues	41,287,716	(50,452)	-	-	-	4,761,030	(4,761,030)	41,237,264
Contributions and donations, net	-	7,411,516	-	-	-	-	-	7,411,516
Net assets released from restrictions for operations	36,164,983	-	-	-	-	-	-	36,164,983
Total revenues	584,251,853	7,361,064	-	-	-	4,761,030	(4,761,030)	591,612,917
Expenses								
Salaries and wages	285,530,106	3,055,530	-	80,579	-	-	-	288,666,215
Benefits	58,241,165	610,449	-	40,854	-	-	-	58,892,468
Supplies and miscellaneous	205,216,262	1,411,455	-	-	-	3,805,793	(4,761,030)	205,672,480
Interest	1,428,739	-	-	-	-	-	-	1,428,739
Depreciation and amortization	15,653,490	3,663	-	-	-	-	-	15,657,153
Total expenses	566,069,762	5,081,097	-	121,433	-	3,805,793	(4,761,030)	570,317,055
Income (loss) from operations	18,182,091	2,279,967	-	(121,433)	-	955,237	-	21,295,862
Other Income (Loss)								
Investment return, net	4,695,117	8,099,692	-	-	-	(1,032,672)	-	11,762,137
Unrealized losses on investments	(162,006)	(40,618,282)	-	-	-	(2,029,215)	-	(42,809,503)
Net periodic pension credit	2,714,705	-	-	-	-	-	-	2,714,705
Change in equity interest in net assets of the Foundation	(30,238,623)	-	-	-	-	-	30,238,623	-
Total other (loss) income	(22,990,807)	(32,518,590)	-	-	-	(3,061,887)	30,238,623	(28,332,661)
(Deficiency) excess of revenues over expenses	$ (4,808,716)	$ (30,238,623)	$ -	$ (121,433)	$ -	$ (2,106,650)	$ 30,238,623	$ (7,036,799)

CCMC Corporation and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets
Year Ended September 30, 2022

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Net Assets Without Donor Restrictions								
(Deficiency) excess of revenues over expenses (from previous page)	$ (4,808,716)	$ (30,238,623)	$ -	$ (121,433)	$ -	$ (2,106,650)	$ 30,238,623	$ (7,036,799)
Transfers (to) from affiliated organizations, net	(3,080,835)	3,116,363	-	(35,528)	-	-	-	-
Change in funded status of pension and post-retirement plans	(3,806,982)	-	-	-	-	-	-	(3,806,982)
Cumulative effect of change in accounting standard	5,427,468	-	-	-	-	-	-	5,427,468
Net assets released from restrictions for capital	3,019,434	-	-	-	-	-	-	3,019,434
Change in net asset classification	-	(14,652,835)	-	-	-	-	-	(14,652,835)
Change in equity interest in the net assets of the Foundation due to transfers and forgiveness	(11,536,472)	-	-	-	-	-	11,536,472	-
Change in net assets without donor donor restrictions	(14,786,103)	(41,775,095)	-	(156,961)	-	(2,106,650)	41,775,095	(17,049,714)
Net Assets With Donor Restrictions								
Income from investments	-	34	-	-	-	-	-	34
Transfer from (to) affiliated organizations, net	1,266,864	(1,268,869)	2,005	-	-	-	-	-
Net assets released from restrictions for operations	(36,164,983)	-	-	-	-	-	-	(36,164,983)
Net assets released from restrictions for capital	(3,019,434)	-	-	-	-	-	-	(3,019,434)
Change in funds held in trust by others	(26,847,384)	-	-	-	-	-	-	(26,847,384)
Change in net asset classification	-	14,652,835	-	-	-	-	-	14,652,835
Change in equity interest in the net assets of the Foundation	25,930,461	-	-	-	-	-	(25,930,461)	-
Other income	-	3,230	-	-	-	-	-	3,230
Contributions, grants, and donations, net	34,084,797	12,543,231	-	-	-	-	-	46,628,028
Change in net assets with donor restrictions	(4,749,679)	25,930,461	2,005	-	-	-	(25,930,461)	(4,747,674)
Change in net assets	(19,535,782)	(15,844,634)	2,005	(156,961)	-	(2,106,650)	15,844,634	(21,797,388)
Net Assets (Deficiency), Beginning	447,958,065	208,415,893	(33,981)	495,172	(27,324)	4,817,271	(209,296,893)	452,328,203
Net Assets (Deficiency), Ending	$ 428,422,283	$ 192,571,259	$ (31,976)	$ 338,211	$ (27,324)	$ 2,710,621	$ (193,452,259)	$ 430,530,815

APPENDIX B-2

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION OF CCMC CORPORATION AND SUBSIDIARIES FOR FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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CCMC Corporation and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

September 30, 2021 and 2020

CCMC Corporation and Subsidiaries

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September 30, 2021 and 2020

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Independent Auditors' Report

To the Board of Directors of
CCMC Corporation and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CCMC Corporation and Subsidiaries, which comprise the consolidated balance sheets as of September 30, 2021 and 2020, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in conformity with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CCMC Corporation and Subsidiaries as of September 30, 2021 and 2020, and the results of their operations, the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Report on Supplementary Information

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual entities as of and for the year ended September 30, 2021, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in conformity with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

New York, New York
December 22, 2021

CCMC Corporation and Subsidiaries

Consolidated Balance Sheets
September 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 70,733,723	$ 52,942,737
Short-term investments	156,734,802	96,974,216
Patient accounts receivable, net	73,688,009	63,074,064
Inventories	6,918,829	6,838,490
Other current assets	18,123,731	14,646,427
Total current assets	326,199,094	234,475,934
Assets Whose Use is Limited		
Investments	40,583,175	69,837,322
Restricted for capital	9,967,757	-
Beneficial interest in trust held by other	1,950,000	1,950,000
Funds held in trust by others	109,404,610	92,631,959
Total assets whose use is limited	161,905,542	164,419,281
Property, Plant and Equipment		
Buildings	206,467,296	206,049,169
Furniture and equipment	157,444,254	153,088,167
Construction in progress	5,048,103	4,533,727
	368,959,653	363,671,063
Less accumulated depreciation	(244,933,370)	(229,076,488)
Total property, plant and equipment	124,026,283	134,594,575
Other Assets		
Ground lease	2,153,054	2,182,346
Pledges receivable, long-term	2,218,734	1,806,622
Other	286,668	286,671
Total other assets	4,658,456	4,275,639
Total assets	$ 616,789,375	$ 537,765,429

	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Current portion of bonds payable	$ 1,915,000	$ 1,830,000
Current portion of notes payable	1,363,348	34,691
Current portion of capital lease liability	2,630,250	2,566,997
Accounts payable and accrued expenses	31,022,623	28,603,980
Accrued wages	32,741,884	25,560,815
COVID-19 Connecticut State Medicaid loan	-	7,500,000
COVID-19 deferred grant income	-	6,727,012
Total current liabilities	69,673,105	72,823,495
Bonds Payable, Less Current Portion	24,566,518	26,502,564
Notes Payable, Less Current Portion	8,259,936	-
Capital Lease Liability, Less Current Portion	20,607,940	20,948,796
Accrued Pension Liability	3,711,737	20,466,472
Due to Third Parties	6,074,799	5,420,987
Other Long-Term Liabilities	31,567,137	33,630,187
Total liabilities	164,461,172	179,792,501
Net Assets		
Without donor restrictions	291,699,082	212,665,767
With donor restrictions	160,629,121	145,307,161
Total net assets	452,328,203	357,972,928
Total liabilities and net assets	$ 616,789,375	$ 537,765,429

See notes to consolidated financial statements

CCMC Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2021 and 2020

	2021	2020
Revenues		
Net patient service revenues	$ 453,725,497	$ 399,811,578
COVID-19 grant revenue	13,440,190	27,036,451
Other revenues	33,662,246	28,366,230
Contributions and donations, net	14,926,273	8,848,645
Net assets released from restrictions for operations	26,849,216	19,186,328
Total revenues	542,603,422	483,249,232
Expenses		
Salaries and wages	255,290,549	251,368,317
Benefits	55,229,172	49,657,849
Supplies and miscellaneous	177,177,617	166,001,101
Interest	1,737,213	2,262,235
Depreciation and amortization	15,633,705	16,614,204
Total expenses	505,068,256	485,903,706
Income (loss) from operations	37,535,166	(2,654,474)
Other Income (Loss)		
Investment return, net	15,516,638	6,220,871
Unrealized gains on investments	23,891,169	5,570,611
Net periodic pension credit	1,676,534	976,826
Loss on early lease termination	(2,959,188)	-
Total other income	38,125,153	12,768,308
Excess of revenues over expenses	$ 75,660,319	$ 10,113,834

See notes to consolidated financial statements

CCMC Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2021 and 2020

	2021	2020
Net Assets Without Donor Restrictions		
Excess of revenues over expenses (from previous page)	$ 75,660,319	$ 10,113,834
Change in funded status of pension and post-retirement plans	15,538,027	(2,286,502)
Net assets released from restrictions for capital	6,562	2,733,683
Transfer of investments to CHDI from the dissolution of The Children's Fund	(12,171,593)	-
Change in net assets without donor restrictions	79,033,315	10,561,015
Net Assets With Donor Restrictions		
Unrealized gains on investments	4,013	19,475
Income from investments	3,204	3,195
Net assets released from restrictions for operations	(26,849,216)	(19,186,328)
Net assets released from restrictions for capital	(6,562)	(2,733,683)
Change in funds held in trust by others	16,772,651	557,657
Other income	37,743	382,770
Contributions and donations, net	25,360,127	16,393,822
Change in net assets with donor restrictions	15,321,960	(4,563,092)
Change in net assets	94,355,275	5,997,923
Net Assets, Beginning	357,972,928	351,975,005
Net Assets, Ending	$ 452,328,203	$ 357,972,928

See notes to consolidated financial statements

CCMC Corporation and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ 94,355,275	$ 5,997,923
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Noncash items:		
Depreciation and amortization	15,633,705	16,614,204
Noncash interest, amortization of deferred financing fees	41,941	46,092
Gain on disposal of property and equipment	(309,341)	-
Change in value of funds held in trust by others and assets released from restrictions by trustees	(16,772,651)	(557,657)
Net realized and unrealized gains on investments	(31,234,165)	(4,431,995)
Change in funded status of pension and post-retirement plans	(15,538,027)	2,286,502
Other changes in net assets:		
Restricted contributions and investment income	(25,401,074)	(16,779,787)
Changes in operating assets and liabilities:		
Patient accounts receivable	(10,613,945)	(3,031,741)
Inventories	(80,339)	(2,367,452)
Other current assets	(3,477,304)	9,653,155
Beneficial interest in trust held by others	-	-
Other long-term assets	(382,817)	2,284,753
Accounts payable and accrued liabilities	2,418,643	(9,725,190)
Accrued wages, accrued interest payable and other current liabilities	7,181,069	6,486,723
Due to third parties	653,812	176,465
Accrued pension liability	(1,216,708)	(250,763)
COVID-19 deferred grant revenue	(6,727,012)	6,727,012
Other long-term liabilities	(2,063,050)	8,249,231
Net cash provided by operating activities	6,468,012	21,377,475
Cash Flows From Investing Activities		
Purchase of property, plant and equipment, net	(5,149,672)	(14,062,793)
Proceeds from sale of property and equipment	393,600	-
Net (decrease) increase in investments	5,969,614	4,748,910
Net cash provided by (used in) investing activities	1,213,542	(9,313,883)
Cash Flows From Financing Activities		
Restricted contributions and investment income	25,401,074	16,779,787
Principal payments on bonds and notes payable	(2,201,592)	(3,038,101)
Proceeds from notes payable	10,000,000	-
(Payments on) proceeds from Connecticut State Medicaid loan	(7,500,000)	7,500,000
Capital lease liability	(277,603)	-
Deferred financing costs incurred	(102,802)	-
Net cash provided by financing activities	25,319,077	21,241,686
Increase in cash and cash equivalents and restricted cash and cash equivalents	33,000,631	33,305,278
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	55,844,222	22,538,944
Cash and Cash Equivalents, and Restricted Cash and Cash Equivalents, Ending	$ 88,844,853	$ 55,844,222
Supplemental Schedule of Noncash Investing and Financing Activities		
Interest paid on bonds	$ 283,387	$ 471,818
Interest paid on notes	-	6,557
Total of noncash investing and financing activities	$ 283,387	$ 478,375
Reconciliation of Cash and Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 70,733,723	$ 52,942,737
Cash and cash equivalents included in assets whose use is limited	18,111,130	2,901,485
	$ 88,844,853	$ 55,844,222

See notes to consolidated financial statements

1. Organization and Summary of Significant Accounting Policies

CCMC Corporation (the Corporation) was incorporated on June 1, 1985 as a not-for-profit organization under the Non Stock Corporation Act of the State of Connecticut. The Corporation is organized for the purpose of benefiting, carrying out the purposes of and upholding, promoting and furthering the welfare, programs and activities of its subsidiary Connecticut Children's Medical Center (the Medical Center). The Medical Center is the sole member of Connecticut Children's Specialty Group, Inc. (CCSG), and Connecticut Children's Care Network, LLC. Connecticut Children's Medical Center Foundation, Inc. (the Foundation), and CCMC Affiliates, Inc. are wholly owned subsidiaries of the Corporation. The Corporation is also the sole member of New England Pediatrics Indemnity, Ltd. (NEPI), a freestanding entity through which the Corporation and its affiliates will insure its professional liability and potentially its general liability risk. CCMC Ventures, Inc. (presently inactive) will conduct the related for-profit activities of the Corporation, its sole shareholder.

The Medical Center was the sole member of The Children's Fund of Connecticut, Inc. (the Children's Fund). The Children's Fund was formed to further the charitable mission of the Medical Center and to improve pediatric care in the Hartford Region. In March 2021, the Children's Fund was dissolved, and approximately 70 percent of its investments were transferred to the Foundation, while approximately 30 percent of its investments were transferred to Child Health and Development Institute of Connecticut, Inc. (CHDI), a former subsidiary of the Children's Fund.

Principles of Consolidation and Change in Reporting Entity

The consolidated financial statements include the accounts of the Corporation and its subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

In connection with the dissolution of the Children's Fund, CHDI became an independent legal entity and is no longer consolidated within Medical Center's financial statements. To reflect this change in reporting entity, the accompanying consolidated financial statements now exclude the accounts of CHDI. The change in reporting entity was retrospectively applied to the consolidated statements of the Medical Center for all periods presented, which did not have a significant impact on the consolidated financial statements.

Regulatory Matters

The Medical Center is required to file annual operating information with the State of Connecticut Office of Health Care Access.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, such as estimated uncollectibles for patient accounts receivable, and liabilities, such as third-party settlements, professional insurance liabilities and pension and postretirement benefits liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

The Corporation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents and restricted cash and cash equivalents include cash, money market funds and certificates of deposit. Restricted cash has been restricted by the donor to a specific time frame or purpose or by debt agreements for a specific purpose.

Investments

Investments consist of fixed income securities, equity securities (including readily tradeable stocks, exchange traded funds and mutual funds), interests in common collective/commingled trusts and investments in funds of funds. All investments are measured at fair value at the consolidated balance sheets dates (see Note 18). Investment income (including unrealized and realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Investment income for the Children's Fund is reported in other revenues as these funds are used for operations. The cost of securities sold is based on the specific identification method. Investment income from funds held in trust by others is included in other income.

Short-term investments represent those securities that are available for the Corporation's operations and can be converted to cash within one year.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value.

Funds Held in Trust by Others

The Medical Center has an irrevocable right to receive income earned on certain trust assets established for its benefit. Distributions received by the Medical Center are not restricted and included in income from trusts held by others in the consolidated statements of operations and changes in net assets. The Medical Center's interest in the fair value of the trust assets is included in assets whose use is limited. Changes in the market value of the trust assets are reported as increases or decreases to net assets with donor restrictions.

Beneficial Interest in Trust Held by Others

In 2019, the Foundation became party to a trust agreement whereby the Foundation will receive the assets at the remainder of the trust agreement. The trust agreement is reported at fair value.

Patient Accounts Receivable

Patient accounts receivable are recorded at net realizable value at the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured or underinsured patients in accordance with the Corporation's policies, and/or implicit price concessions provided to uninsured or underinsured patients, and do not bear interest. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient revenue in the period of the change.

Bond Issuance Costs

Bond issuance costs incurred to obtain financing for construction and renovation programs are being amortized using the straight-line method. The difference between the straight-line method and the effective-interest method is immaterial. These costs are reported in the consolidated balance sheets as a reduction of the related debt. Amortization is reported as interest expense in the consolidated statements of operations and changes in net assets.

Property, Plant and Equipment

Property, plant and equipment are recorded on the basis of cost. Property and equipment under capitalized lease obligations are recorded at the present value at the inception of the lease and are amortized utilizing the straight-line method over the lesser of the lease term or the estimated useful life. Depreciation of assets is computed using the straight-line method using the following estimated useful lives:

	Years
Land and improvements	5 - 25
Building and improvements	15 - 40
Furniture and equipment	2 - 20

The Corporation continually evaluates whether any circumstances have occurred that indicate the remaining estimated useful lives of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Corporation uses an estimate of the related discounted operating income over the remaining life of the long-lived asset in measuring whether the long-lived asset is recoverable.

During 2017, the Medical Center entered into an agreement to lease an office building (Note 15). This was accounted for as a capital lease. The building lease was capitalized for $20,250,974 and is included in buildings in the consolidated balance sheets. The lease was amended in May 2018 to include additional office space, which resulted in an increase in the capital lease asset of $3,264,818. The net book value of the leased building was $17,821,115 and $19,393,566 at September 30, 2021 and 2020, respectively. Depreciation expense was $1,572,451 for the years ended September 30, 2021 and 2020, respectively.

Tenant Improvement Incentive

The Medical Center recorded a tenant improvement incentive obligation liability related to the proceeds received from the landlords, which will be amortized over the lives of the leases, and is included in other long-term liabilities on the accompanying consolidated balance sheets. The net book value of the obligation was $6,624,332 and $7,149,363 for the years ended September 30, 2021 and 2020, respectively.

Pension Plan

The Medical Center has a noncontributory defined benefit pension plan in effect covering all eligible employees. The Medical Center's funding policy is to contribute amounts to the plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions to net assets without donor restrictions in the accompanying consolidated financial statements.

Net Assets

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified as follows:

Net Assets Without Donor Restrictions - net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that may be met either by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Medical Malpractice Insurance

In 2016, the Corporation created NEPI, a freestanding corporation through which the Medical Center and its affiliates will insure its professional liability and its general liability risk. The Medical Center novated outstanding and unreported claims to NEPI for the fiscal years 2013-2016 in fiscal 2017. Through NEPI, the Medical Center purchases malpractice coverage in which the primary level of coverage is $4,000,000 per claim and $12,000,000 in the aggregate. In addition, there is $50,000,000 of excess indemnity coverage spread across three different insurance companies. There are no deductibles.

Insurance Recovery Receivable and Insurance Claims Liability

The Medical Center presents anticipated insurance recoveries at net realizable value separately from estimated insurance liabilities for medical malpractice claims and similar contingent liabilities on the consolidated balance sheets. The current portion of the insurance recovery receivable and related insurance claims liability totaled $1,055,797 and $1,057,054 at September 30, 2021 and 2020, respectively, and is included within other current assets and accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Revenue Recognition

Revenue is recognized in the period services are performed and performance obligations are satisfied and consists primarily of net patient service revenues (Note 3). Net patient service revenues relate to amounts due from patients, third-party payors and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to audits, reviews and investigations.

Excess of Revenues Over Expenses

The consolidated statements of operations and changes in net assets includes excess of revenues over expenses as the performance indicator. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses include net assets released from restrictions for capital, transfer of investments to CHDI from dissolution of The Children's Fund, and changes in the funded status of the pension and post-retirement plans.

Measure of Operations

Activities, other than in connection with providing healthcare services, are considered to be nonoperating and are included in other income. Other income consists primarily of income on invested funds, gifts and bequests, unrealized and realized gains and losses on sales of securities, net periodic pension credit, loss on early lease termination, and income from funds held in trust by others.

Advertising

The Corporation's policy is to expense advertising costs as incurred. Total advertising expense was $1,923,770 and $2,151,707 for the years ended September 30, 2021 and 2020, respectively.

Income Taxes

The Corporation and its subsidiaries, with the exception of CCMC Ventures, Inc., are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. CCMC Ventures, Inc. has no federal tax liability because it has been inactive since its incorporation.

The Corporation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management has determined that there were no material tax uncertainties that met the recognition threshold in 2021 and 2020.

New Accounting Pronouncement, Revenue Recognition

In 2021, the Corporation adopted the Financial Accounting Standards Board (the FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers (Topic 606)* using the retrospective approach. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. The core principle under ASU No. 2014-09 is that revenues are recognized to depict the transfer of promised goods or services to customers (patients) in an amount that reflects the consideration at which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU No. 2014-09 requires enhanced disclosures of revenue arrangements.

The Corporation applied the retrospective approach to all contracts when adopting ASU No. 2014-09. As a result of the adoption, the majority of what was previously classified as the provision for bad debts in the consolidated statements of operations and changes in net assets is now reflected as implicit price concessions, as defined in Topic 606, and therefore included as a reduction of net patient service revenues. For changes in transaction price related to changes in patient circumstances, the Corporation will prospectively recognize those amounts as a provision for bad debts within operating expenses on the consolidated statements of operations and changes in net assets. As a result of the adoption of ASU No. 2014-09 the prior provision for bad debts of approximately $5.0 million has been reclassified to net patient service revenues. Additionally, as a result of the adoption of ASU No. 2014-09, the allowance for doubtful accounts of approximately $5.0 million in the prior year was reclassified as a component of patient accounts receivable.

New Accounting Pronouncement, Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the leasing activities. The Corporation will be required to retrospectively adopt the guidance in ASU No. 2016-02 for fiscal year ending September 30, 2022. The Corporation has not yet determined the impact of adoption of ASU No. 2016-02 on its consolidated financial statements.

New Accounting Pronouncement, Reference Rate Reform

In March 2020, FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848).* This is an elective ASU and applies to entities that have contracts, hedging relationships and other transactions that reference LIBOR. Provisions permits optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships. This is an elective ASU applicable for a limited time through December 31, 2022. The Corporation has not yet made this election or determined the impact of the election of ASU No. 2020-04 on its consolidated financial statements.

New Accounting Pronouncement, Pension Plans

In August 2018, the FASB issued ASU No. 2018-14, *Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans*. ASU No. 2018-14 modifies and clarifies the disclosure requirements for employers that sponsor defined benefit pension and other postretirement plans. These amendments remove disclosures that are no longer considered cost beneficial, clarify the specific requirements of disclosures and add disclosure requirements identified as relevant. The Corporation will be required to retrospectively adopt the guidance in ASU No. 2018-14 for its year ending September 30, 2022. The Corporation is currently assessing the effect that the adoption of this standard will have on its consolidated financial statements.

Reclassifications

Certain accounts in the prior year have been reclassified for comparative purposes to conform to the presentation of the current year's financial statements.

Subsequent Events

The Corporation evaluates the impact of subsequent events, which are events that occur after the consolidated balance sheets date but before the consolidated financial statements are issued, for potential recognition or disclosure in the consolidated financial statements as of the consolidated balance sheets date. For the year ended September 30, 2021, the Corporation evaluated subsequent events through December 22, 2021, which is the date the consolidated financial statements were available to be issued. No events occurred that require disclosure in or adjustment to the consolidated financial statements.

2. Liquidity and Availability of Resources

The following table reflects the Corporation's financial assets available for general expenditure within one year of the September 30, 2021 and 2020 consolidated balance sheets date.

	2021	2020
Cash and cash equivalents	$ 70,733,723	$ 52,942,737
Patient accounts receivable	73,688,009	63,074,064
Short-term investments	156,734,802	96,974,216
Other current assets	18,123,731	14,646,427
Less professional liability insurance receivable	(1,055,797)	(1,057,054)
Less prepaid expenses	(3,774,779)	(3,696,986)
Total	$ 314,449,689	$ 222,883,404

The Medical Center maintains a $15 million line of credit, as discussed in more detail in Note 13. As of September 30, 2021, $15 million remained available on the Medical Center's line of credit.

3. Net Revenue From Services to Patients and Charity Care

Net patient service revenues are recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including commercial and governmental programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual services incurred in relation to total expected (or actual) payments. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Corporation receiving inpatient acute care services. The Corporation measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time are recognized when services are provided and the Corporation does not believe it is required to provide additional services to the patient.

Generally, because all the Corporation's performance obligations relate to contracts with a duration of less than one year, the Medical Center has elected to apply the optional exemption provided in Accounting Standard Codification (ASC) 606-10-50-14(a) and, therefore, the Corporation is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy, and /or implicit price concessions provided to uninsured patients. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. The Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year however in these cases the financing component is not deemed to be significant to the contract.

The composition of the Corporation's net patient care service revenues by payor for the years ended December 31 is as follows:

	2021	2020
Medicare	$ 1,282,939	$ 1,587,074
Medicaid	167,117,665	147,920,289
Other third-party payors	287,680,411	253,557,572
Self-pay and other	6,766,331	5,274,618
Charity care and other adjustments	(9,121,849)	(8,527,975)
Total	$ 453,725,497	$ 399,811,578

The composition of patient care service revenue based on the Corporation's lines of business for years ended December 31 is as follows:

	2021	2020
Medical Center, Inpatient	$ 205,224,291	$ 191,370,175
Medical Center, Outpatient	179,099,254	147,674,334
Physician practices (CCSG)	69,401,952	60,767,069
Total	$ 453,725,497	$ 399,811,578

Laws and regulations governing the Medicaid programs are complex and subject to interpretation. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and exclusion from the Medicaid program. Changes in the Medicaid program and the reduction of funding levels could have an adverse impact on the Corporation.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. There was no impact to net patient service revenues in 2021 and 2020 due to changes in estimates of third-party reserves.

The Corporation has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the Medical Center receives per diem and fee-for-service payments for certain covered services based upon discounted fee schedules.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured or underinsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charges by any contractual adjustment, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustment to net patient service revenues in the period of the change. For the year ended September 30, 2021 the impact of changes in the estimates of discounts and contractual adjustments for performance obligations satisfied in prior years was insignificant to the consolidated financial statements.

The Corporation accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Corporation. Essentially, those policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Corporation utilizes the generally recognized poverty income levels for the State of Connecticut, but also includes certain cases where incurred charges are significant when compared to income.

The costs of charity care incurred were approximately $1,071,000 and $1,554,000 for the years ended September 30, 2021 and 2020, respectively. The cost of charity care is derived from both estimated and actual data. The estimated cost of charity care includes the direct and indirect cost of providing such services and is estimated utilizing the Corporation's ratio of cost to gross charges, which is then multiplied by the gross uncompensated charges associated with providing care to charity patients.

4. COVID-19

COVID-19 grant revenue consists of amounts received from federal and state funding sources related to the COVID-19 pandemic. The Corporation accounts for this funding in accordance with the FASB ASC 958-605 guidance for conditional contributions, and accordingly, revenues are recognized when conditions are substantially met, which occurs when the Corporation complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature. The Corporation measures the amounts recognized in accordance with FASB ASC 606 for variable consideration, including constraints of variable consideration, and accordingly, revenue is measured at amounts for which it is probable that there will not be a significant reversal in a future period.

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund (PRF) to provide financial support for hospitals and other healthcare providers. The Medical Center received $6,536,713 in 2021 and $17,639,928 in 2020 related to this funding.

In accordance with the terms and conditions in place at September 30, 2021 and 2020, the Medical Center can apply the funding against eligible expenses and lost revenues, the Medical Center's methodology for calculating lost revenues was a hybrid method of the difference between 2019 and 2020/2021 actual net patient care revenues and the difference between 2020 budget and 2020/2021 actual net patient care revenues.

The Medical Center has incurred lost revenues and eligible expenses in accordance with the terms and conditions of the PRF that were applicable as of September 30, 2021 and 2020 of $6,713,178 and $17,463,463, respectively, which were recognized and included in COVID-19 grant revenue in the accompanying statements of operations and changes in net assets.

The CARES Act also established the Coronavirus Relief Fund (CRF) which the Department of the Treasury funded to states and local governments to cover COVID-19 related expenses incurred during the public health emergency. The Medical Center received $16,300,000 in CRF payments from the state in 2020. The Medical Center has eligible expenses in accordance with the terms and conditions of the CRF that were applicable as of September 30, 2021 and 2020 of $6,727,012 and $9,572,988, respectively, which were recognized and included in COVID-19 grant revenue in the accompanying statements of operations and changes in net assets.

Noncompliance with the terms and conditions of the PRF and CRF could result in repayment of some or all of the support, which can be subject to government review and interpretation. The Department of Treasury and the Department of Health and Human Services have indicated payments are subject to future reporting and audit requirements. These matters could cause reversal or claw-back of amounts previously recognized; however, an estimate of the possible effects cannot be made as of the date these consolidated financial statements were issued. In addition, it is unknown whether there will be further developments in the regulatory guidance.

Deferred Payroll Taxes - Section 2302 of the CARES Act allows the Medical Center to delay the payment of the employer portion of Social Security taxes that would be otherwise due from March 27, 2020, the date that the Act was signed into law, through December 31, 2021, without penalty or interest charges. The Medical Center will be required to pay the liability resulting from this deferral back in two 50 percent increments due on December 31, 2021 and 2022, respectively. As of September 30, 2021, the Medical Center recorded $4,124,667 in accrued wages and $4,124,666 in other long-term liabilities related to Section 2302 of the CARES Act.

5. Pledges Receivable

Pledges receivable, reported within other current assets and other assets in the consolidated balance sheets, include the following unconditional promises to give at September 30:

	2021	2020
Due within one year	$ 3,484,027	$ 1,938,494
Due in one to five years	2,957,506	2,215,012
Less discount and provision for bad debts	(738,772)	(408,390)
Net pledges receivable	$ 5,702,761	$ 3,745,116

The discount rate used for pledges was approximately 5 percent. The discount recognizes the estimated uncollectible portion of the pledges receivable and the discount of pledges receivable to net present value.

6. Concentrations of Credit Risk

The Corporation's financial instruments that are exposed to concentrations of credit risk primarily consist of cash and cash equivalents, short-term investments and patient accounts receivable.

The Corporation's cash and cash equivalents are placed with high credit quality financial institutions. The Corporation's investment policy limits its exposure to concentrations of credit risk. In the normal course of business, the Corporation maintains cash balances in excess of the Federal Deposit Insurance Corporation's (FDIC) insurance limit. Cash balances exceeded FDIC limits during the years ended September 30, 2021 and 2020.

The Corporation provides health care services and grants credit without collateral to its patients, most of whom are Connecticut residents and are insured under third-party payor agreements. An estimated allowance for doubtful accounts as well as contractual allowances is maintained at levels considered adequate to reduce the account balances to net realizable value. The mix of receivables from patients and third-party payors at September 30 was as follows:

	2021	2020
Medicaid	26 %	33 %
Medicaid managed care	4	3
Commercial/managed care, contracted	51	49
Commercial/managed, noncontracted	8	6
Patients and other	11	9
	100 %	100 %

7. Investments

The composition of investments as of September 30, stated at fair value, is set forth in the following table:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Money market mutual funds	$ 18,126,542	$ 18,126,542	$ 2,986,227	$ 2,986,227
Equity mutual funds	81,370,907	118,116,666	85,004,956	100,677,565
Fixed income securities	7,756,050	7,414,076	13,155,867	13,254,871
Fixed income mutual funds	51,834,531	53,005,722	36,254,259	37,615,864
Investments measured at net asset value	9,897,908	10,584,831	10,201,078	12,246,439
Alternative mutual funds	30,500	37,897	29,000	30,572
Total	$ 169,016,438	$ 207,285,734	$ 147,631,387	$ 166,811,538

Investment return, net for the years ended September 30 consists of the following:

	2021	2020
Interest and dividend income	$ 4,428,482	$ 3,913,342
Realized gain (loss)	7,338,983	(1,158,091)
Trust income	3,835,599	3,625,010
Investment fees and other	(83,222)	(156,195)
	15,519,842	6,224,066
Unrealized gains on investments	23,895,182	5,590,086
Total	$ 39,415,024	$ 11,814,152

8. Net Assets

Endowments, Donor Restricted

The endowments consist of individual donor restricted funds established for a variety of purposes which are held and controlled by the Foundation. As required by GAAP, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions. At September 30, 2021 and 2020, the Corporation had $28,014,427 and $26,801,840, respectively, in endowments held at the Foundation which are recorded by the Corporation through its interest in the Foundation.

Interpretation of Relevant Law

The Corporation's Board and senior management have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are temporary until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard for expenditure prescribed by UPMIFA.

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the organization and the donor restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the organization

(7) The investment policies of the organization.

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Corporation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no deficiencies at September 30, 2021 and 2020.

Return Objectives and Risk Parameters

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Corporation must hold in perpetuity. Under this policy, the endowment assets are invested in a manner that is intended to produce results that equal or exceed relevant benchmarks. The Corporation expects its endowment funds, over time, to provide an average rate of return of at least 5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Corporation targets a diversified asset allocation strategy that places a greater emphasis on equity-based investments to achieve its long-term return objectives within the guidelines of its investment policy and prudent risk constraints.

Endowment Net Asset Composition by Type of Fund

Changes in donor restricted endowment net assets for the years ended September 30 consisted of the following:

	2021	2020
Endowment net assets, beginning	$ 26,801,840	$ 25,957,822
Contributions	792,405	427,432
Investment return	552,389	927,364
Net appreciation (realized and unrealized)	289,261	-
Appropriation of endowment assets for expenditure	(421,468)	(510,778)
Endowment net assets, ending	$ 28,014,427	$ 26,801,840

The Children's Fund endowment included all Board-designated endowment funds, which are included in net assets without donor restrictions on the accompanying consolidated balance sheets. Unrestricted Board-designated endowment funds as of September 30, 2021 and 2020 are available for general purposes upon Board approval.

Changes in Board-designated endowment net assets for the years ended September 30, 2020 were as follows:

	2021	2020
Endowment net assets, beginning	$ 35,092,593	$ 34,477,594
Investment income	11,049,831	1,060,592
Net realized and unrealized appreciation (depreciation)	(5,614,977)	1,304,407
	(27,847,249)	-
	(12,171,593)	-
	(508,605)	-
Amounts appropriated for expenditure	-	(1,750,000)
Endowment net assets, ending	$ -	$ 35,092,593

Income from endowment funds is considered restricted until it meets the original donor's time or purpose restriction of the donation. These funds are commingled with other restricted contributions for the same purposes (see tables below for discussion of the purpose of restrictions) and invested until such time that the funds are utilized. The Foundation's spending policy, which applies to the Corporation, is that any expenditure associated with the endowment is appropriated based on the donor's intention.

Net assets with donor restrictions at September 30 are restricted as follows:

	2021	2020
Healthcare and children's services	57 %	61 %
Other healthcare services	39	32
Purchases of equipment	1	3
Education	3	4
	100 %	100 %

9. Pension Plan and Defined Contribution Plan

Effective January 1, 1993, the State of Connecticut mandated that individuals hired by the Medical Center were no longer eligible to participate in the State of Connecticut pension plan (State Plan). Employees who were participants in the State Plan as of December 31, 1992, can remain participants in the State Plan so long as they continue to remain employed by the Medical Center.

Effective January 1, 1994, the Medical Center adopted a defined benefit pension plan covering substantially all of its employees. Benefits for employees who are participants in the State Plan are reduced to reflect vested benefits provided under the State Plan.

Effective January 1, 1999, the Medical Center converted its pension plan to a Cash Balance Retirement Plan (the Plan). Plan benefits are based on years of service and the employee's compensation. Contributions to the Plan are intended to provide for benefits attributed to services rendered to date and benefits expected to be earned in the future. Future benefits are earned and credited by participants based on a percentage of compensation. The percentage of pay is based on years of vesting service and age at the end of each plan year. Plan participants earn a return based on an interest rate established annually at the beginning of the plan year. Plan participants vest in their benefits after three years of service.

On February 26, 2009, the Board of Directors of the Medical Center adopted a resolution to freeze the Plan effective May 1, 2009.

Included in net assets without donor restrictions at September 30, 2021 and 2020 are unrecognized actuarial losses of $16,681,658 and $31,979,993, respectively. The actuarial loss included in net assets without donor restrictions and expected to be recognized in net periodic pension cost during the year ending September 30, 2022 is $1,456,700.

The following table presents a reconciliation of the beginning and ending balances of the Plan's projected benefit obligation and the fair value of Plan assets, as well as the funded status of the Plan and accrued pension liability included in the consolidated balance sheets at ended September 30:

	2021	2020
Change in benefit obligation:		
Benefit obligation, beginning	$ 105,095,721	$ 99,743,443
Interest cost	1,784,848	2,590,318
Actuarial loss, including the effects of any assumption changes	(1,068,601)	6,471,608
Benefits paid	(3,461,792)	(3,709,648)
Benefit obligation, ending	102,350,176	105,095,721
Change in Plan assets:		
Fair value of Plan assets, beginning	84,629,249	81,312,710
Contributions	-	-
Actual return on Plan assets	17,471,282	7,026,187
Benefits paid	(3,461,792)	(3,709,648)
Fair value of Plan assets, ending	98,638,739	84,629,249
Funded status of the Plan	$ (3,711,437)	$ (20,466,472)

The weighted-average assumptions used to develop the projected benefit obligation as of September 30 are as follows:

	2021	2020
Discount rate	2.68 %	2.44 %
Cash balance interest credit	5.50	5.50
Rate of compensation	N/A	N/A

Net periodic pension credit for the years ended September 30 consist of the following:

	2021	2020
Interest cost	$ 1,784,848	$ 2,590,318
Expected return on Plan assets	(5,416,617)	(5,351,411)
Net amortization:		
Net actuarial loss	2,175,069	1,784,267
Net periodic pension credit	$ (1,456,700)	$ (976,826)

The weighted-average assumptions used to determine net periodic pension credit as of September 30 are as follows:

	2021	2020
Discount rate	2.44 %	3.04 %
Cash balance interest credit	5.50	5.50
Expected long-term rate of return on Plan assets	6.75	6.75
Rate of compensation	N/A	N/A

The expected long-term rate of return on Plan assets was developed through analysis of historical market returns, current market conditions and the Plan's past experience. Estimates of future market returns by asset category are lower than actual long-term historical returns in order to reflect current market conditions.

The accumulated benefit obligation at September 30, 2021 and 2020 was $102,350,176 and $105,095,721, respectively.

The Medical Center does not expect to contribute to its pension plan in fiscal 2022.

The Medical Center expects to pay the following benefit payments, which reflect expected future service as appropriate:

Fiscal year:	
2022	$ 9,190,000
2023	5,524,000
2024	5,641,000
2025	5,883,000
2026	5,542,000
Years 2027 - 2031	27,808,000

Plan Assets

The Plan assets are managed by outside investment managers. The investment strategy with respect to pension assets is to maximize return while protecting principal. The investment manager has the flexibility to adjust the asset allocation and move funds to the asset class that offers the most opportunity. The investment objective for Plan assets over a full market cycle time period is to generate a return in excess of the passive portfolio benchmark for each asset class.

The asset allocations for the Plan at September 30, by asset category, are as follows:

	Percentage of Plan Assets at Year-End	
	2021	**2020**
Asset category:		
Domestic equities	42 %	37 %
International equities	28	23
Debt securities	30	39
Other	-	1
Total	100 %	100 %

The fair values of the Plan assets at September 30, 2021, by asset category, are as follows (See Note 18 for a description of the fair value hierarchy):

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income securities:				
U.S. government bonds	$ -	$ 3,264,041	$ -	$ 3,264,041
Municipal bonds	-	390,348	-	390,348
Corporate bonds	-	4,305,861	-	4,305,861
Foreign bonds	-	401,063	-	401,063
Fixed income mutual funds	10,786,668	-	-	10,786,668
Equity mutual funds	68,561,114	-	-	68,561,114
Total assets in the fair value hierarchy	$ 79,347,782	$ 8,361,313	$ -	87,709,095
Money market mutual funds				290,951
Investments measured at net asset value (a)				10,638,693
				$ 98,638,739

The fair values of the Plan assets at September 30, 2020, by asset category, are as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income securities:				
U.S. government bonds	$ -	$ 4,436,015	$ -	$ 4,436,015
Municipal bonds	-	610,259	-	610,259
Corporate bonds	-	6,576,710	-	6,576,710
Foreign bonds	-	705,883	-	705,883
Fixed income mutual funds	10,260,052	-	-	10,260,052
Equity mutual funds	51,319,366	-	-	51,319,366
Total assets in the fair value hierarchy	$ 61,579,418	$ 12,328,867	$ -	73,908,285
Money market mutual funds				434,990
Investments measured at net asset value (a)				10,285,974
				$ 84,629,249

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value (NAV) per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the ending Plan assets disclosed.

Investments measured at NAV are subject to various management, incentive and other fees based on NAV, classes, capital account balances and/or capital commitments. Investments may also be subject to lock up periods.

Investments Measured Using NAV per Share Practical Expedient

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2021 and 2020, respectively.

	September 30, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited liability companies:				
Intermediate bond	$ 3,194,599	$ -	Monthly	Upon written notice
Institutional loan	7,444,094	-	Daily	Upon written notice

	September 30, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Limited liability companies:				
Intermediate bond	$ 4,479,188	$ -	Monthly	Upon written notice
Institutional loan	5,806,786	-	Daily	Upon written notice

Defined Contribution Plan

The Medical Center also has a defined contribution plan. The Connecticut Children's Retirement Savings Plan, (the Savings Plan) covers all eligible employees as defined by the plan document. Eligible employees may contribute up to 100 percent of their pretax annual compensation, as defined by the plan document, up to the Internal Revenue Service limits. The Medical Center amended the Savings Plan as of January 1, 2017 to change the annual employer contribution to 1 percent of compensation until the participant has completed four full years of employment and 2 percent for participants who have more than four calendar years of employment. In addition, the Savings Plan was amended effective January 1, 2018 to change the safe harbor matching contributions to equal 100 percent of the first 4 percent of compensation deferred by the participant. The Medical Center expensed contributions to the Savings Plan for the years ended September 30, 2021 and 2020 of $3,508,886 and $3,126,839, respectively.

10. Post-Retirement Benefit Plan

The Medical Center sponsors the Connecticut Children's Medical Center Postretirement Welfare Plan (the PRW Plan), an unfunded plan which provides post-retirement medical benefits to retired employees who meet the specific criteria identified in the PRW Plan document. The Medical Center's contribution towards the cost of medical coverage varies by years of pension credited service at retirement, ranging from 25 percent for employees with ten years of credited service to 100 percent for those employees with 25 plus years of credited service. The Medical Center's maximum fixed dollar commitment is $5,000 per year per retiree.

Included in net assets without donor restrictions at September 30, 2021 and 2020 are $4,208,717 and $3,968,725, respectively, of net unrecognized actuarial gains that have not yet been recognized in net periodic benefit cost. There is $420,701 of actuarial gain included in net assets without donor restrictions that is expected to be recognized in net periodic pension cost during the year ending September 30, 2021.

The following table presents a reconciliation of the beginning and ending balances of the PRW Plan's projected benefit obligation and the fair value of PRW plan assets, as well as the funded status of the PRW plan and accrued post-retirement obligation included in other long-term liabilities in the consolidated balance sheets as of September 30:

	2021	2020
Change in benefit obligation:		
Benefit obligation, beginning	$ 4,853,231	$ 5,596,175
Service cost	111,124	139,808
Interest cost	89,743	153,000
Contributions	216,328	175,697
Actuarial (gains), including the effects of any assumption changes	(660,693)	(965,662)
Benefits paid	(330,546)	(245,787)
Benefit obligation, ending	4,279,187	4,853,231
Change in PRW Plan assets:		
Fair value of PRW Plan assets, beginning	-	-
Contributions	330,546	245,787
Benefits paid	(330,546)	(245,787)
Fair value of PRW Plan assets, ending	-	-
Accrued post-retirement obligation included in other long-term liabilities	$ 4,279,187	$ 4,853,231

The weighted-average assumptions used to develop the post-retirement benefit obligation as of September 30 are as follows:

	2021	2020
Discount rate	2.73 %	2.49 %
Healthcare cost trend rate:		
Current year	6.50	6.50
Ultimate	4.50	4.50
Year ultimate reached	2029	2028

Net periodic pension credit for the years September 30 consist of the following:

	2021	2020
Service cost	$ 111,124	$ 139,808
Interest cost	89,743	153,000
Net amortization, net actuarial gain	(420,701)	(309,689)
Net periodic pension credit	$ (219,834)	$ (16,881)

The weighted-average assumptions used to determine net periodic benefit costs are as follows for September 30:

	2021	2020
Discount rate	2.49 %	3.09 %
Healthcare cost trend rate:		
Current year	6.50	6.50
Ultimate	4.50	4.50
Year ultimate reached	2028	2023

The Medical Center does not expect to contribute to its post-retirement benefit plan in fiscal 2022.

The Medical Center expects to pay the following benefit payments, which reflect expected future service as appropriate:

Fiscal year:	
2022	$ 150,000
2023	184,000
2024	204,000
2025	211,000
2026	222,000
Years 2027 - 2031	1,261,000

11. Bonds Payable

A summary of long-term debt is as follows:

	2021	2020
Medical Center revenue bonds financed with the State of Connecticut Health and Educational Facilities Authority (CHEFA) Series D	$ 26,955,000	$ 28,784,625
Less current portion	1,915,000	1,830,000
Less unamortized bond costs	473,482	452,061
	$ 24,566,518	$ 26,502,564

In June 2011, the Medical Center along with the Foundation (collectively, the Obligated Group) refinanced their existing CHEFA hospital revenue bonds with variable rate revenue bonds (the Series D Bonds) with a principal amount of $41,580,000. The "Series D Bonds" were issued at par and directly placed with one investor. The investor has committed to holding the bonds for a ten year period, at the end of which, the investor may put the bonds back to the Obligated Group or extend their holding period at their discretion. The bonds mature in varying amounts through 2032, with interest rates based on 67 percent of LIBOR plus a spread of 0.85 percent, ranging from 0.91 percent to 0.95 percent in the current year.

The agreements and related documents provide, among other things, that the Series D Bonds and any additional bonds will be payable from payments to be made by the Obligated Group and that it will be obligated to make such payments so long as the Series D Bonds and any additional bonds are outstanding. The Series D Bonds are collateralized by an interest in revenues of the Medical Center and a mortgage on the facilities, ground lease, easements and other certain leases that comprise the overall hospital premises owned by the Medical Center.

Pursuant to the mortgage agreement and related documents, the Obligated Group is required to meet certain covenants, including a day's cash on hand, debt to capitalization and a debt service coverage ratio requirement.

Principal payments for the next five years under the CHEFA obligations are as follows:

2022	$ 1,915,000
2023	2,010,000
2024	2,100,000
2025	2,205,000
2026	2,315,000
Aggregate thereafter	16,410,000
	$ 26,955,000

12. Notes Payable

Notes payable at September 30 consists of the following:

	2021	2020
Notes payable to a bank in monthly installments of $126,268 through June 2028 at 1.68% interest. Secured by certain equipment.	$ 9,662,724	$ -
Notes payable to a bank in monthly installments of $9,845 through January 2021, interest free. Secured by certain equipment.	-	34,691
	9,662,724	34,691
Less current portion	1,363,348	34,691
Less unamortized debt costs	39,440	-
Total	$ 8,259,936	$ -

13. Line of Credit

The Medical Center has a line of credit agreement with Bank of America, N.A. for $15,000,000. Amounts advanced under this line of credit are due on demand and interest is charged at the LIBOR plus 285 basis points (3.00 percent). There is an undrawn fee on the line of credit of .25 percent per annum. There were no borrowings at September 30, 2021. The line of credit expires on March 26, 2022.

14. Contingencies

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Corporation, if any, are not presently determinable.

There have been malpractice claims that fall within the Corporation's malpractice insurance which have been asserted against the Corporation. In addition, there are known incidents that have occurred through September 30, 2021 that may result in the assertion of claims.

The Corporation is a party to various lawsuits incidental to its business. Management believes that the lawsuits will not have a material adverse effect on the Corporation's consolidated financial position.

The Corporation records as a liability the estimate for claims-made malpractice liabilities and the estimate for incurred but not reported claims.

The estimate for incurred but not reported claims reported on the Medical Center, undiscounted, totaled approximately $3 million at September 30, 2021 and 2020, respectively, and are reported as other liabilities in the consolidated balance sheets.

The Medical Center has recorded related insurance liabilities and recoveries receivable in consideration for the expected insurance recoveries for the novated years 2013 through 2016 as follows:

	2021	2020
Other current assets	$ 1,055,797	$ 1,057,054

The Corporation records as a liability an estimate of workers' compensation claims. Such liability, undiscounted, totaled approximately $1,093,000 and $1,033,000 at September 30, 2021 and 2020, respectively. The short-term liability is recorded in accounts payable and accrued expenses and the remainder in other long-term liabilities in the consolidated balance sheets. Effective October 1, 2019, workers' compensation policies are issued through NEPI.

15. Commitments

Ground Lease

The Medical Center has a ground lease with Hartford Hospital to lease the site on which the Medical Center stands. The lease term is 99 years beginning November 1, 1993 with an optional extension for an additional 99-year term.

The ground lease was recorded as an other asset in the original amount of $2,900,000 and is amortized over the term of the lease. The ground lease asset is recorded at $2,153,054 and $2,182,346 as of September 30, 2021 and 2020, respectively, and is included in other assets, ground lease in the accompanying consolidated balance sheets. The lease includes certain covenants which restrict, among other things, the Medical Center's ability to be a party to mergers.

Capital Lease

In 2017, the Medical Center entered into a building lease agreement with a landlord to lease a corporate office space in downtown Hartford. The lease term is 170 months which began November 1, 2018 with optional extensions for two additional five-year terms. The lease contains various rent escalations based on commencement dates.

The lease was recorded as a capital lease with a long-term lease asset and lease liability in the amount of $20,250,974 and is amortized over the term of the lease. The lease was amended in May 2018 to include additional office space, which resulted in an increase in the capital lease asset and lease liability of $3,264,818.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of September 30, 2021:

Fiscal years ending September 30:	
2022	$ 2,630,250
2023	2,682,960
2024	2,746,213
2025	2,809,465
2026	2,872,718
Thereafter	19,389,526
Total minimum lease payments	33,131,132
Less amount representing interest at 6%	9,892,942
Present value of net minimum lease payments	$ 23,238,190

Parking Agreement

The Medical Center has a Parking Agreement with the Hartford Hospital (HH) for the use of 450 parking spaces on the Hartford Hospital campus. The agreement continues in full force and effect until the earlier of a written termination of the agreement by the Medical Center and HH or the termination of the ground lease.

16. Operating Leases

Rental and lease expense amounted to $14,238,863 and $13,767,867 for the years ended September 30, 2021 and 2020, respectively. Certain operating leases contain rent escalation clauses.

The minimum lease commitments under all noncancelable operating leases with initial or remaining terms of more than one year are as follows:

Fiscal years ending September 30:	
2022	$ 10,427,208
2023	10,321,774
2024	10,037,333
2025	10,124,758
2026	10,248,679
Thereafter	55,548,501
	$ 106,708,253

17. Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Corporation. All of the program and supporting functions are directly allocated based on department.

	2021			
	Fundraising	Healthcare Services	Management and General	Total
Salaries and wages	$ 2,342,318	$ 193,802,277	$ 59,145,954	$ 255,290,549
Benefits	421,617	18,388,726	36,418,829	55,229,172
Professional fees and purchased services	277,374	58,610,838	16,273,966	75,162,178
Supplies and miscellaneous	590,398	65,588,458	29,949,545	96,128,401
Food	11,143	1,274,267	40,433	1,325,843
Utilities	-	1,875,350	2,685,845	4,561,195
Depreciation and amortization	-	15,611,949	21,756	15,633,705
Interest	-	-	1,737,213	1,737,213
Total	$ 3,642,850	$ 355,151,865	$ 146,273,541	$ 505,068,256

	2020			
	Fundraising	Healthcare Services	Management and General	Total
Salaries and wages	$ 2,359,842	$ 196,636,198	$ 52,372,277	$ 251,368,317
Benefits	425,504	17,890,536	31,341,809	49,657,849
Professional fees and purchased services	188,498	55,589,100	13,323,353	69,100,951
Supplies and miscellaneous	594,892	59,991,862	30,456,940	91,043,694
Food	23,620	1,280,867	140,036	1,444,523
Utilities	-	1,763,645	2,648,288	4,411,933
Depreciation and amortization	-	16,515,139	99,065	16,614,204
Interest	-	-	2,262,235	2,262,235
Total	$ 3,592,356	$ 349,667,347	$ 132,644,003	$ 485,903,706

18. Fair Value of Financial Instruments

The Corporation calculates fair value of its financial assets and liabilities, when applicable, based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are applied based on a unit of account from the Corporation's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated). In order to increase consistency and comparability in fair value measurements, the Corporation utilizes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 - Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3 - Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The Corporation's financial assets and liabilities carried at fair value as of September 30, 2021 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets:				
Equity mutual funds:				
Domestic growth (a)	$ 117,794,324	$ -	$ -	$ 117,794,324
Domestic value (a)	-	209,052	-	209,052
International (a)	113,290	-	-	113,290
Fixed income securities:				
U.S. treasuries (b)	-	2,975,998	-	2,975,998
Corporate bonds (b)	-	2,876,538	-	2,876,538
Other (b)	-	1,561,540	-	1,561,540
Fixed income mutual funds:				
Domestic (a)	53,005,722	-	-	53,005,722
Global (a)	-	-	-	-
Strategic (a)	-	-	-	-
Alternative mutual funds	37,897	-	-	37,897
Funds held in trust by others	-	-	109,404,610	109,404,610
Total assets in fair value hierarchy	$ 170,951,233	$ 7,623,128	$ 109,404,610	287,978,971
Money market mutual funds				18,126,542
Investments measured at net asset value (c)				10,584,831
Total assets				$ 316,690,344

The Corporation's financial assets and liabilities carried at fair value as of September 30, 2020 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets:				
Equity mutual funds:				
Domestic growth (a)	$ 85,678,945	$ -	$ -	$ 85,678,945
Domestic value (a)	5,376,158	-	-	5,376,158
International (a)	9,622,462	-	-	9,622,462
Fixed income securities:				
U.S. treasuries (b)	-	5,217,765	-	5,217,765
Corporate bonds (b)	-	112,256	-	112,256
Other (b)	-	7,924,850	-	7,924,850
Fixed income mutual funds:				
Domestic (a)	34,899,332	-	-	34,899,332
Global (a)	765,589	-	-	765,589
Strategic (a)	1,950,943	-	-	1,950,943
Alternative mutual funds	30,572	-	-	30,572
Funds held in trust by others	-	-	92,631,959	92,631,959
Total assets in fair value hierarchy	$ 138,324,001	$ 13,254,871	$ 92,631,959	244,210,831
Money market mutual funds				2,986,227
Investments measured at net asset value (c)				12,246,439
Total assets				$ 259,443,497

(a) Includes investments in domestic and international equity mutual funds and exchange traded funds. Investments are broken out into the underlying funds' asset type and investment goals.

(b) Includes investments with a diverse portfolio of short-term high quality bonds, actively managed across the mortgage-backed security, U.S. Treasury, corporate and international fixed income sectors.

(c) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investments held by the Corporation. Investments measured at NAV are subject to various management, incentive and other fees based on NAV, classes, capital account balances and/or capital commitments. Investments may also be subject to lock up periods.

The following is a description of the Corporation's valuation methodologies for assets measured at fair value. The fair value methodologies are not necessarily indications of liquidity, but are description of the measures used to arrive at fair value pricing. Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based upon quoted market prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers and brokers. Fair value for Level 3 investments are based on the value of the Corporation's interest in the trust's assets. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Investments in the accompanying consolidated balance sheets include $10,584,831 and $12,246,439 of alternative investments funds (the Funds) at September 30, 2021 and 2020, respectively. The Funds are measured using the NAV per share practical expedient. The Corporation's alternative investments funds are generally structured such that the Corporation holds a limited partnership interest or an interest in an investment management company. The Corporation's ownership structure does not provide for control over the related investees, and the Corporation's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment. The Corporation may be exposed indirectly to securities lending, short sales of securities and trading in futures and forward contracts, options and other derivative products. The Corporation has no plans to sell the Funds or a portion of the amounts currently owned. Financial information used by the Corporation to evaluate the Funds is provided by the investment manager or general partner, and includes fair value valuations of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment. The financial statements of the Funds are audited annually by independent auditors, although the timing of reporting the results of the audits does not coincide with the Corporation's annual financial statement reporting. There is uncertainty in the accounting for the Funds arising from factors such as a lack of active markets, lack of transparency in underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates of fair value will change in the near term.

The following table summarizes investments measured at fair value based on NAV per share, the fund's objectives and redemption restrictions as of September 30, 2021 and 2020, respectively.

	2021	2020
Floating rate loan funds:		
Eaton Vance Management Ltd. (1)	$ 6,382,530	$ 6,018,874
Total floating rate loan funds	6,382,530	6,018,874
Common trust funds:		
State Street Global Advisors, World Equity Index Fund (2)	4,202,301	-
State Street Global Advisors, S&P 500 Tobacco Free Index Strategy (3)	-	4,606,237
Wellington Management Company, Diversified Inflation Hedges (4)	-	1,621,328
Total common trust funds	4,202,301	6,227,565
Total alternative investment funds	$ 10,584,831	$ 12,246,439

(1) This fund's investment objective is to provide as high a level of current income as is consistent with the preservation of capital, by investing in a portfolio primarily of senior floating-rate loans. Depending on the amount, the Corporation can redeem their investment in this fund no later than 90 days upon written notice. There were no unfunded commitments related to this fund at September 30, 2021.

(2) The objective of the State Street Global Advisors, World Equity Index Fund is to track the performance of global developed equity markets, specifically the MSCI World ex UNGC and CW Index, while seeking to minimize as far as possible the tracking difference between the fund's performance and that of the Index. The Corporation can redeem from the fund monthly with two days' notice.

(3) The objective of the State Street Global Advisors, S&P 500 Tobacco Free Index Strategy seeks to gain exposure to large capitalization U.S. companies by replicating the returns and characteristics of the S&P 500 Tobacco Free Index. If tobacco is one of the top five industry categories contribution to a company's revenue, then the company is excluded from the S&P Tobacco Free Index Strategy. The fund was liquidated in 2021.

(4) The objective of the Wellington Management Company, Diversified Inflation Hedges is to provide strong relative performance versus broad equity and fixed income markets during rising inflation environments. The fund utilizes a multi-asset approach to provide long-term real returns consistent with CPI+5 percent target benchmark and competitive relative returns during inflationary environments. Direct asset class exposure includes inflationary sensitive equities, commodities, and inflation linked fixed income securities. The fund was liquidated in 2021.

CCMC Corporation and Subsidiaries

Consolidating Balance Sheet
September 30, 2021

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Assets								
Current Assets								
Cash and cash equivalents	$ 47,028,902	$ 15,504,210	$ -	$ 513,045	$ -	$ 7,687,566	$ -	$ 70,733,723
Short-term investments	-	156,734,802	-	-	-	-	-	156,734,802
Patient accounts receivable, net	73,688,009	-	-	-	-	-	-	73,688,009
Due from affiliated entities	2,674,426	247,670	4,912	500	-	183,750	(3,111,258)	-
Inventories	6,918,829	-	-	-	-	-	-	6,918,829
Other current assets	14,457,914	3,575,812	-	-	-	90,005	-	18,123,731
Total current assets	144,768,080	176,062,494	4,912	513,545	-	7,961,321	(3,111,258)	326,199,094
Assets Whose Use is Limited								
Investments	743,322	28,014,424	-	-	-	11,825,429	-	40,583,175
Restricted for capital	9,967,757	-	-	-	-	-	-	9,967,757
Funds held in trust by others	109,404,610	-	-	-	-	-	-	109,404,610
Beneficial interest in trust held by other	-	1,950,000	-	-	-	-	-	1,950,000
Interest in net assets of Connecticut Children's Medical Center Foundation, Inc.	208,415,893	-	-	-	-	-	(208,415,893)	-
Total assets whose use is limited	328,531,582	29,964,424	-	-	-	11,825,429	(208,415,893)	161,905,542
Property, Plant and Equipment								
Buildings	206,467,296	-	-	-	-	-	-	206,467,296
Furniture and equipment	157,135,268	308,986	-	-	-	-	-	157,444,254
Construction in progress	4,605,694	442,409	-	-	-	-	-	5,048,103
	368,208,258	751,395	-	-	-	-	-	368,959,653
Less accumulated depreciation	(244,678,499)	(254,871)	-	-	-	-	-	(244,933,370)
Total property, plant and equipment	123,529,759	496,524	-	-	-	-	-	124,026,283
Other Assets								
Ground lease	2,153,054	-	-	-	-	-	-	2,153,054
Pledges receivable, long-term	-	2,218,734	-	-	-	-	-	2,218,734
Other	286,668	-	-	881,000	-	-	(881,000)	286,668
Total other assets	2,439,722	2,218,734	-	881,000	-	-	(881,000)	4,658,456
Total assets	$ 599,269,143	$ 208,742,176	$ 4,912	$ 1,394,545	$ -	$ 19,786,750	$ (212,408,151)	$ 616,789,375

CCMC Corporation and Subsidiaries

Consolidating Balance Sheet
September 30, 2021

Liabilities and Net Assets (Deficiency)	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Current Liabilities								
Current portion of bonds payable	$ 1,915,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,915,000
Current portion of notes payable	1,363,348	-	-	-	-	-	-	1,363,348
Current portion of capital lease liability	2,630,250	-	-	-	-	-	-	2,630,250
Accounts payable and accrued expenses	30,575,084	975	-	-	-	446,564	-	31,022,623
Accrued wages	32,487,402	254,482	-	-	-	-	-	32,741,884
Due to affiliated entities	247,669	4,912	38,893	899,373	27,324	1,893,087	(3,111,258)	-
Total current liabilities	69,218,753	260,369	38,893	899,373	27,324	2,339,651	(3,111,258)	69,673,105
Bonds Payable, Less Current Portion	24,566,518	-	-	-	-	-	-	24,566,518
Notes Payable, Less Current Portion	8,259,936	-	-	-	-	-	-	8,259,936
Capital Lease Liability, Less Current Portion	20,607,940	-	-	-	-	-	-	20,607,940
Accrued Pension Liability	3,711,737	-	-	-	-	-	-	3,711,737
Due to Third Parties	6,074,799	-	-	-	-	-	-	6,074,799
Other Long-Term Liabilities	18,871,395	65,914	-	-	-	12,629,828	-	31,567,137
Total liabilities	151,311,078	326,283	38,893	899,373	27,324	14,969,479	(3,111,258)	164,461,172
Net Assets (Deficiency)								
Without donor restricted	287,398,187	192,423,627	(103,224)	495,172	(27,324)	4,817,271	(193,304,627)	291,699,082
With donor restricted	160,559,878	15,992,266	69,243	-	-	-	(15,992,266)	160,629,121
Total net assets (deficiency)	447,958,065	208,415,893	(33,981)	495,172	(27,324)	4,817,271	(209,296,893)	452,328,203
Total liabilities and net assets (deficiency)	$ 599,269,143	$ 208,742,176	$ 4,912	$ 1,394,545	$ -	$ 19,786,750	$ (212,408,151)	$ 616,789,375

CCMC Corporation and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets
Year Ended September 30, 2021

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Revenues								
Net patient service revenues	$ 453,725,497	$ -	$ -	$ -	$ -	$ -	$ -	$ 453,725,497
COVID-19 grant revenue	13,440,190	-	-	-	-	-	-	13,440,190
Other revenues	33,341,905	320,341	-	-	-	5,146,000	(5,146,000)	33,662,246
Contributions and donations, net	-	14,926,273	-	-	-	-	-	14,926,273
Net assets released from restrictions for operations	26,849,216	-	-	-	-	-	-	26,849,216
Total revenues	527,356,808	15,246,614	-	-	-	5,146,000	(5,146,000)	542,603,422
Expenses								
Salaries and wages	251,990,957	3,110,812	-	188,780	-	-	-	255,290,549
Benefits	54,503,446	688,919	-	36,807	-	-	-	55,229,172
Supplies and miscellaneous	178,638,366	1,278,516	205	10,494	7,418	2,388,618	(5,146,000)	177,177,617
Interest	1,737,213	-	-	-	-	-	-	1,737,213
Depreciation and amortization	15,611,949	21,756	-	-	-	-	-	15,633,705
Total expenses	502,481,931	5,100,003	205	236,081	7,418	2,388,618	(5,146,000)	505,068,256
Income (loss) from operations	24,874,877	10,146,611	(205)	(236,081)	(7,418)	2,757,382	-	37,535,166
Other Income (Loss)								
Investment return, net	9,626,634	4,922,993	-	-	-	967,011	-	15,516,638
Unrealized gains (losses) on investments	71,723	24,007,280	-	-	-	(187,834)	-	23,891,169
Net periodic pension credit	1,676,534	-	-	-	-	-	-	1,676,534
Loss on early lease termination	(2,959,188)	-	-	-	-	-	-	(2,959,188)
Change in equity interest in net assets of the Foundation	39,076,884	-	-	-	-	-	(39,076,884)	-
Total other income	47,492,587	28,930,273	-	-	-	779,177	(39,076,884)	38,125,153
Excess (deficiency) of revenues over expenses	$ 72,367,464	$ 39,076,884	$ (205)	$ (236,081)	$ (7,418)	$ 3,536,559	$ (39,076,884)	$ 75,660,319

CCMC Corporation and Subsidiaries

Consolidating Statement of Operations and Changes in Net Assets
Year Ended September 30, 2021

	Hospital and Subsidiaries	Foundation	Affiliates	Corporation	Ventures	NEPI	Eliminations	Consolidated
Net Assets Without Donor Restrictions								
Excess (deficiency) of revenues over expenses (from previous page)	$ 72,367,464	$ 39,076,884	$ (205)	$ (236,081)	$ (7,418)	$ 3,536,559	$ (39,076,884)	$ 75,660,319
Transfers (to) from affiliated organizations, net	(9,335,317)	7,535,317	-	-	-	1,800,000	-	-
Change in funded status of pension and post-retirement plans	15,538,027	-	-	-	-	-	-	15,538,027
Net assets released from restrictions for capital	6,562	-	-	-	-	-	-	6,562
Transfer of investments to The Foundation from the dissolution of The Children's Fund	(27,847,249)	27,847,249	-	-	-	-	-	-
Transfer of investments to CHDI from the dissolution of The Children's Fund	(12,171,593)	-	-	-	-	-	-	(12,171,593)
Change in equity interest in the net assets of the Foundation due to transfers and forgiveness	35,382,566	-	-	-	-	-	(35,382,566)	-
Change in net assets without donor restrictions	73,940,460	74,459,450	(205)	(236,081)	(7,418)	5,336,559	(74,459,450)	79,033,315
Net Assets With Donor Restrictions								
Unrealized gains on investments	-	4,013	-	-	-	-	-	4,013
Income from investments	-	3,204	-	-	-	-	-	3,204
Transfer from (to) affiliated organizations, net	7,538,020	(7,539,524)	1,504	-	-	-	-	-
Net assets released from restrictions for operations	(26,849,216)	-	-	-	-	-	-	(26,849,216)
Net assets released from restrictions for capital	(6,562)	-	-	-	-	-	-	(6,562)
Change in funds held in trust by others	16,772,651	-	-	-	-	-	-	16,772,651
Change in equity interest in the net assets of the Foundation	(4,402,922)	-	-	-	-	-	4,402,922	-
Other income	-	37,743	-	-	-	-	-	37,743
Contributions and donations, net	22,268,485	3,091,642	-	-	-	-	-	25,360,127
Change in net assets with donor restrictions	15,320,456	(4,402,922)	1,504	-	-	-	4,402,922	15,321,960
Change in net assets	89,260,916	70,056,528	1,299	(236,081)	(7,418)	5,336,559	(70,056,528)	94,355,275
Net Assets (Deficiency), Beginning	358,697,149	138,359,365	(35,280)	731,253	(19,906)	(519,288)	(139,240,365)	357,972,928
Net Assets (Deficiency), Ending	$ 447,958,065	$ 208,415,893	$ (33,981)	$ 495,172	$ (27,324)	$ 4,817,271	$ (209,296,893)	$ 452,328,203

APPENDIX C

DEFINITIONS OF CERTAIN TERMS USED IN THE INDENTURE AND THE LOAN AGREEMENT

The definitions of certain terms set forth below are definitions of terms used in the Indenture and Loan Agreement for the Bonds and used in this Official Statement.

"Account" or **"Accounts"** means, as the case may be, each or all of the accounts established in Section 5.1 of the Indenture.

"Act" means the State of Connecticut Health and Educational Facilities Authority Act, being Chapter 187 of the General Statutes of Connecticut, Revision of 1958, Sections 10a-176 to 10a-198, inclusive, as amended from time to time.

"Alternate Credit Facility" means a Credit Facility issued to replace an existing Credit Facility in accordance with the Indenture and Loan Agreement; provided, however, that any amendment, extension, or renewal of the Credit Facility then in effect for the purpose of extending the Expiration Date of such Credit Facility or modifying such Credit Facility pursuant to its terms shall not be deemed to be an Alternate Credit Facility for purposes of the Indenture.

"Alternate Liquidity Facility" means a Liquidity Facility issued to replace an existing Liquidity Facility in accordance with Indenture and Loan Agreement; provided, however, that any amendment or extension or renewal of the Liquidity Facility for the purpose of extending the Expiration Date of such Liquidity Facility or modifying such Liquidity Facility shall not constitute an Alternate Liquidity Facility for purposes of the Indenture.

"Annual Administrative Fee" means the annual fee for the general administrative expenses of the Authority in the amount of ten (10) basis points, paid semiannually, in arrears on the Outstanding principal amount of the Bonds on each June 20 and December 20 while the Bonds are Outstanding.

"Applicable Factor" means during any Direct Purchase Period, a percentage designated by the Market Agent (which shall be a percentage between 65.1% and 135%), or, with an Opinion of Bond Counsel, such other percentage as may be designated as the Applicable Factor for such Direct Purchase Period pursuant to Section 2.22 of the Indenture.

"Applicable Spread" means, with respect to each Direct Purchase Period, the number of basis points determined on or before the first day of such Direct Purchase Period and designated in writing by the Credit Group Representative, the Market Agent or the Direct Purchaser in accordance with Section 2.22 of the Indenture (which may include a schedule for the Applicable Spread based upon the ratings assigned to the unenhanced, long-term debt of the Obligated Group) that, when added to the product of (x) the Direct Purchase Index multiplied by (y) the Applicable Factor, would equal the minimum interest rate per annum that would enable the Direct Purchase Bonds to be sold on such date at a price equal to the principal amount thereof .

"Assignment of Note" means the Assignment of Note, dated May 17, 2023, from the Authority to the Trustee, assigning the Note securing the Bonds.

"Authority" means the State of Connecticut Health and Educational Facilities Authority, a body politic and corporate of the State of Connecticut, constituting a public instrumentality created by the Act.

"Authorized Denominations" means with respect to any (a) Long-Term Period, FRN Period or Fixed Period, $5,000 and any integral multiple thereof; and (b) Short-Term Period, Two Day Period, Term Floater Rate Period, Window Period, Weekly Period, Daily Period, Direct Purchase Period or Flexible Rate Period, $100,000 and any integral multiple of $5,000 in excess of $100,000.

"Authorized Officer" means: (i) in the case of the Authority, the Chairman, Vice Chairman, Executive Director, General Counsel, any Managing Director, any Assistant Director, or any other duly authorized officer of the Authority, and when used with reference to any act or document also means any other person authorized by Resolution of the Authority to perform such act or execute such document; (ii) in the case of the Institution, the Chairman, President, Chief Financial Officer, Secretary, Assistant Secretary or Treasurer of the Institution and any other person

or persons authorized by resolution of the Institution to perform any act or execute any document; and (iii) in the case of the Trustee, means any officer in its corporate trust administration department, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the governing body of the Trustee.

"Available Money" means: (a) when used in connection with any particular Bonds for which there is a Credit Facility or a Liquidity Facility in effect for such Bonds:

(i) money obtained by the Trustee pursuant to such Credit Facility for payment of the principal or Redemption Price of or interest on such Bonds or pursuant to such Liquidity Facility for the payment of the Purchase Price of such Bonds;

(ii) money derived from the remarketing of such Bonds which is directly paid to and held by the Trustee for the payment of the Purchase Price of such Bonds in accordance with Section 5.10 of the Indenture;

(iii) money which has been on deposit with the Trustee for at least one hundred twenty–four (124) days prior to and during which no petition by or against the Authority or the Institution, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the "Bankruptcy Code") shall have been filed or any bankruptcy or similar proceeding shall have been commenced, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal;

(iv) any other money the application of which to the payment of, if a Credit Facility is then in effect, the principal or Redemption Price of or interest on such Bonds, or if a Liquidity Facility is then in effect for such Bonds, the Purchase Price of such Bonds, in each case, would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Authority or the Institution under the Bankruptcy Code; and

(v) the proceeds from the investment of money described in clauses (i) through (iv) above; and

(b) when used in connection with any particular Bonds for which there is no Credit Facility or Liquidity Facility in effect, any money.

"Bank Bond" means any Tendered Bond during the period from and including the date the Purchase Price thereof is paid by a Provider pursuant to a Credit Facility or Liquidity Facility to, but excluding, the earliest of (i) the date on which the principal, Redemption Price or Purchase Price of such Bond, together with all interest accrued thereon, is paid with amounts other than amounts drawn under the Credit Facility or Liquidity Facility, (ii) the date on which the registered owner of a Bond has given written notice of its determination not to sell such Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Bond, or, if notice of such determination is not given on or before the next Business Day succeeding the day such purchase notice is received, the second Business Day succeeding receipt of such purchase notice, or (iii) the date on which such Bond is to be purchased pursuant to an agreement by the registered owner of such Bond to sell such Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Bond, if the Trustee then holds, in trust for the benefit of such registered owner, sufficient money to pay the Purchase Price of such Bond, together with the interest accrued thereon to the date of purchase.

"Bank Bond Rate" means the rate at which a Bank Bond bears interest in accordance with a Credit Facility or Liquidity Facility or the Reimbursement Agreement providing for the issuance of a Credit Facility or Liquidity Facility; ***provided, however,*** that in no event shall such rate exceed the Maximum Rate applicable thereto.

"Bond Counsel" means an attorney or firm of attorneys designated by the Authority and having a national reputation in the field of municipal finance whose opinions are generally accepted by purchasers of municipal bonds.

"Bond Year" means a period of twelve (12) consecutive months beginning on May 1 in any calendar year and ending on April 30 of the succeeding calendar year.

"Bondholder Agreement" means during any Direct Purchase Period, any continuing covenant agreement, bondholder agreement or similar agreement between the Institution and a Direct Purchaser that is designated in writing by the Institution and delivered to the Trustee and the Authority as the Bondholder Agreement.

"Bondowner" or **"Owner"** or **"Holder"** or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Bond.

"Bonds" or **"Series E Bonds"** means the Authority's $112,385,000 Revenue Bonds, Connecticut Children's Medical Center Issue, Series E, authorized, issued and secured pursuant to the Indenture.

"Business Day" when used in connection with any particular Bonds means a day other than (i) a Saturday and Sunday or a (ii) a day on which any of the following are authorized or required to remain closed: (A) during any Interest Rate Period during which a Direct Purchaser is the registered owner of the Bonds, the Direct Purchaser or the Market Agent, (B) banks or trust companies chartered by the State of New York or the United States of America, (C) the designated corporate trust office of the Trustee, (D) the New York Stock Exchange, or (E) if such Bonds are in the Flexible Mode, the Daily Mode, the Weekly Mode, Term Floater Rate Mode, Short-Term Rate Mode, Window Mode, FRN Mode or the Long-Term Mode, the Trustee, the Remarketing Agent, the Calculation Agent or the Provider of a Credit Facility or Liquidity Facility, if applicable, for such Bonds then in effect.

"Calculation Agent" means (a) during any Direct Purchase Period, the Direct Purchaser or any affiliate thereof during any Direct Purchase Period, or any Person, financial institution or financial advisory firm appointed by the Credit Group Representative, with the consent of the Direct Purchaser, to serve as Calculation Agent for the Bonds, and (b) during the FRN Mode or the Window Mode, any Person, financial institution or financial advisory firm appointed by the Credit Group Representative prior to a Conversion to any such Interest Rate Mode to serve as Calculation Agent for the Bonds.

"Capitalized Interest Account" means the account for the Bonds so designated, created and established in the Construction Fund pursuant to Section 5.1 of the Indenture.

"Certificate of Determination" means a certificate of an Authorized Officer of the Authority setting forth the terms that will apply to the Bonds upon their Conversion to a new Interest Rate Mode or new Interest Rate Period, as provided in Article II of the Indenture.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Construction Account" means the account for the Bonds so designated, created and established in the Construction Fund pursuant to Section 5.1 of the Indenture.

"Construction Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement between the Institution, on behalf of itself and as Credit Group Representative, and Digital Assurance Certification, L.L.C., as dissemination agent, dated as of May 1, 2023, relating to the Bonds, pertaining to disclosure of future material events and annual financial information in accordance with Rule 15c2-12 of the Securities Exchange Commission.

"Conversion" means a change in the Interest Rate Mode of all or a portion of the Bonds made in accordance with the provisions of Article II of the Indenture and shall also include (a) a conversion from any Direct Purchase Period to the next Direct Purchase Period; (b) a conversion of the FRN Bonds into a new FRN Interest Rate Period; (c) a conversion from one Fixed Period to a new Fixed Period; (d) a conversion from any Short-Term Interest Rate Period to a new Short-Term Interest Rate Period; and (e) a conversion from any Long-Term Interest Rate Period to a new Long-Term Interest Rate Period.

"Conversion Date" means the day on which the Bonds are converted, or proposed to be converted, from one Interest Rate Mode to a different Interest Rate Mode, or, as applicable, from one Interest Rate Period to another Interest Rate Period as set forth in clauses (a) through (e) of the definition of "Conversion."

"Conversion Notice" means a notice given pursuant to Section 2.28 of the Indenture.

"Cost" or **"Costs"** means, as applied to the Project or any portion thereof financed with the proceeds of bonds issued under the provisions of the Act, as approved by the Authority, all or any part of the cost of construction and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, easements and interests acquired or used for the Project, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to, during and for a period after completion of such

construction, cost of architectural and engineering plans, specifications, studies, surveys, and estimates of cost and of revenues, expenses necessary or incident to determining the feasibility or practicability of constructing the Project and such other expenses as may be necessary or incident to the construction and acquisition of the Project, but shall not include such items which are customarily deemed to result in a current operating charge.

"Cost of Issuance" means all costs and expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees and expenses, financial advisory fees, trustee's acceptance fees and expenses under the Indenture and initial (including first annual) fees, fiscal or escrow agent fees, printing fees and travel expenses.

"Cost of Issuance Account" means the account for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Credit Facility" means a Credit Facility that meets the requirements of Section 5.11 of the Indenture or a substitute Credit Facility that meets the requirements of Section 5.11 of the Indenture, which Credit Facility may also constitute a Liquidity Facility if it also provides for the payment by the Provider of money for the payment of the Purchase Price of Tendered Bonds.

"Credit Facility Documents" means any Credit Facility and the Reimbursement Agreement and any and all other documents, pledge agreements or custodian agreements which the Institution or any other party or parties or their representatives, have executed and delivered or may hereafter execute and deliver to evidence or secure the Credit Facility Provider Payment Obligations, or any part thereof, or in connection therewith, together with any and all supplements thereto.

"Credit Facility Provider" means the issuer of any Credit Facility, including any Alternate Credit Facility.

"Credit Facility Provider Payment Obligations" means, with respect to a Credit Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution to the Credit Facility Provider under the Credit Facility Documents, including amounts due under the Reimbursement Agreement or with respect to the Bank Bonds. The amount of the Credit Facility Provider Payment Obligations shall be established or calculated by the Credit Facility Provider from time to time and furnished to the Trustee in writing denominating the interest portion of such Credit Facility Provider Payment Obligations and the principal portion of such Credit Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

"Credit Group Representative" means the Institution, or such other member of the Obligated Group as shall be designated as a successor Credit Group Representative under the Master Indenture by an Officer's Certificate delivered to the Authority, the Trustee and the Master Trustee.

"Credit/Liquidity Enhancement Fee Account" means the account for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Daily Bonds" means Bonds that bear interest at Daily Rates.

"Daily Interest Rate Period" means each period during the Daily Period for which a particular Daily Rate is in effect, each of which period shall commence on a Business Day and shall remain in effect to, but excluding, the next succeeding Business Day.

"Daily Mode" means the Interest Rate Mode during which the Bonds bear interest at a Daily Rate.

"Daily Period" means the period commencing on a Conversion Date or on a Business Day and extending to, but not including, the next succeeding Business Day, during which Bonds in the Daily Mode bear interest at the Daily Rate.

"Daily Rate" means the interest rate at which a Bond in the Daily Mode is determined on a daily basis, as established in accordance with Section 2.14 of the Indenture.

"Default Notice" means a notice given by a Credit Facility Provider or Liquidity Facility Provider pursuant to the applicable Credit Facility or Liquidity Facility or the applicable Reimbursement Agreement to the effect that an event of default thereunder has occurred and that the Credit Facility or Liquidity Facility will terminate on the date specified in such notice, which termination date shall be not less than three (3) Business Days following the date of the notice.

"Defeasance Obligations" means: (i) non-callable direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America; and (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) 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 (ii) as appropriate, and (d) which are rated "AAA" by Standard & Poor's or "Aaa" by Moody's.

"Direct Purchase Bonds" means Bonds that bear interest at a Direct Purchase Rate, and any Unremarketed Bonds, if any.

"Direct Purchase Index" means during any Direct Purchase Period, SOFR, Term SOFR, the SIFMA Index, the Consumer Price Index or, with an Opinion of Bond Counsel, such other index as may be designated by the Market Agent as the Direct Purchase Index for such Direct Purchase Period pursuant to Section 2.22 of the Indenture.

"Direct Purchase Interest Rate Period" means each period during a Direct Purchase Period for which a particular Direct Purchase Rate is in effect.

"Direct Purchase Mode" means the Interest Rate Mode during which the Bonds bear interest at the Direct Purchase Rate and during which any Unremarketed Bonds, if any, remain Outstanding.

"Direct Purchase Period" means the period during which Bonds constitute Direct Purchase Bonds, which Direct Purchase Period shall generally be comprised of multiple Direct Purchase Interest Rate Periods, during which Direct Purchase Rates are in effect. A Direct Purchase Period shall also include any period during which any Unremarketed Bonds remain Outstanding.

"Direct Purchase Period Earliest Redemption Date" means during any Direct Purchase Period, the date or dates on which Direct Purchase Bonds are first subject to optional redemption during the applicable Direct Purchase Period, as established by the Institution, the Market Agent or the Direct Purchaser or as set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement in accordance with the provisions of Section 2.22 of the Indenture.

"Direct Purchase Rate" means the interest rate per annum on Direct Purchase Bonds determined on a periodic basis as provided in Section 2.22 of the Indenture.

"Direct Purchase Rate Determination Date" means during any Direct Purchase Period, such date established as such by the Institution, the Market Agent or the Direct Purchaser as set forth in the applicable Certificate of Determination, Supplemental Indenture or Bondholder Agreement.

"Direct Purchase Rate Mandatory Purchase Date" means the first day following the last day of each Direct Purchase Interest Rate Period, or any other date established as such in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Direct Purchase Term Out Period" means, during any Direct Purchase Period, the Direct Purchase Term out period, if any, established by the Direct Purchaser or the Market Agent or as otherwise set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Direct Purchase Term Out Rate" means, during any Direct Purchase Period, the Direct Purchase Term Out Rate, if any, established by the Direct Purchaser or the Market Agent or as otherwise set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Direct Purchaser" means, during any Direct Purchase Period, the Holder of the Direct Purchase Bonds, if there is a single Holder of all of the Direct Purchase Bonds of a Series and provided, however, that the Bonds are not then held under the book-entry system. If there is more than one Holder of the Direct Purchase Bonds of a Series, "Direct Purchaser" means the Holders owning a majority in aggregate principal amount of the Direct Purchase Bonds of a series then Outstanding. If the Direct Purchase Bonds are then held under the book-entry system, "Direct Purchaser" means the beneficial owner of the Direct Purchase Bonds, if there is a single beneficial owner of all of the Direct Purchase Bonds. If there is more than one beneficial owner of the Direct Purchase Bonds, "Direct Purchaser" means the beneficial owners who are the beneficial owners of a majority in aggregate principal amount of the Direct Purchase Bonds then Outstanding.

"DTC" means The Depository Trust Company, New York, New York, a New York State limited purpose trust company, subject to regulation by the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System and the New York State Banking Department, or its successors appointed under the Indenture.

"Electronic Means" means telecopy, telegraph, facsimile transmission, e-mail, or other similar electronic means of communication, including a telephonic communication confirmed in writing or written transmission.

"Electronic Notice" means a notice transmitted through email, facsimile or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition, to the notice address supplied by or on behalf of the addressee; provided, however, that if the Trustee is unable to provide Electronic Notice to the Bondholders because it does not have the necessary contact information to do so, it shall provide written notice to the Bondholders.

"Eligible Bonds" means any Bonds other than Bank Bonds or Bonds owned by, for the account of, or on behalf of, the Authority or the Institution.

"Equal Employment Opportunity Laws" means Executive Order No. 121246, dated September 28, 1965, as supplemented from time to time, and all of the regulations, rules and orders promulgated thereunder, and Chapter 814c of the Connecticut General Statutes, the Human Rights and Opportunities Law, as amended from time to time, and all of the regulations, rules and orders promulgated thereunder.

"Event of Default" means, with respect to the Loan Agreement, any of the events of default set forth in Section 8.1 of the Loan Agreement, and, with respect to the Indenture, any of the events of default set forth in Section 8.1 of the Indenture.

"Expiration Date" means, when used in connection with a particular Credit Facility or Liquidity Facility, the date on which such Credit Facility or Liquidity Facility will expire by its terms, as such date may be extended from time to time, or any earlier date on which such Credit Facility or Liquidity Facility shall terminate, expire or be canceled upon delivery of a substitute Credit Facility or Liquidity Facility in accordance with the Indenture and the Loan Agreement, but does not include a Termination Date.

"Fiscal Year" means the fiscal year of the Institution, currently from October 1 to September 30.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"Fixed Bonds" means Bonds that bear interest at a Fixed Rate until maturity.

"Fixed Mode" means the Interest Rate Mode during which the Bonds bear interest at a Fixed Rate or Fixed Rates to their maturity date.

"Fixed Period" means the Initial Fixed Period, and thereafter, the period from and including the Conversion Date and extending (i) to but excluding the date of maturity of a Bond in the Fixed Mode or (ii) to, but excluding, the

Conversion Date on which Bonds in the Fixed Mode are converted to another Interest Rate Mode or a new Fixed Period.

"Fixed Rate" means the rate at which a Bond bears interest to its maturity or earlier Conversion Date during the Fixed Period, as established in accordance with Section 2.12 of the Indenture.

"Flexible Mode" means the Interest Rate Mode during which the Bonds bear interest at the Flexible Rate.

"Flexible Rate" means the per annum interest rate on a Bond in the Flexible Mode determined for such Bond pursuant to of Section 2.19 the Indenture. The Bonds in the Flexible Mode may bear interest at different Flexible Rates.

"Flexible Rate Bond" means a Bond in the Flexible Mode.

"Flexible Rate Determination Date" means the first day of each Flexible Rate Period.

"Flexible Rate Period" means the period of from one to 270 calendar days (which period must end on a day preceding a Business Day) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established pursuant to Section 2.19 of the Indenture. The Bonds in the Flexible Mode may be in different Flexible Rate Periods.

"FRN Bonds" means Bonds that bear interest at FRN Rates.

"FRN Index Percentage" means the percentage determined by the Remarketing Agent pursuant to Section 2.20 of the Indenture with respect to the determination of the FRN Rate.

"FRN Index" means the SIFMA Index, SOFR, Term SOFR, the Consumer Price Index or such other index reasonably expected to measure contemporaneous variations in the cost of newly borrowed funds or inflation, as applicable.

"FRN Interest Rate Period" means each period during the FRN Period during which FRN Rates are in effect, as described in Section 2.20 of the Indenture.

"FRN Mode" means the Interest Rate Mode during which the Bonds bear interest at FRN Rates.

"FRN Period" means the period during which Bonds constitute FRN Bonds, which FRN Period shall generally be comprised of multiple FRN Interest Rate Periods, during which FRN Rates are in effect.

"FRN Rate" means, with respect to the FRN Bonds in a particular FRN Interest Rate Period, the interest rate per annum on FRN Bonds during such FRN Interest Rate Period determined on a periodic basis as provided in Section 2.20 of the Indenture, which is equal to the sum of (a) the FRN Index multiplied by the FRN Index Percentage, plus (b) the FRN Spread.

"FRN Rate Conversion Date" means (a) a continuation of the FRN Bonds in a new FRN Interest Rate Period with a new FRN Rate Mandatory Purchase Date and (b) a conversion of the FRN Bonds from an FRN Interest Rate Period to an Interest Rate Period other than an FRN Interest Rate Period.

"FRN Rate Determination Date" means, with respect to any FRN Bonds, the Business Day on which the FRN Rate is determined by the Calculation Agent during each FRN Interest Rate Period, as determined by the Remarketing Agent pursuant to Section 2.20 of the Indenture. The FRN Rate Determination Date for Bonds bearing interest at an FRN Rate shall be: (a) during an FRN Interest Rate Period for which the FRN Index is the SIFMA Index, each Wednesday, or if such Wednesday is not a Business Day, the following Business Day, (b) during an FRN Interest Rate Period for which the FRN Index is based on SOFR, the U.S. Government Securities Business Day immediately preceding each effective date, (c) during an FRN Interest Rate Period for which the FRN Index is based on Term SOFR, the first Business Day of each month and (d) during an FRN Interest Rate Period for which the FRN Index is based on the Consumer Price Index, the Business Day immediately following announcement of the Consumer Price Index.

"FRN Rate Hard Put Bonds" means those FRN Bonds that are required to be purchased on an FRN Rate Hard Put Mandatory Purchase Date, pursuant to the election of the Institution under Section 2.20 of the Indenture.

"FRN Rate Hard Put Mandatory Purchase Date" means, with respect to the FRN Rate Hard Put Bonds, the first day following the last day of each FRN Interest Rate Period.

"FRN Rate Mandatory Purchase Date" means, with respect to the FRN Bonds, each FRN Rate Hard Put Mandatory Purchase Date and FRN Rate Soft Put Mandatory Purchase Date.

"FRN Rate Soft Put Bonds" means any FRN Bonds that, pursuant to the election of the Institution under Section 2.20 of the Indenture, are required to be purchased on an FRN Rate Soft Put Mandatory Purchase Date, but only to the extent that (a) remarketing proceeds, (b) funds made available from a Credit Facility or a Liquidity Facility or (c) other amounts made available by the Institution, in its sole discretion, are available for such purchase.

"FRN Rate Soft Put Mandatory Purchase Date" means, with respect to the FRN Rate Soft Put Bonds, the first day following the last day of each FRN Interest Rate Period.

"FRN Spread" means the spread, determined by the Remarketing Agent in accordance with Section 2.20 of the Indenture prior to the commencement of an FRN Interest Rate Period, based on the relative spreads of securities that bear interest based on the FRN Index and FRN Index Percentage that, in the reasonable judgment of the Remarketing Agent under prevailing market conditions, will result in the remarketing of such FRN Bonds in the new FRN Interest Rate Period at a purchase price equal to their principal amount.

"Gross Receivables" shall have the meaning as set forth in the Master Indenture.

"Hazardous Substance Agreement" means the Hazardous Substance Certificate and Indemnification Agreement, dated as of May 1, 2023, from the Institution to the Authority.

"Immediate Termination Date" means, with respect to Bonds secured by a Liquidity Facility in the form of a standby bond purchase agreement or other standby liquidity agreement, the date, if any, on which a Liquidity Facility Provider's obligation to advance funds or purchase Bonds under such Liquidity Facility terminates immediately in accordance with its terms.

"Indenture" means the Trust Indenture between the Authority and the Trustee, dated as of May 1, 2023, as the same may from time to time be amended or supplemented by a Supplemental Indenture or Indentures.

"Independent Insurance Consultant" means a person or firm who is not a director, trustee, employee or officer of the Institution or a director, trustee, employee or member of the Authority, appointed by an Authorized Officer of the Institution and satisfactory to the Authority, qualified to survey risks and to recommend insurance coverage for healthcare facilities and services and organizations engaged in like operations and having a favorable reputation for skill and experience in such surveys and such recommendations, and who may be a broker or agent with whom the Institution transacts business.

"Index Reset Date" means the first Business Day of each calendar month or as otherwise established in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Initial Fixed Period" means the period commencing on the date of issuance of the Bonds and ending on the earlier of a Conversion Date or the maturity date.

"Initial Window Rate Spread" means with respect to any Conversion to a Window Period, the spread determined by the Remarketing Agent on the applicable Window Rate Determination Date pursuant to Section 2.21 of the Indenture.

"Institution" means Connecticut Children's Medical Center, a non-profit corporation duly organized and existing under the laws of the State and the principal place of business of which is presently located in Hartford, Connecticut.

"Institution Documents" means, collectively, the Loan Agreement, the Continuing Disclosure Agreement, the Hazardous Substance Agreement, the Letter of Representation and Indemnification, the Note, the Master Indenture, and the Tax Regulatory Agreement.

"Institution Elective Purchase Date" means the date designated by the Institution for the purchase of Daily Bonds, Two Day Bonds, Weekly Bonds or Window Bonds pursuant to Article II of the Indenture.

"Institution Funds Account" means the account by that name in the Purchase Fund established pursuant to Section 5.1 of the Indenture.

"Interest Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Interest Accrual Date" means:

(a) with respect to any Fixed Period, any Long-Term Period or any Term Floater Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date during such period, other than the last such Interest Payment Date;

(b) with respect to any Weekly Period, the first day thereof and, thereafter, the first Wednesday of each calendar month during such Weekly Period;

(c) with respect to any Daily Period or any Two-Day Period, the first day thereof and, thereafter, the first day of each calendar month during such period;

(d) with respect to any Window Period, the first day thereof and, thereafter, the first Thursday of each calendar month during such Window Period;

(e) with respect to any FRN Period, (a) during an FRN Interest Rate Period for which the FRN Index is the SIFMA Index, the first day thereof and, thereafter, the first Thursday of each calendar month during such FRN Interest Rate Period, and (b) during an FRN Interest Rate Period for which the FRN Index is based on any other index as permitted hereunder, the first day thereof and, thereafter, each Interest Payment Date during such FRN Interest Rate Period, other than the last such Interest Payment Date;

(f) with respect to any Short-Term Period, the first day thereof;

(g) with respect to any Flexible Rate Period, the first day thereof; and

(h) with respect to any Direct Purchase Period, either the first calendar day of each month or the first Business Day of each calendar month, as set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Interest Accrual Period" means, during any Direct Purchase Period, the Interest Accrual Period established in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Interest Payment Date" means:

(a) with respect to any Weekly Period, the first Wednesday of each calendar month, or, if the first Wednesday is not a Business Day, the next succeeding Business Day;

(b) with respect to any Daily Period or any Two-Day Period, the fifth Business Day of each calendar month;

(c) with respect to any FRN Period, (a) during an FRN Interest Rate Period for which the FRN Index is the SIFMA Index, the first Thursday of each month, or if such first Thursday is not a Business Day, the next succeeding Business Day, and (b) during an FRN Interest Rate Period for which the FRN Index is based on any other index as permitted hereunder, the first Business Day of each calendar month;

(d) with respect to any Fixed Period or Long-Term Period, each January 15 and July 15;

(e) with respect to any Short-Term Interest Rate Period, the first Business Day next succeeding the last day thereof;

(f) with respect to each Interest Rate Mode, the day next succeeding the last day thereof, and any Conversion Date;

(g) with respect to any Window Period, the first Thursday of each month, or if such first Thursday is not a Business Day, the next succeeding Business Day;

(h) with respect to the Bonds in the Flexible Mode, each Mandatory Tender Date applicable thereto;

(i) with respect to any Bank Bonds, as provided in the applicable Reimbursement Agreement;

(j) with respect to any Term Floater Rate Period, the first Business Day of each calendar month;

(k) a maturity date; and

(l) with respect to any Direct Purchase Period, the first Business Day of each calendar month, or as may otherwise be established in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Interest Rate Mode" means a Daily Mode, a Two-Day Mode, a Weekly Mode, a Short-Term Mode, a Long-Term Mode, an FRN Mode, a Term Floater Rate Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a Fixed Mode.

"Interest Rate Period" means a Daily Interest Rate Period, a Two-Day Interest Rate Period, a Weekly Interest Rate Period, a Short-Term Interest Rate Period, a Long-Term Interest Rate Period, a Flexible Rate Period, an FRN Interest Rate Period, a Term Floater Interest Rate Period, a Window Interest Rate Period, a Direct Purchase Interest Rate Period or a Fixed Period.

"Investment Agreement" means an agreement for the investment of moneys held by the Trustee or the Authority pursuant to the Indenture with a Qualified Financial Institution (which may include the entity acting as Trustee).

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"ISDA Fallback Adjustment" means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Alternative Rate for the applicable tenor.

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Alternative Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"Letter of Representation and Indemnification" means the Letter of Representation and Indemnification of the Obligated Group to the Authority and the initial underwriters of the Bonds, dated the date of the Purchase Contract.

"Liquidity Facility" means, when used in connection with any particular Bond, a Liquidity Facility that meets the requirements of the Indenture and Loan Agreement or a substitute Liquidity Facility that meets the requirements of the Indenture and Loan Agreement, and includes a Credit Facility that constitutes a Liquidity Facility pursuant to the definition of "Credit Facility." A Self-Liquidity Arrangement is not a Liquidity Facility.

"Liquidity Facility Documents" means any Reimbursement Agreement and any and all other documents, pledge agreements or custodian agreements which the Institution or any other party or parties or their representatives, have executed and delivered or may hereafter execute and deliver to evidence or secure the Liquidity Facility Provider Payment Obligations, or any part thereof, or in connection therewith, together with any and all supplements thereto.

"Liquidity Facility Provider Payment Obligations" means, with respect to a Liquidity Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution to the Liquidity Facility Provider under the Liquidity Facility Documents, including amounts due under the Reimbursement Agreement or with respect to the Bank Bonds. The amount of the Liquidity Facility Provider Payment Obligations shall be established or calculated by the Liquidity Facility Provider from time to time and furnished to the Trustee in writing denominating the interest portion of such Liquidity Facility Provider Payment Obligations and the

principal portion of such Liquidity Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

"Liquidity Facility Provider" means the issuer of any Liquidity Facility, including any Alternate Liquidity Facility.

"Loan Agreement" means the Loan Agreement between the Authority and the Institution, dated as of May 1, 2023, as the same may from time to time be amended or supplemented by a Supplemental Loan Agreement or Agreements.

"Long-Term Bonds" means Bonds that bear interest at Long-Term Rates**.**

"Long-Term Interest Rate Period" means each period during the Long-Term Period for which a particular Long-Term Rate is in effect.

"Long-Term Mode" means the Interest Rate Mode during which the Bonds bear interest at the Long-Term Rate.

"Long-Term Period" means the period during which Bonds constitute Long-Term Bonds, which Long-Term Period shall generally be comprised of multiple Long-Term Interest Rate Periods, during which Long-Term Rates are in effect.

"Long-Term Rate" means the established interest rate per annum on Long-Term Bonds determined on a periodic basis as provided in Section 2.18 of the Indenture.

"Long-Term Rate Mandatory Purchase Date" means the first day following the last day of each Long-Term Interest Rate Period.

"Mandatory Purchase Window" means, during a Window Period, (a) 210 days or (b) such other number of days specified by the Remarketing Agent prior to the commencement of the Window Period, with the consent of the Credit Group Representative, in a written notice to the Trustee, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any. Any change in the Mandatory Purchase Window shall become effective only at the commencement of a Window Period, on a Window Rate Mandatory Purchase Date or any other mandatory tender for purchase for Window Bonds that occurs pursuant to Section 2.32 of the Indenture during such Window Period.

"Mandatory Tender Date" means any date on which a Bond is required to be tendered for purchased in accordance with Article II of the Indenture.

"Market Agent" means the Person, if any, appointed by the Credit Group Representative to serve as market agent in connection with any Direct Purchase Period.

"Master Indenture" means Master Trust Indenture, dated as of May 1, 2023, by and among the Institution, the other members of the Obligated Group, and the Master Trustee, and when amended or supplemented, such Master Indenture, as amended or supplemented.

"Master Indenture Event of Default" means any one or more of those events set forth in Section 4.01 of the Master Indenture.

"Master Trustee" means The Bank of New York Mellon Trust Company, N.A. and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Master Indenture.

"Maximum Rate" means (i) for all Bonds except Bank Bonds, ten percent (10%) per annum, and (ii) in the case of a Bond bearing interest at the Bank Bond Rate, as otherwise set forth in any applicable Reimbursement Agreement; ***provided, however,*** that in no event shall the Rate at which any Bond bears interest exceed the maximum rate permitted by law.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"No Remarketing Notice" means, as of any date of determination, a notice given to the Remarketing Agent, the Authority, the Institution and the Trustee by the Provider of a Credit Facility or Liquidity Facility pursuant to such Credit Facility or Liquidity Facility or the applicable Reimbursement Agreement to the effect that an event of default under such Credit Facility or Liquidity Facility or the applicable Reimbursement Agreement has occurred and that from and after the date specified therein, no Tendered Bonds to which the Credit Facility or the Liquidity Facility, as applicable, relates are to be remarketed.

"Note" means the Connecticut Children's Medical Center Obligated Group Master Indenture Obligation No. 1 of the Obligated Group, dated May 17, 2023, issued pursuant to the Master Indenture and given to the Authority and assigned by the Authority to the Trustee pursuant to the Indenture with respect to the Bonds, in a principal amount equal to the principal amount of the Bonds, to evidence the loan to the Institution from the Authority of the proceeds of the Bonds, in substantially the form as provided in Section 12 of the Supplemental Master Indenture No. 1.

"NRSROs" has the meaning specified in the definition of Qualified Financial Institution.

"Obligated Group" means the Institution, Connecticut Children's Foundation, Inc., Connecticut Children's Specialty Group, Inc. and any other Person which has become a member of the Obligated Group under the Master Indenture in accordance with the provisions thereof.

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Institution.

"Official Statement" means the Official Statement of the Authority relating to the Bonds, containing information, data and statistics concerning the Authority, the Institution, the Obligated Group, the Bonds and other information, and the appendices thereto.

"Opinion of Bond Counsel" means an opinion in writing signed by Bond Counsel addressed to the Authority, the Institution and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and the Act and will not adversely affect the exemption from federal income taxation of interest on the Bonds.

"Opinion of Counsel" means an opinion in writing signed by legal counsel acceptable to the Authority and who may be an employee of or counsel to the Institution.

"Optional Tender Date" means the Business Days set forth in Section 2.31(a)(i) through (v) of the Indenture for a Daily Period, a Two-Day Period, a Window Period, a Term Floater Rate Period or a Weekly Period, as applicable.

"Outstanding" when used in reference to Bonds, means as of a particular date, all Bonds authenticated and delivered under the Indenture except: (i) any Bond canceled by the Trustee at or before such date; (ii) any Bond or portion thereof paid or deemed paid in accordance with Section 12.1 of the Indenture; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and (iv) any unsurrendered Bond deemed to have been purchased as provided in the Indenture.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, a limited liability company, a governmental body or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals.

"Preliminary Official Statement" means the Preliminary Official Statement of the Authority relating to the Bonds, containing information, data and statistics concerning the Authority, the Institution, the Obligated Group, the Bonds, and other information, and the appendices thereto, but without pricing, yield, redemption or maturity information relating to the Bonds.

"Premises" means the Premises of the Institution and of certain members of the Obligated Group described in the Premises Schedule attached to the Loan Agreement and as defined in the Hazardous Substance Agreement.

"Principal Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Project" means the healthcare and related facilities to be acquired, constructed, renovated, equipped, installed or provided for the Project Users, including necessary attendant facilities, equipment, site work and utilities thereof financed or refinanced with proceeds of the Bonds as set forth on the Project Schedule attached to the Loan Agreement.

"Project Users" means, collectively, the members of the Obligated Group that own and operate the Project as identified in the Tax Regulatory Agreement.

"Provider" or **"Credit Facility Provider"** or **"Liquidity Facility Provider"** or **"Credit Facility Issuer"** means, when used in connection with any particular Bonds, the Provider of a Credit Facility or Liquidity Facility, as applicable, for such Bonds delivered in accordance with the provisions of the Indenture and Loan Agreement.

"Purchase Contract" means the Purchase Contract with respect to the Bonds by and between the Authority and Goldman Sachs & Co. LLC, as representative and senior manager of the initial underwriters of the Bonds.

"Purchase Date" means each date on which Bonds are subject to purchase in lieu of optional redemption or optional or mandatory purchase pursuant to the Indenture and shall include each Mandatory Purchase Date.

"Purchase Fund" means the fund so designated, created and established pursuant to Section 5.1 of the Indenture.

"Purchase Price" means the amount set forth below as payable to the owner of a Bond tendered for purchase pursuant to Article II of the Indenture:

(i) when used in connection with a Bond optionally tendered pursuant to Section 2.31 of the Indenture or, except as provided in clause (ii) or (iii) below, a Bond mandatorily tendered pursuant to Section 2.32 of the Indenture, an amount equal to one hundred percent (100%) of the principal amount of the Tendered Bonds, plus accrued and unpaid interest thereon to the Tender Date;

(ii) when used in connection with a Bond mandatorily tendered pursuant to Section 2.32(a)(i) of the Indenture upon a Conversion from the Fixed Mode or Long-Term Mode, an amount equal to the Redemption Price that would be payable if such Bonds had been called for redemption on the Conversion Date; plus accrued and unpaid interest thereon to the Tender Date; and

(iii) when used in connection with a Bank Bond tendered for purchase, the amount payable to the registered owner of such Bank Bond following receipt by such owner of a purchase notice from the Remarketing Agent, plus, in each case, accrued and unpaid interest thereon to the date of purchase;

provided, however, that in each case, if the date of purchase is an Interest Payment Date, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date.

"Qualified Financial Institution" means a financial institution that is a domestic corporation, a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a foreign bank acting through a domestic branch or agency which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America; provided that for each such entity its unsecured or uncollateralized long term debt obligations, or obligations secured or supported by a letter of credit, contract, guarantee, agreement or surety bond issued by any such organization, directly or by virtue of a guarantee of a corporate parent thereof have been assigned a long-term credit rating by any two Nationally Recognized Statistical Rating Organizations ("NRSRO") which is not lower than the two highest ratings then assigned (i.e., at the time an Investment Agreement or Repurchase Agreement is entered into) by such rating service without qualification by symbols "+" or "- " or a numerical notation.

"Qualified Investments" means the obligations described below:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself; mortgage pass-through securities, mortgage-backed securities pools, collateralized mortgage obligations and all mortgage derivative securities trusts shall not constitute Qualified Investments):

1) Direct obligations of or fully guaranteed certificates of beneficial ownership of the Export Import Bank of the United States,

2) Federal Financing Bank,

3) Participation certificates of the General Services Administration,

4) Guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association, and

5) Project Notes, Local Housing Authority Bonds, New Communities Debentures and U.S. public housing notes and bonds fully guaranteed by the U.S. Department of Housing and Urban Development.

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies, provided such agency is rated at least "AA" or equivalent at the time of purchase by at least two of the NRSROs (stripped securities are only permitted if they have been stripped by the agency itself):

1) Federal Home Loan Bank System senior debt obligations,

2) Participation Certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation,

3) Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association, and

4) Consolidated system wide bonds and notes of the Farm Credit System Corporation.

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating of "AAA" or equivalent by at least two of the NRSROs.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above, issued by commercial banks, savings and loan associations or mutual savings banks where the collateral is held by a third party, and the Trustee or the Authority has a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC.

G. Unsecured Investment Agreements (subject to approval of the Authority of any Investment Agreement with a term in excess of thirty (30) days); any Investment Agreement with a term greater than three (3) years must be with an issuer rated at least "AA" or equivalent by at least two of the NRSROs unless a lower rating is consented to by the Authority and the Credit Group Representative.

In the event the counterparty is downgraded below either "AA-" or "Aa3" by Standard & Poor's or Moody's, respectively, or equivalent by an NRSRO:

i. The agreement will be transferred to an acceptable institution that meets the ratings requirement described above, or

ii. Collateral consisting of securities outlined in (A) or (B) above shall be posted that has a value equal to at least 102% of the principal plus accrued interest, or collateral consisting of securities outlined in (C) above shall be posted that has a value equal to at least 103% of the principal plus accrued interest, or

iii. The agreement must be converted into a Repurchase Agreement (See clause (L) below), or

iv. The agreement shall terminate at par plus accrued interest within ten (10) business days should (i), (ii) or (iii) above not be accomplished.

H. Collateralized Investment Agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) the same collateral requirements as outlined in (G)(ii) are followed and (ii) if the provider is downgraded below "A-" and "A3", or equivalent by at least two NRSROs, the agreement shall terminate at par plus accrued interest.

I. Commercial paper rated "Prime-1" by Moody's and "A-1+" by Standard & Poor's, or equivalent by at least two NRSROs and which matures no more than 270 days from the date of purchase and subject to the following limitations:

a. Only United States issuers of corporate (issued to provide working capital funding) commercial paper including United States issuers with a foreign parent; and

b. Limited-purpose trusts, structured investment vehicles, asset-backed commercial paper conduits, and any other type of specialty finance company, whose purpose is generally limited to acquiring and funding a defined pool of assets that are used to repay obligations, shall not constitute Qualified Investments.

J. Bonds or notes issued by any state or municipality which are rated by any two NRSROs in one of the two highest long-term rating categories assigned by such NRSROs (without qualification by symbols "+" or "-" or a numerical notation).

K. Federal funds or bankers' acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" by Moody's and "A-1" by Standard & Poor's, or equivalent by at least two NRSROs.

L. Repurchase Agreements as defined herein.

M. Forward delivery agreements with providers rated at least "A-" and "A3" by Standard & Poor's and Moody's, respectively, or equivalent by at least two NRSROs, provided that (i) permitted deliverables are limited to securities described in (A), (B) and (C) above and (ii)

if the provider is downgraded below "A-" or "A3", or equivalent by an NRSRO, the agreement shall terminate at par plus accrued interest.

N. Any state administered pool investment fund in which the Authority is statutorily permitted or required to invest, rated at least "AA" or equivalent by one of the NRSROs.

"Qualified Purchaser" means a person in whose name a Bank Bond may, as provided in the applicable Credit Facility or Liquidity Facility or the Reimbursement Agreement with the Provider thereof, be registered or to whom a Bank Bond may be transferred by or upon the order of such Provider without affecting the character of such Bond as a Bank Bond.

"Rating Agency" means Standard & Poor's, Moody's, Fitch or any other nationally recognized securities rating agency acceptable to the Authority and maintaining a credit rating with respect to the Bonds. Except as otherwise provided herein, if more than one Rating Agency maintains a credit rating with respect to the Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to all such Rating Agencies.

"Rebate Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

"Rebate Requirement" means the amount of moneys required to be rebated to the United States Department of the Treasury, the method of calculation of which is described in the Tax Regulatory Agreement.

"Record Date" means, with respect to each Interest Payment Date,

(a) with respect to Bonds in a Daily Period or a Two-Day Period the last Business Day of each calendar month or, in the case of the last Interest Payment Date in respect to such periods, the Business Day immediately preceding such Interest Payment Date;

(b) with respect to Bonds in a Long-Term Period or a Fixed Period, the January 1 and July 1 immediately preceding the applicable Interest Payment Date, whether or not such day is a Business Day; and

(c) with respect to Bonds in any other Interest Rate Period not previously described in (a) or (b), the Business Day immediately preceding such Interest Payment Date.

"Redemption Fund" means the fund for the Bonds so designated, created and established pursuant to Section 5.1 of the Indenture.

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

"Reimbursement Agreement" means any agreement by and between the Institution and the Provider of a Credit Facility or Liquidity Facility pursuant to which the Provider has provided the Credit Facility or Liquidity Facility and the Institution has agreed to reimburse the Provider for money advanced by the Provider for payment of the principal or Redemption Price of or interest on Bonds or the Purchase Price of Bonds tendered or deemed tendered for purchase in accordance with the Indenture.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Remarketing Agent" means any financial institution appointed as remarketing agent in accordance with the Indenture.

"Remarketing Agreement" means any remarketing agreement between the Institution and the Remarketing Agent with respect to the Bonds, and consented to by the Authority, and if the Remarketing Agent has been replaced by a successor remarketing agent, any similar agreement between the Institution and such successor remarketing agent.

"Remarketing Proceeds Account" means the account so designated and established within the Purchase Fund pursuant to Section 5.1 of the Indenture.

"Remarketing Window" has the meaning given in Section 2.40 of the Indenture hereof.

"Repurchase Agreement" means, unless otherwise consented to by the Authority and the Credit Facility Provider, if any, a written repurchase agreement entered into with a Qualified Financial Institution, a bank acting as a primary dealer or a securities dealer approved by the Authority which is listed by the Federal Reserve Bank of New York as a "Primary Dealer" and rated "AA" or "Aa2" or better by at least two of the NRSROs (unless a lower rating is consented to by the Authority) (a "Primary Dealer"), under which securities are transferred from a dealer bank or securities firm for cash with an agreement that the dealer bank or securities firm will repay the cash plus a yield in exchange for the securities on a specified date and under which (i) the Authority is the real party in interest and has the right to proceed against the obligor on the underlying obligations which must be obligations of, or guaranteed by, the United States of America; (ii) the term of which shall not exceed one hundred eighty (180) days, unless the Authority and the Credit Facility Provider if any, shall consent to a longer period; (iii) the collateral must be delivered to the Authority, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) prior to or simultaneous with investment of moneys therein; (iv) such collateral is held free and clear of any lien by the Trustee or an independent third party acceptable by the Authority, acting solely as agent for the Trustee; and (v) the collateral shall be valued weekly, marked to market at current market prices plus accrued interest; provided that at all times the value of the collateral must at least equal the required percentage of the amount invested in the Repurchase Agreement. If the value of such collateral is less than the amount specified, the Qualified Financial Institution or Primary Dealer must invest additional cash or securities such that the collateral value of the amount invested thereafter at least equals as follows: (a) if collateralized by securities described in clause (A) or (B) of the definition of Qualified Investments, at least 102%, or (b) if collateralized by securities described in clause (C) of the definition of Qualified Investments, at least 103%.

"Reset Date" means, with respect to a Bond in a Daily Mode, a Two-Day Mode, a Flexible Mode, a Term Floater Rate Mode, a Window Mode, a Weekly Mode or a Long-Term Mode, the date on which the interest rate borne by such Bond is to be determined in accordance with the provisions of Article II of the Indenture.

"Resolution of the Authority" means a resolution duly adopted by the Authority.

"Revenues" means all amounts paid or payable to the Authority or to the Trustee for the account of the Authority (excluding fees and expenses payable to the Authority and the Trustee and the rights to indemnification of the Authority and the Trustee) under and pursuant to the Loan Agreement and the Note, and as may be further described in a Supplemental Loan Agreement or a Supplemental Indenture.

"Securities Depository" means the securities depository designated as such in Section 2.9 of the Indenture and any successor thereto.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Self-Liquidity Arrangement" means an agreement or other arrangement from the Institution to pay the Purchase Price of the Bonds.

"Short-Term Bonds" means Bonds that bear interest at Short-Term Rates.

"Short-Term Interest Rate Period" means each period during the Short-Term Period for which a particular Short-Term Rate is in effect.

"Short-Term Mode" means the Interest Rate Mode during which the Bonds bear interest at Short-Term Rates.

"Short-Term Period" means each period during which Bonds constitute Short-Term Bonds, which Short-Term Period shall generally be comprised of multiple Short-Term Interest Rate Periods, during which Short-Term Rates are in effect.

"Short-Term Rate" means the interest rate per annum on Short-Term Bonds determined on a periodic basis as provided in Section 2.17 of the Indenture.

"Short-Term Rate Mandatory Purchase Date" means the first day following the last day of each Short-Term Interest Rate Period.

"SIFMA" means the Securities Industry & Financial Markets Association (formerly the Bond Market Association).

"SIFMA 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 Bloomberg (or successor organizations) and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Institution and effective from such date or if such index is no longer produced or available, either (i) the S&P Municipal Bond 7 Day High Grade Rate Index as produced and made available by S&P Dow Jones Indices LLC (or successor organizations) or (ii) with an Opinion of Bond Counsel, such other index designed to measure the average interest rate on weekly interest rate reset demand bonds similar to the Bonds as selected by the Institution.

"Sinking Fund Account" means the account so designated, created and established in the Debt Service Fund pursuant to Section 5.1 of the Indenture.

"Sinking Fund Installment" means the amount of money sufficient to redeem Bonds at the principal amount thereof in the amounts, at the times and in the manner set forth in the Indenture.

"SOFR" with respect to any day means the secured overnight financing rate published for such U.S. Government Securities Business Day immediately preceding such effective date by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

"Standard & Poor's" means S&P Global Ratings, a division of S&P Global Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

"State" means the State of Connecticut.

"Supplemental Indenture" means any indenture between the Authority and the Trustee modifying, altering, amending, supplementing or confirming the Indenture for any purpose, in accordance with the terms thereof.

"Supplemental Loan Agreement" means any agreement between the Authority and the Institution amending or supplementing the Loan Agreement in accordance with the terms of the Indenture.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement, by and among the Authority, the Institution, and the Project Users identified therein, including all appendices, certificates and attachments thereto, executed on the date of issuance and delivery of the Bonds, as it may be amended from time to time.

"Tender Date" means each Optional Tender Date or Mandatory Tender Date.

"Tender Notice" means the notice given pursuant to Section 2.31 of the Indenture by the Holder of a Bond upon its election to tender such Bond.

"Tendered Bond" means a Bond or portion thereof in an Authorized Denomination mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with Article II of the Indenture, including a Bond or portion thereof deemed tendered, but not surrendered on the applicable Tender Date, but does not include any Bank Bond or any Bond tendered by or on behalf of the Authority or the Institution or any affiliate of the Institution.

"Tendered Term Floaters" means Bonds bearing interest at a Term Floater Rate with respect to which a Tender Notice has been received by the Remarketing Agent.

"Term Floater" or "**Term Floaters"** shall mean a Bond or Bonds, respectively, bearing interest at the Term Floater Rate.

"Term Floater Rate" means a variable interest rate for the Bonds in the Term Floater Rate Mode established in accordance with Section 2.13 of the Indenture.

"Term Floater Rate Mode" means the Interest Rate Mode during which the Bonds bear interest at a Term Floater Rate.

"Term Floater Rate Period" shall mean the period of time during which any Bonds bear interest at a Term Floater Rate, from a Term Floater Interest Payment Date through and including the day preceding the next Term Floater Interest Payment Date.

"Term Floater Special Mandatory Redemption Date" shall mean the third anniversary of the Tender Notice Date relating to the Tender Notice that resulted in the applicable Failed Remarketing Event (as defined in Section 2.41 of the Indenture) (or if such day is not a Business Day, the immediately preceding Business Day).

"Term Out Bonds" means Term Floaters while in the Term Out Period.

"Term Out Period" means the period from and including the 6th Business Day from the optional tender of Term Floaters under Sections 2.13 and 2.41 of the Indenture if the Term Floaters have not been successfully remarketed until the earlier to occur of (a) the scheduled maturity date for the applicable Term Floaters, (b) the Term Floater Special Mandatory Redemption Date, (c) the optional redemption of such Term Floaters, (d) the date on which all of the applicable Term Floaters are successfully remarketed and (e) the date on which the Authority, at the direction of the Credit Group Representative, converts the Bonds from the Term Floater Rate Mode to a different Interest Rate Mode.

"Term Out Rate" means 10% per annum.

"Term SOFR" means the forward-looking term rate for the applicable tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Termination Date" means, when used in connection with a particular Credit Facility or Liquidity Facility, (i) the date on which such Credit Facility or Liquidity Facility will terminate prior to its stated Expiration Date, as set forth in a Default Notice or a Termination Notice delivered by the Provider thereof in accordance with such Credit Facility or Liquidity Facility or the applicable Reimbursement Agreement; or (ii) the date on which such Liquidity Facility or Credit Facility will terminate upon the election of the Institution, which date shall be not less than one Business Day after a Reset Date of the Bonds to which the Credit Facility or Liquidity Facility relates that bear interest in the Flexible Mode or Long-Term Mode.

"Termination Notice" means a notice given by a Provider pursuant to a Credit Facility or Liquidity Facility provided by it or the applicable Reimbursement Agreement to the effect that such Credit Facility or Liquidity Facility will terminate on the date specified in such notice.

"Trustee" means The Bank of New York Mellon Trust Company, N.A. and its successor or successors and any other entity which may at any time be substituted in its place pursuant to the Indenture.

"Two-Day Bonds" means Bonds that bear interest at Two Day Rates.

"Two-Day Interest Rate Period" means each two-day period during a Two-Day Period for which a particular Two-Day Rate is in effect.

"Two-Day Mode" means the Interest Rate Mode during which the Bonds bear interest at Two Day Rates.

"Two-Day Period" means the entire period during which Bonds constitute Two Day Bonds, which Two Day Period shall generally be comprised of multiple Two-Day Interest Rate Periods, during which Two Day Rates are in effect.

"Two-Day Rate" means the interest rate per annum on Two Day Bonds determined on a two-day basis as provided in Section 2.15 of the Indenture.

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading U.S. government securities.

"Undelivered Bond" means any Bond that constitutes an Undelivered Bond under the provisions of Section 2.37 of the Indenture.

"Unremarketed Bonds" means Direct Purchase Bonds for which the Holders have not received the full Purchase Price of all of their Bonds on the applicable Direct Purchase Rate Mandatory Purchase Date.

"Weekly Bonds" means Bonds that bear interest at Weekly Rates.

"Weekly Interest Rate Period" means each weekly period generally consisting of 7 days commencing on a Wednesday and ending on the following Tuesday during the Weekly Period for which a particular Weekly Rate is in effect as provided in Section 2.16 of the Indenture.

"Weekly Mode" means the Interest Rate Mode during which the Bonds bear interest at Weekly Rates.

"Weekly Period" means the entire period during which the Bonds constitute Weekly Bonds, which Weekly Period shall generally be comprised of multiple Weekly Interest Rate Periods, during which the Weekly Rates are in effect.

"Weekly Rate" means the interest rate per annum on Weekly Bonds determined on a weekly basis as provided in Section 2.16 of the Indenture.

"Window Bonds" means Bonds that bear interest at Window Rates.

"Window Interest Rate Period" means each period during the Window Period for which a particular Window Rate is in effect, which shall be a period generally consisting of 7 days commencing on a Thursday and ending on the following Wednesday, except in the case of (a) the initial Window Rate Interest Period occurring after a Conversion to the Window Mode for which the period shall be from the applicable Conversion Date to and including the following Wednesday and (b) the last Window Interest Rate Period during a Window Period, for which the period shall end on the day preceding the applicable Conversion Date, redemption date or maturity date.

"Window Mode" means the Interest Rate Mode during which the Bonds bear interest at the Window Rate.

"Window Period" means the entire period during which Bonds constitute Window Bonds, which Window Period shall generally be comprised of multiple Window Interest Rate Periods, during which Window Rates are in effect.

"Window Rate" means the interest rate per annum on Window Bonds determined on a periodic basis as provided in Section 2.21 of the Indenture.

"Window Rate Determination Date" means, with respect to Window Bonds, in the case of a Conversion of Bonds to the Window Period, a Business Day not later than the applicable Conversion Date, and thereafter, each Thursday or, if Thursday is not a Business Day, then the Business Day next following such Thursday.

"Window Rate Mandatory Purchase Date" has the meaning given in Section 2.36(b) of the Indenture.

"Window Rate Optional Purchase Date" has the meaning given in Section 2.31(b) of the Indenture.

"Window Rate Spread" means, during a Window Period, (a) the Initial Window Rate Spread, or (b) a revised spread determined by the Remarketing Agent pursuant to Section 2.21 of the Indenture.

APPENDIX D

FORM OF MASTER TRUST INDENTURE

THIS MASTER TRUST INDENTURE (as more specifically defined herein, this "Master Indenture"), dated as of May 1, 2023, among CONNECTICUT CHILDREN'S MEDICAL CENTER, a Connecticut nonstock corporation (as more specifically defined herein, the "Medical Center"), in its own capacity and as Credit Group Representative, CONNECTICUT CHILDREN'S FOUNDATION, INC., a Connecticut nonstock corporation, CONNECTICUT CHILDREN'S SPECIALTY GROUP, INC., a Connecticut nonstock corporation, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association, and being qualified to accept and administer the trusts hereby created, as master trustee (as more specifically defined herein, the "Master Trustee"),

W I T N E S S E T H:

WHEREAS, the Medical Center is authorized and deems it necessary and desirable to enter into this Master Indenture as Credit Group Representative for the purpose of providing for the issuance from time to time of Master Indenture Obligations hereunder to provide for the financing or refinancing of the acquisition, construction, equipping or improvement of health care or other facilities, or for other lawful and proper corporate purposes; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the Master Indenture Obligations issued hereunder by the holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which such Master Indenture Obligations are to be issued, authenticated, delivered and accepted by all Persons who shall from time to time be or become Holders thereof, the Medical Center covenants and agrees with the Master Trustee for the equal and proportionate benefit of the respective Holders from time to time of Master Indenture Obligations issued hereunder, as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Master Indenture and of any supplemental indenture issued hereafter and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, equally applicable to both singular and plural forms of any of the terms herein defined.

Accountant

"Accountant" means any independent certified public accountant or firm of such accountants selected by the Credit Group Representative.

Additional Indebtedness

"Additional Indebtedness" means any Indebtedness (including Master Indenture Obligations issued to evidence or secure Indebtedness) incurred subsequent to the Effective Date.

Affiliated Corporation

"Affiliated Corporation" means any corporation which, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with a Credit Group Member.

Annual Debt Service

"Annual Debt Service" means for each Fiscal Year the sum (without duplication) of the aggregate amount of principal and interest scheduled to become due and payable in such Fiscal Year on all Long-Term Indebtedness of the Credit Group then Outstanding (by scheduled maturity, acceleration, mandatory redemption or otherwise, but not including purchase price becoming due as a result of mandatory or optional tender or put), less (1) any amounts of such principal or interest to be paid during such Fiscal Year from (a) the proceeds of Indebtedness or (b) moneys or Government Obligations deposited in trust for the purpose of paying such principal or interest and (2) any Debt Service Subsidy payable in such Fiscal Year; provided that if an Identified Financial Product Agreement has been entered into by any Member with respect to Long-Term Indebtedness, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments under an Identified Financial Product Agreement payable in such Fiscal Year minus any Financial Product Receipts under an Identified Financial Product Agreement receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service.

Annual Debt Service Coverage Ratio

"Annual Debt Service Coverage Ratio" means for any Fiscal Year, the ratio determined by dividing Income Available for Debt Service for that Fiscal Year by the Annual Debt Service for such Fiscal Year.

Assumed Term

"Assumed Term" means a period selected by the Credit Group Representative of up to 30 years; provided, however, for any Master Indenture Obligation that has a stated maturity more than 30 years from the date of the relevant calculation, the Assumed Term for such Master Indenture Obligation shall be a period selected by the Credit Group Representative up to the stated maturity of such Master Indenture Obligation.

Authorized Representative

"Authorized Representative" means with respect to each Credit Group Member, its chairman or vice chairman of the board, president, chief executive officer, chief financial officer, or any other person designated as an Authorized Representative of such Credit Group Member by a Certificate of that Credit Group Member signed by its chairman or vice chairman of the board, president, chief executive officer or chief financial officer and filed with the Master Trustee.

Balloon Indebtedness

"Balloon Indebtedness" means Long-Term Indebtedness, 15% or more of the principal amount of which (calculated as of the date of issuance) is stated to be due, or, at the option of the payee (excluding any option that can only be exercised as a remedy to a Default or an Event of Default), could become due during any period of twelve (12) consecutive months if such maturing principal amount is not required to be amortized to an amount below such percentage by mandatory redemption prior to such 12-month period.

Book Value

"Book Value" means, when used in connection with Property, Plant and Equipment or other Property of any Credit Group Member, the value of such property, net of accumulated depreciation, as it is carried on the books of the Credit Group Member and in conformity with GAAP, and when used in connection with Property, Plant and Equipment or other Property of the Credit Group, means the aggregate of the values so determined with respect to such Property of each Credit Group Member determined in such a way that no portion of such value of Property of any Credit Group Member is included more than once. For purposes of performing certain calculations under this Master Indenture, the Credit Group Representative may treat "total assets" as shown on the audited Credit Group Financial Statements as the Book Value of the Credit Group's Property.

Certificate, Statement, Request, Consent or Order

"Certificate," "Statement," "Request," "Consent" or "Order" of any Credit Group Member means, respectively, a written certificate, statement, request, consent or order signed in the name of such Credit Group Member by its Authorized Representative. Any such instrument and supporting opinions or certificates, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or certificate and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.04, each such instrument shall include the statements provided for in Section 1.04.

Code

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Completion Indebtedness

"Completion Indebtedness" means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness or Interim Indebtedness has theretofore been incurred in accordance with the provisions hereof, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as originally prepared in connection with said Long-Term Indebtedness or Interim Indebtedness as certified by an Officer's Certificate.

Controlling Member

"Controlling Member" means the Obligated Group Member designated by the Credit Group Representative to establish and maintain control over a Designated Affiliate.

Corporate Trust Office

"Corporate Trust Office" means the office of the Master Trustee at which its corporate trust business is conducted, which on the Effective Date, is located at 500 Ross Street, 12th Floor, Pittsburgh, Pennsylvania 15262.

Credit Group or Credit Group Members

"Credit Group" or "Credit Group Members" means all Obligated Group Members and Designated Affiliates. "Credit Group Member" means each Obligated Group Member and each Designated Affiliate, as applicable.

Credit Group Financial Statements

"Credit Group Financial Statements" has the meaning set forth in Section 3.13.

Credit Group Representative

"Credit Group Representative" means the Medical Center or such other Obligated Group Member (or Obligated Group Members acting jointly) as may have been designated pursuant to written notice to the Master Trustee executed by the Medical Center or a successor Credit Group Representative.

Debt Service Coverage Ratio

"Debt Service Coverage Ratio" means, for any period of time, the ratio determined by dividing Income Available for Debt Service by Maximum Annual Debt Service.

Debt Service Subsidy

"Debt Service Subsidy" means direct subsidy payments payable to a Credit Group Member (or a Related Bond Issuer on behalf of a Credit Group Member) pursuant to Section 54AA of the

Internal Revenue Code of 1986 with respect to Indebtedness of such Credit Group Member or Related Bonds, or any similar federal or state program providing for payment to a Credit Group Member (or a Related Bond Issuer on behalf of a Credit Group Member) of all or a portion of debt service on Indebtedness of a Credit Group Member.

Default

"Default" means an event that, with the passage of time or the giving of notice or both, would become an Event of Default.

Designated Affiliate

"Designated Affiliate" means any Person which has been so designated by the Credit Group Representative in accordance with Section 3.03 so long as such Person has not been further designated by the Credit Group Representative as no longer being a Designated Affiliate in accordance with Section 3.03.

Effective Date

"Effective Date" means May __, 2023.

Event of Default

"Event of Default" means any of the events specified in Section 4.01.

Excluded Property

"Excluded Property" means (a) any assets of "employee pension benefit plans" as defined in the Employee Retirement Income Security Act of 1974, as amended, and (b) the real estate described in Appendix B hereto, as amended as provided herein from time to time, and all improvements, fixtures, tangible personal property, and equipment located thereon and used in connection therewith.

Extraordinary Items

"Extraordinary Items" means the after-tax financial impact of significant events, transactions, or activities that are both unusual in nature and infrequent in occurrence. Such extraordinary events, transactions or activities include, but are not limited to, the following: (i) natural disasters (tornado, flood, fire, pandemic), (ii) affiliation or asset acquisitions activities, including direct expenses incurred related to pre-affiliation or acquisition activities, such as, without limitation, legal fees, consultant fees and due diligence costs, as well as post affiliation or acquisition adjustments and (iii) insurance settlements.

Fair Market Value

"Fair Market Value," when used in connection with Property, means the fair market value of such Property as determined by either:

(a) an appraisal of the portion of such Property which is real property made within five years of the date of determination by a "Member of the Appraisal Institute" and by an appraisal of the portion of such Property which is not real property made within five years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by an Independent Consultant and adjusted for the period, not in excess of five years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer's Certificate delivered to the Master Trustee;

(b) a bona fide offer for the purchase of such Property made on an arm's-length basis within six months of the date of determination, as established by an Officer's Certificate; or

(c) an officer of the Credit Group Representative (whose determination shall be made in good faith and set forth in an Officer's Certificate filed with the Master Trustee) if the fair market value of such Property as set forth in such Officer's Certificate is less than or equal to the greater of (i) $5,000,000 or (ii) 2.5% of cash and equivalents as shown on the Credit Group Financial Statements.

Financial Product Agreement

"Financial Product Agreement" means any interest rate exchange agreement, hedge or similar arrangement, including, *inter alia*, an interest rate swap, asset swap, a constant maturity swap, a forward or futures contract, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, direct funding transaction or other derivative, however denominated and whether entered into on a current or forward basis.

Financial Product Extraordinary Payments

"Financial Product Extraordinary Payments" means any payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by a Credit Group Member under a Financial Product Agreement, which payments are not Financial Product Payments.

Financial Product Payments

"Financial Product Payments" means regularly scheduled payments required to be paid to a counterparty by a Credit Group Member pursuant to a Financial Product Agreement and excluding Financial Product Extraordinary Payments.

Financial Product Receipts

"Financial Product Receipts" means regularly scheduled payments required to be paid to a Credit Group Member by a counterparty pursuant to a Financial Product Agreement.

Fiscal Year

"Fiscal Year" means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other twelve-month period hereafter designated by the Credit Group Representative as the fiscal year of the Credit Group.

Force Majeure Event

"Force Majeure Event" means any of the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; validly issued orders of any kind of the government of the United States of America, the state or states in which such Credit Group Member is doing business, or any of their departments, agencies, political subdivisions or officials, or any civil or military authority, imposed due to factors not within the control of such Credit Group Member and having a material effect on its ability to carry out its agreements hereunder; insurrections; riots; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or similar acts or events, other than financial inability, not within the control of such Credit Group Member.

GAAP

"GAAP" means accounting principles generally accepted in the United States of America, consistently applied.

Governing Body

"Governing Body" means, when used with respect to any Credit Group Member, its board of directors, board of trustees or other board or group of individuals in which all of the powers of such Credit Group Member are vested, except for those powers reserved to the corporate membership of such Credit Group Member by the articles of incorporation or bylaws of such Credit Group Member.

Government Issuer

"Government Issuer" means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Bonds hereunder.

Government Obligations

"Government Obligations" means: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America; (2) obligations issued or guaranteed by any agency, department or instrumentality of the United States of America if the obligations issued or guaranteed by such entity are rated in one of the two highest Rating Categories of a Rating Agency; (3) certificates which evidence ownership of the

right to the payment of the principal of and interest on obligations described in clauses (1) and/or (2), provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (4) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust of cash and/or obligations described in clauses (1), (2) and/or (3).

Government Restriction

"Government Restriction" means federal, state or other applicable governmental laws or regulations affecting any Credit Group Member and its health care facilities or other licensed facilities placing restrictions and limitations on the (i) fees and charges to be fixed, charged or collected by any Credit Group Member or (ii) the timing of the receipt of such revenues.

Gross Receivables

"Gross Receivables" means all accounts, chattel paper, instruments, and payment intangibles; excluding, however, any of the foregoing in which a security interest cannot be granted under applicable law, and excluding any grant, gift, bequest, contribution or other donation specifically restricted to an object or purpose inconsistent with their use for payment of Required Payments.

Guaranty

"Guaranty" means any obligation of any Credit Group Member guaranteeing, directly or indirectly, any obligation of any other Person which would, if such other Person were a Credit Group Member, constitute Indebtedness.

Holder

"Holder" means the registered owner of any Master Indenture Obligation in registered form or the bearer of any Master Indenture Obligation in coupon form which is not registered or is registered to bearer or the party or parties to any contractual obligation designated to be a Master Indenture Obligation set forth in a Related Supplement and identified therein as the party to whom payment is due thereunder or the "holder" thereof.

Identified Financial Product Agreement

"Identified Financial Product Agreement" means a Financial Product Agreement identified to the Master Trustee in an Officer's Certificate as having been entered into by a Credit Group Member with a Qualified Provider with respect to Indebtedness (which is either then-Outstanding or to be issued after the date of such Officer's Certificate) identified in such Certificate.

Immaterial Affiliates

"Immaterial Affiliates" means Persons that are not Members of the Credit Group and whose combined or consolidated unrestricted net assets, as shown on their financial statements for

their most recently completed fiscal year, were less than 15% of the sum of (i) the combined or consolidated unrestricted net assets of the Credit Group as shown on the Credit Group Financial Statements, and (ii) the unrestricted net assets of such Persons as if they were Members of the Credit Group for such period, for the most recently completed Fiscal Year of the Credit Group.

Income Available for Debt Service

"Income Available for Debt Service" means, unless the context provides otherwise, with respect to the Credit Group as to any period of time, net income, or excess of revenues over expenses (excluding income from all Irrevocable Deposits) before depreciation, amortization, and interest expense (including Financial Product Payments and Financial Product Receipts on Identified Financial Product Agreements), as determined in accordance with GAAP and as shown on the Credit Group Financial Statements; provided, that no determination thereof shall take into account:

(a) except as permitted by Section 3.13(c), any revenue or expense of a Person which is not a Credit Group Member (and for the avoidance of doubt, revenue or expense of a Person that becomes a Credit Group Member shall not be included to the extent attributable to the period prior to such Person becoming a Credit Group Member) ;

(b) gifts, grants, bequests, donations or contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Required Payments or the payment of operating expenses;

(c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards;

(d) any gain or loss resulting from the extinguishment of Indebtedness or Financial Product Agreements;

(e) any gain or loss resulting from the sale, exchange or other disposition of capital assets not in the ordinary course of business;

(f) any gain or loss resulting from any discontinued operations;

(g) any gain or loss resulting from pension terminations, settlements or curtailments;

(h) any unusual charges for employee severance;

(i) any loss from impairment of the value of an asset;

(j) adjustments to the value of assets or liabilities resulting from changes in GAAP;

(k) unrealized gains or losses on investments, including "other than temporary" declines in Book Value;

(l) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract;

(m) any Financial Product Extraordinary Payments or similar payments on any hedging, derivative, interest rate exchange or similar contract that does not constitute a Financial Product Agreement;

(n) any Financial Product Payments or Financial Product Receipts with respect to Identified Financial Product Agreements, if such Financial Product Payments or Financial Product Receipts are used to in calculating Annual Debt Service;

(o) income from moneys or Government Obligations deposited in trust for the purpose of paying principal or interest on Long-Term Indebtedness, if such principal or interest are excluded from the calculation of Annual Debt Service to which such Income Available for Debt Service is be compared;

(p) any items in a Person's financial statements for a particular fiscal year that are the result of or required by any correction, adjustment or restatement of, or the retrospective application of accounting standards to, such Person's financial statements for any other fiscal year;

(q) unrealized gains or losses from the write-up or write-down, reappraisal or revaluation of assets, or pension adjustments;

(r) any gains or losses that are Extraordinary Items and any expenses that are Extraordinary Items; or

(s) other nonrecurring items of any extraordinary nature which do not involve the receipt, expenditure or transfer of assets, or any other non-cash expenses.

For the purposes of calculating Income Available for Debt Service, with respect to realized gains or losses, the Credit Group Representative may, at its option, calculate such realized gains or losses as the average of the most recent three (3) Fiscal Years.

Indebtedness

"Indebtedness" means any Guaranty (other than any Guaranty by any Credit Group Member of Indebtedness of any other Credit Group Member) and any obligation of any Credit Group Member (a) for repayment of borrowed money other than intercompany loans between Credit Group Members and Indebtedness of any Credit Group Member to another Credit Group Member, (b) with respect to finance leases or (c) under installment sale agreements; provided, however, that if more than one Credit Group Member shall have incurred or assumed a Guaranty of a Person other than a Credit Group Member, or if more than one Credit Group Member shall be obligated to pay any obligation, for purposes of any computations or calculations under this Master Indenture such Guaranty or obligation shall be included only one time. Financial Product Agreements, trade payables, accrued expenses payable in the normal course of business, physician income guaranties, operating leases and obligations to repay Medicare, Medicaid or other insurance provider advance payments pursuant to provider relief programs shall not constitute Indebtedness.

Independent Consultant

"Independent Consultant" means a firm which (1) does not have any direct financial interest or any material indirect financial interest in any Credit Group Member (other than agreements pursuant to which such firm provides services), (2) is not connected with any Credit Group Member as an officer, employee, promoter, trustee, partner, director or person performing similar functions and (3) is qualified to pass upon questions relating to the financial affairs of organizations similar to the Credit Group or facilities of the type or types operated by the Credit Group and having the skill and experience necessary to render the particular opinion or report required by the provision hereof in which such requirement appears.

Index Rate

"Index Rate" means, at the option of the Credit Group Representative, as to any Indebtedness: (a) the "25-Bond Revenue" index rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the Credit Group Representative that is within 60 days prior to the date of any calculation made with respect to the Index Rate, or an index reasonably comparable to the "25-Bond Revenue" index rate for 30-year tax-exempt revenue bonds, such alternative index to be selected by the Credit Group Representative, (b) the weighted average coupon or, if applicable, arbitrage yield calculated for federal tax purposes of such Indebtedness, as selected by the Credit Group Representative and specified in an Officer's Certificate, (c) the SIFMA Swap Index, or (d) such other interest rate or interest index as may selected by the Credit Group Representative and specified in an Officer's Certificate as appropriate to the situation.

Industry Restrictions

"Industry Restrictions" means federal, state or other applicable governmental laws or regulations, including conditions imposed specifically on the Credit Group Members or the Credit Group Members' facilities, or general industry standards or general industry conditions placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Credit Group Members.

Interim Indebtedness

"Interim Indebtedness" means Indebtedness with an original maturity not in excess of one year, the proceeds of which are to be used to provide interim financing for capital improvements in anticipation of the issuance of Long-Term Indebtedness. Interim Indebtedness shall be considered Long-Term Indebtedness for purposes of this Master Indenture.

Irrevocable Deposit

"Irrevocable Deposit" means the irrevocable deposit in trust of cash in an amount, or Government Obligations, or other securities permitted for such purpose pursuant to the terms of the documents governing the payment or discharge of Indebtedness, the principal of and interest on which will be payable in amounts and under terms sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any such Indebtedness which would otherwise be considered Outstanding. The trustee of such deposit may be the Master

Trustee, a Related Bond Trustee or any other trustee or escrow agent authorized to act in such capacity.

Lien

"Lien" means any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property of a Credit Group Member, which secures any obligation of any Person, excluding liens applicable to Property in which a Credit Group Member has only a leasehold interest unless the lien secures Indebtedness of that Credit Group Member.

Long-Term Indebtedness

"Long-Term Indebtedness" means Indebtedness other than Short-Term Indebtedness.

Master Indenture

"Master Indenture" means this Master Trust Indenture, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms hereof.

Master Indenture Obligation

"Master Indenture Obligation" means any obligation of the Obligated Group issued pursuant to Section 2.02, as a joint and several obligation of each Obligated Group Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Product Agreements or leases. Reference to a Series of Master Indenture Obligations or to Master Indenture Obligations of a Series means Master Indenture Obligations or Series of Master Indenture Obligations issued pursuant to a single Related Supplement.

Master Trustee

"Master Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association, and, subject to the limitations contained in Section 5.07, any other corporation or association that may be co-trustee with the Master Trustee, and any successor or successors to said trustee or co-trustee in the trusts created hereunder.

Material Credit Group Members

"Material Credit Group Members" means the Credit Group Members whose combined or consolidated unrestricted net assets, as shown on their financial statements for their most recently completed fiscal year, were equal to or greater than 85% of the combined or consolidated unrestricted net assets of the entire Credit Group as shown on the Credit Group Financial Statements for the most recently completed Fiscal Year of the Credit Group.

Maximum Annual Debt Service

"Maximum Annual Debt Service" means the projected maximum amount of Annual Debt Service becoming due and payable in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however, that any one of the following adjustments shall apply at the election of the Credit Group Representative for the purposes of computing Maximum Annual Debt Service:

(a) with respect to a Guaranty, (i) if the Credit Group Members have made a payment pursuant to such Guaranty, 100% of the Annual Debt Service (calculated as if such Person were a Credit Group Member) guaranteed by the Credit Group Members under the Guaranty shall be included in the calculation of Annual Debt Service in the year in which such payment was made and for the Fiscal Year thereafter and (ii) otherwise, the Guaranty shall be excluded from the calculation of Annual Debt Service;

(b) if interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula (or if Financial Product Payments under an Identified Financial Product Agreement or Financial Product Receipts under an Identified Financial Product Agreement are determined pursuant to a variable rate formula), the interest rate on such Long-Term Indebtedness (or the variable rate formula for such Financial Product Payments under an Identified Financial Product Agreement or Financial Product Receipts under an Identified Financial Product Agreement) for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to (i) if such Long-Term Indebtedness (or Identified Financial Product Agreement) was Outstanding during the twelve (12) calendar months immediately preceding the date of calculation, an average of the interest rates per annum which were in effect, and (ii) if such Long-Term Indebtedness (or Identified Financial Product Agreement) was not Outstanding during the twelve (12) calendar months immediately preceding the date of calculation, at the election of the Credit Group Representative, (x) an average of the SIFMA Swap Index during the twelve (12) calendar months immediately preceding the date of calculation, (y) an average of the interest rates per annum which would have been in effect for any twelve (12) consecutive calendar months during the eighteen (18) calendar months immediately preceding the date of calculation or (z) the Index Rate, in each case, as selected by the Credit Group Representative and specified in an Officer's Certificate or, at the sole option of the Credit Group Representative, such interest rate as shall be specified in a written statement from an investment banking or financial advisory firm selected by the Credit Group Representative;

(c) if moneys or Government Obligations have been deposited with a trustee or escrow agent in an amount, together with earnings thereon, sufficient to pay all or a portion of the principal of or interest on Long-Term Indebtedness or indebtedness guaranteed by any Credit Croup Member under a Guaranty as it comes due, such principal or interest, as the case may be, to the extent provided for, shall not be included in computations of Maximum Annual Debt Service, provided, however, principal or interest shall be excluded from the calculation of Maximum Annual Debt Service only if the moneys or Government Obligations on deposit with a trustee or escrow agent shall be in connection with the refunding and/or defeasance of such indebtedness;

(d) debt service on Long-Term Indebtedness incurred to finance capital improvements shall be included in the calculation of Maximum Annual Debt Service only in proportion to the amount of interest on such Long-Term Indebtedness which is payable in the then

current Fiscal Year from sources other than proceeds of such Long-Term Indebtedness (other than proceeds deposited in debt service reserve funds) held by a trustee or escrow agent for such purpose;

(e) with respect to Balloon Indebtedness or Interim Indebtedness, such Balloon Indebtedness or Interim Indebtedness shall be treated, at the sole option of the Credit Group Representative, as Long-Term Indebtedness (i) bearing interest at an interest rate equal to either (A) if such Indebtedness bears interest pursuant to a variable interest rate formula, a rate determined in accordance with subsection (b) of this definition, or (B) a fixed rate equal to the 25 Revenue Bond Index for fixed rate bonded debt most recently published in *The Bond Buyer* prior to the date of calculation (or if such index is no longer published, a comparable index approved by the Credit Group Representative) or (C) such interest rate as shall be specified in a written statement from an investment banking or financial advisory firm selected by the Credit Group Representative, or (D) if such Indebtedness bears interest at a fixed rate, the rate then in effect with respect to such Indebtedness, and (ii) subject to amortization with substantially level debt service over a period of up to thirty (30) years or if the stated maturity of the Balloon Indebtedness is in excess of 30 years, a period equal to the stated maturity of the Balloon Indebtedness (which period shall be designated by the Credit Group Representative) from the date of calculation or pursuant to an amortization schedule attached to an Officer's Certificate of the Credit Group Representative, which schedule provides for payments of principal and interest for each Fiscal Year (excluding final maturity) that are not less than the amounts required to make any actual payments required to be made in such Fiscal Year by the terms of such Balloon Indebtedness;

(f) if arrangements have been made for the redemption or payment of any amount of principal of and interest and other debt service charges on any Long-Term Indebtedness that is then outstanding or treated as outstanding under this definition with proceeds of other firmly committed Indebtedness or other committed sources of money (including any commitment by any Person to make payments under a Financial Product Agreement), then the principal of and interest and other debt service charges to be refinanced or paid by such firmly committed Indebtedness or by such other committed money shall be ignored for purposes of such calculation, and any such firmly committed Indebtedness shall be treated as outstanding Indebtedness with terms as set forth in the related loan commitment;

(g) if any Long-Term Indebtedness has a stated maturity within four years of the date of the calculation of Maximum Annual Debt Service and the Credit Group Representative delivers to the Master Trustee an Officer's Certificate, dated within 90 days of the date of such calculation, stating that the obligor on such Long-Term Indebtedness anticipates (A) redeeming or refunding any amount of principal of and interest and other debt service charges on such Long-Term Indebtedness with proceeds of other Long-Term Indebtedness, and (B) the issuance on or before such stated maturity for such purpose with a term (which shall not extend beyond 20 years after such date of calculation), amortization, and interest rate as stated in such Officer's Certificate is reasonably attainable, then for purposes of such calculation, the amount of principal of and interest and other debt service charges maturing shall be ignored and the principal of and interest and other debt service charges on the Long-Term Indebtedness described in subsection (B), as if issued at the stated maturity of the principal so ignored, shall be included; and

(h) if applied to all of the Outstanding Long-Term Indebtedness of the Credit Group, it may be assumed that (i) the principal balance of such Long-Term Indebtedness will be refinanced on the date of such calculation, (ii) such principal balance will be payable over the Assumed Term from the date of such calculation, (iii) such principal balance will bear interest at the Index Rate from the date of such calculation, and (iv) the interest and principal on such Long-Term Indebtedness will be payable in equal annual installments or an alternate schedule of amortization sufficient to pay the principal of and interest over the Assumed Term.

Medical Center

"Medical Center" means Connecticut Children's Medical Center, a nonprofit public benefit corporation duly organized and existing under the laws of the State of Connecticut, or any corporation which is the surviving, resulting or transferee corporation in any merger, consolidation or transfer of all or substantially all assets permitted under this Master Indenture.

Merger Transaction

"Merger Transaction" has the meaning set forth in Section 3.08.

Nonrecourse Indebtedness

"Nonrecourse Indebtedness" means any Indebtedness which is secured by a Lien on Property, Plant and Equipment acquired or constructed with the proceeds of such Indebtedness, liability for which is effectively limited to the Property, Plant and Equipment subject to such Lien with no recourse, directly or indirectly, to any other Property of any Credit Group Member.

Obligated Group

"Obligated Group" means all Obligated Group Members.

Obligated Group Member or Member

"Obligated Group Member" or "Member" means each Person that is obligated hereunder from and after the date upon which such Person joins the Obligated Group, but excluding any Person which withdraws from the Obligated Group to the extent and in accordance with the provisions of Section 3.10, from and after the date of such withdrawal. As of the date of this Master Indenture, the Obligated Group Members are the Medical Center, Connecticut Children's Foundation, Inc., and Connecticut Children's Specialty Group, Inc.

Officer's Certificate

"Officer's Certificate" means a certificate signed by an Authorized Representative of the Credit Group Representative.

Opinion of Bond Counsel

"Opinion of Bond Counsel" means a written opinion signed by an attorney or firm of attorneys experienced in the field of public finance whose opinions are generally accepted by purchasers of bonds issued by or on behalf of a Government Issuer.

Opinion of Counsel

"Opinion of Counsel" means a written opinion signed by a reputable and qualified attorney or firm of attorneys who may be counsel for the Credit Group Representative.

Outstanding

"Outstanding," when used with reference to Indebtedness or Master Indenture Obligations, means, as of any date of determination, all Indebtedness or Master Indenture Obligations theretofore issued or incurred and not paid and discharged other than (1) Master Indenture Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation or otherwise deemed paid in accordance with the terms hereof, (2) Master Indenture Obligations in lieu of which other Master Indenture Obligations have been authenticated and delivered or which have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Master Indenture Obligations unless proof satisfactory to the Master Trustee has been received that any such Master Indenture Obligation is held by a bona fide purchaser, (3) any Master Indenture Obligation held by any Credit Group Member and (4) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when a Master Indenture Obligation secures an issue of Related Bonds and another Master Indenture Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Bonds) for purposes of calculating compliance with the various financial covenants contained herein, but only for such purposes, only one of such Master Indenture Obligations shall be deemed Outstanding and the Master Indenture Obligation so deemed to be Outstanding shall be the Master Indenture Obligation which produces the greatest amount of Annual Debt Service to be included in the calculation of such covenants.

Parity Financial Product Extraordinary Payments

"Parity Financial Product Extraordinary Payments" means Financial Product Extraordinary Payments that (1) are with respect to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation and (2) have been specified to be payable on a parity with Financial Product Payments in the Related Supplement authorizing the issuance of such Master Indenture Obligation.

Permitted Liens

"Permitted Liens" means and include:

(a) Any judgment lien or notice of pending action against any Credit Group Member so long as the judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the Value thereof, or (B) purchase, condemn, appropriate or recapture, or designate a purchase of, such Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not delinquent, or the amount or validity of which are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due and payable for less than sixty (60) days, or the amount or validity of which are being contested; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the Value thereof; and (iv) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the Value thereof;

(c) (i) Any Lien described in Appendix A to this Master Indenture which is existing on the Effective Date or as Appendix A may be supplemented upon addition of a Credit Group Member with respect to Liens existing on the Property of such additional Credit Group Member, provided that no such Lien (or the amount of Indebtedness or other obligations secured thereby) may be increased, extended, renewed or modified to apply to any Property of any Credit Group Member not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien, and (ii) any Lien granted in connection with a refinancing of Indebtedness secured by a Lien described in clause (i), so long as such refinancing does not result in an increase in Indebtedness;

(d) Any Lien in favor of the Master Trustee securing all Outstanding Master Indenture Obligations equally and ratably;

(e) Liens arising by reason of good faith deposits with any Credit Group Member in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Credit Group Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(f) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any other body created or approved by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Credit Group Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

(g) Any Lien arising by reason of any escrow or reserve fund established to pay debt service or the redemption price or purchase price with respect to Indebtedness;

(h) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds;

(i) Liens on moneys deposited by patients or others with any Credit Group Member as security for or as prepayment for the cost of patient care;

(j) Liens on Property received by any Credit Group Member through gifts, grants, bequests or research grants, such Liens being due to restrictions on such gifts, grants, bequests or research grants or the income thereon, up to the Fair Market Value of such Property;

(k) Rights of the United States of America, including, without limitation, the Federal Emergency Management Agency ("FEMA"), or the State, by reason of FEMA and other federal and State funds made available to any Credit Group Member under federal or State statutes;

(l) Liens on Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Property, provided that (i) the principal amount of such new Indebtedness does not exceed the principal amount of such refinanced Indebtedness by more than 10% and (ii) the obligor with respect to such Indebtedness, whether direct or contingent, is not changed unless such Indebtedness is permitted under Section 3.12;

(m) Liens granted by a Credit Group Member to another Credit Group Member for so long as the grantee Credit Group Member remains a Credit Group Member;

(n) Liens securing Nonrecourse Indebtedness incurred pursuant to the provisions hereof;

(o) Liens consisting of purchase money security interests (as defined in the UCC) and lessors' interest in finance leases;

(p) Liens on the Credit Group Members' accounts receivable securing Indebtedness in an amount not to exceed 30% of the Credit Group Members' net accounts receivable;

(q) Liens on revenues constituting rentals in connection with any other Lien permitted hereunder on the Property from which such rentals are derived;

(r) The lease or license of the use of a part of the Credit Group Members' facilities for use in performing professional or other services necessary for the proper and economical operation of such facilities in accordance with customary business practices in the industry;

(s) Liens created on amounts deposited by a Credit Group Member pursuant to a security annex or similar document to collateralize obligations of such Credit Group Member under a Financial Product Agreement;

(t) Liens junior to Liens in favor of the Master Trustee;

(u) Liens in favor of banking or other depository institutions encumbering the deposits of any Credit Group Member held by such banking or other depository institution (including any right of setoff or statutory bankers' liens);

(v) Any Lien purported to be created in favor of the lessor on the leasehold interest of a Credit Group Member in Property subject to an operating lease entered into by the Credit Group Member as lessee in the ordinary course of business;

(w) Rights of tenants under leases or rental agreements pertaining to Property, Plant and Equipment owned by any Credit Group Member so long as the lease arrangement is in the ordinary course of business of the Credit Group Member;

(x) Deposits of Property by any Credit Group Member to meet regulatory requirements for a governmental workers' compensation, unemployment insurance or social security program, other than any Lien imposed by ERISA;

(y) Deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligations incurred in the ordinary course of business of a Credit Group Member;

(z) Liens resulting from deposits to secure bids from or the performance of another party with respect to contracts incurred in the ordinary course of business of a Credit Group Member (other than contracts creating or evidencing an extension of credit to the depositor or otherwise for the payment of Indebtedness);

(aa) Present or future zoning laws, ordinances or other laws or regulations restricting the occupancy, use or enjoyment of Property, Plant and Equipment of any Credit Group Member;

(bb) Any Lien on inventory that does not exceed 25% of the Value thereof;

(cc) Any Lien on Property due to the rights of third-party payors for recoupment of amounts paid to any Credit Group Member;

(dd) Any Lien existing for not more than 10 days after the Credit Group Member receives notice thereof;

(ee) Any Lien on Excluded Property; and

(ff) Any other Lien on Property provided that the Value of all Property encumbered by all Liens permitted as described in this clause (ff) does not exceed 25% of the sum of the Value of all Property of the Credit Group Members, calculated at the time of creation of such Lien.

Person

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Property

"Property" means any and all rights, titles and interests in and to any and all assets of any Credit Group Member, whether real or personal, tangible or intangible and wherever situated, other than donor restricted funds and Excluded Property. For purposes of performing certain calculations under this Master Indenture, the Credit Group Representative may treat "total assets" as shown on the Credit Group Financial Statements as the Book Value of the Credit Group's Property.

Property, Plant and Equipment

"Property, Plant and Equipment" means all Property of any Credit Group Member which is considered property, plant and equipment of such Credit Group Member under GAAP.

Qualified Provider

"Qualified Provider" means any financial institution or insurance company or corporation which is a party to a Financial Product Agreement if (i) the unsecured long-term debt obligations of such provider (or of the parent or a subsidiary of such provider if such parent or subsidiary guarantees or otherwise assures the performance of such provider under such Financial Product Agreement), or (ii) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such provider (or such guarantor or assuring parent or subsidiary), are rated in one of the three highest Rating Categories of a Rating Agency at the time of the execution and delivery of the Financial Product Agreement.

Rating Agency

"Rating Agency" means Fitch Ratings Inc., Moody's Investors Service, Inc., Standard & Poor's, a division of The McGraw-Hill Companies, and any other national rating organization then rating Master Indenture Obligations or Related Bonds.

Rating Category

"Rating Category" means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier, outlook or otherwise.

Related Bond Indenture

"Related Bond Indenture" means any indenture, bond resolution, trust agreement, loan agreement, or other comparable instrument pursuant to which a series of Related Bonds is issued.

Related Bond Issuer

"Related Bond Issuer" means the Government Issuer or Credit Group Member of any issue of Related Bonds.

Related Bond Trustee

"Related Bond Trustee" means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

Related Bonds

"Related Bonds" means (i) the revenue bonds or other obligations (including, without limitation, installment sale or lease obligations evidenced by certificates of participation) issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to a Credit Group Member in consideration of the execution, authentication and delivery of a Master Indenture Obligation or Master Indenture Obligations to or for the order of such Government Issuer and (ii) revenue bonds or other obligations (including, without limitation, installment sale or lease obligations evidenced by certificates of participation) directly issued by a Credit Group Member and secured by a Master Indenture Obligation.

Related Supplement

"Related Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of, this Master Indenture.

Required Payment

"Required Payment" means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including without limitation, Financial Product Payments, Financial Product Extraordinary Payments and the purchase price of Related Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Obligated Group Member pursuant to any Related Supplement or any Master Indenture Obligation.

Responsible Officer

"Responsible Officer" means, with respect to the Master Trustee, any managing director, any vice president, any assistant vice president, any assistant secretary, any assistant treasurer or any other officer of the Master Trustee customarily performing functions similar to those performed by the persons above designated or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Master Indenture.

Restricted Moneys

"Restricted Moneys" means the proceeds of any grant, gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived

from the investment of such proceeds) specifically restricted by the donor or grantor to an object or purpose inconsistent with their use for the payment of Required Payments or operating expenses.

Short-Term Indebtedness

"Short-Term Indebtedness" means all Indebtedness (other than Interim Indebtedness) having an original maturity less than or equal to one year and not renewable at the option of a Credit Group Member for a term greater than one year from the date of original incurrence or issuance, or Indebtedness with a maturity greater than one year or renewable at the option of a Credit Group Member for a term greater than one year if, by the terms of such Indebtedness, for a period of at least twenty (20) consecutive days during each calendar year no Indebtedness is permitted to be Outstanding thereunder. For purposes of this definition, (i) only the stated maturity of Indebtedness (and not any tender or put right of the holder of such Indebtedness) shall be taken into account in determining if such Indebtedness constitutes Short-Term Indebtedness hereunder and (ii) classification of Indebtedness as current or short-term under GAAP shall not be controlling. Interim Indebtedness shall not constitute Short-Term Indebtedness for any purpose under this Master Indenture.

SIFMA Swap Index

"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 or, if such index is no longer available, "SIFMA Swap Index" shall refer to an index selected by the Credit Group Representative with the advice of an investment banking or financial services firm knowledgeable in health care matters.

State

"State" means the State of Connecticut.

Subordinated Indebtedness

"Subordinated Indebtedness" means Long-Term Indebtedness specifically subordinated as to payment and security to the payment of all Required Payments and other obligations of the Credit Group Members under this Master Indenture.

Surviving Entity

"Surviving Entity" has the meaning set forth in Section 3.08.

Tax-Exempt Organization

"Tax Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code (other than the tax on

unrelated business income under Section 511 of the Code), or corresponding provisions of federal income tax laws from time to time in effect.

Total Revenues

"Total Revenues" means, for the period of calculation in question, the sum of operating revenue (including net patient service revenue and other revenue and nonoperating gains (losses)), as shown on the Credit Group Financial Statements for the most recent Fiscal Year for which Credit Group Financial Statements have been delivered.

Transaction Test

"Transaction Test" means, with respect to any specified transaction, that (i) no Event of Default or Default then exists or would result from such transaction and (ii) if such transaction had occurred as of the first day of the most recent full Fiscal Year preceding such transaction for which audited Credit Group Financial Statements are available, the Credit Group would have been able to satisfy the conditions for the issuance of $1.00 of additional Long-Term Indebtedness set forth in Section 3.12(a) as of the final day of such full Fiscal Year, taking into account the impact of the transaction on Income Available for Debt Service generated for such Fiscal Year.

UCC

"UCC" means the Uniform Commercial Code of the State, as amended from time to time.

Value

"Value," when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Credit Group Representative, at either its Fair Market Value or its Book Value.

Section 1.02. Interpretation.

(a) Any reference herein to any officer of an Obligated Group Member shall include those succeeding to the functions, duties or responsibilities of such officer pursuant to or by operation of law or who are lawfully performing the functions of such officer.

(b) Unless the context otherwise indicates, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The singular shall include the plural and vice versa.

(c) Headings of Articles and Sections herein and the table of contents hereto are solely for convenience of reference, and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(d) Terms used herein that are defined in the UCC and not otherwise defined herein shall have the meanings set forth in the UCC, unless the context requires otherwise.

Section 1.03. References to Master Indenture. The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, used in this Master Indenture refer to this Master Indenture.

Section 1.04. Contents of Certificates and Opinions; Use of GAAP.

(a) Every Certificate or opinion provided for herein with respect to compliance with any provision hereof shall include: (i) a statement that the Person making or giving such Certificate or opinion has read such provision and the definitions herein relating thereto; (ii) a statement that, in the opinion of such Person, such Person has made, or caused to be made, such examination or investigation as is necessary to enable such Person to provide the Certificate or express an informed opinion with respect to the subject matter referred to in the instrument to which such Person's signature is affixed; and (iii) a statement as to whether, in the opinion of such Person, such provision has been satisfied.

(b) Any such Certificate or opinion made or given by an officer of a Credit Group Member or the Master Trustee may be based, insofar as it relates to legal, accounting or health care matters, upon a Certificate or opinion or representation of counsel, an accountant or Independent Consultant unless such officer knows, or in the exercise of reasonable care should have known, that the Certificate, opinion or representation with respect to the matters upon which such Certificate or opinion may be based, as aforesaid, is erroneous. Any such Certificate, opinion or representation made or given by counsel, an accountant or an Independent Consultant, may be based, insofar as it relates to factual matters (with respect to which information is in the possession of any Credit Group Member), upon the Certificate or opinion of, or representation by an officer of any Credit Group Member unless such counsel, accountant or Independent Consultant knows that the Certificate, opinion of or representation by such officer, with respect to the factual matters upon which such Person's Certificate or opinion may be based, is erroneous. The same officer of any Credit Group Member or the same counsel or accountant or Independent Consultant, as the case may be, need not certify as to all the matters required to be certified under any provision hereof, but different officers, counsel, accountants or Independent Consultants may certify as to different matters.

(c) Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes of this Master Indenture or any agreement, document or Certificate executed and delivered in connection with or pursuant to this Master Indenture, such determination or computation shall be done in accordance with GAAP in effect on, at the sole option of the Credit Group Representative, (i) the date such determination or computation is made for any purpose of this Master Indenture or (ii) the Effective Date if the Credit Group Representative delivers an Officer's Certificate to the Master Trustee describing why then current GAAP is inconsistent with the intent of the parties on the Effective Date; provided that intercompany balances and liabilities among the Credit Group Members shall be disregarded and that the requirements set forth herein shall prevail if inconsistent with GAAP.

ARTICLE II
AUTHORIZATION AND ISSUANCE OF MASTER INDENTURE OBLIGATIONS.

Section 2.01. Authorization of Master Indenture Obligations. Each Obligated Group Member hereby authorizes to be issued from time to time Master Indenture Obligations or Series of Master Indenture Obligations, without limitation as to amount, except as provided herein or as may be limited by law, and subject to the terms, conditions and limitations established herein and in any Related Supplement.

Section 2.02. Issuance of Master Indenture Obligations. From time to time when authorized by this Master Indenture and subject to the terms, limitations and conditions established in this Master Indenture or in a Related Supplement, the Credit Group Representative may authorize the issuance of a Master Indenture Obligation or a Series of Master Indenture Obligations by entering into a Related Supplement. The Master Indenture Obligation or the Master Indenture Obligations of any such Series may be issued and delivered to the Master Trustee for authentication upon compliance with the provisions hereof and of any Related Supplement.

Each Related Supplement authorizing the issuance of a Master Indenture Obligation or a Series of Master Indenture Obligations shall specify the purposes for which such Master Indenture Obligation or Series of Master Indenture Obligations are being issued, which may be for any lawful corporate purpose; the form, title, designation, manner of numbering or denominations, if applicable, of such Master Indenture Obligations; the date or dates of maturity or other final expiration of the term of such Master Indenture Obligations; the date of issuance of such Master Indenture Obligations; and any other provisions deemed advisable or necessary by the Credit Group Representative. Each Related Supplement authorizing the issuance of a Master Indenture Obligation shall also specify and determine the principal amount of such Master Indenture Obligation (if any) for purposes of calculating the percentage of Holders of Master Indenture Obligations required to take actions or give consents pursuant to this Master Indenture (which, if such Master Indenture Obligation does not evidence or secure Indebtedness, shall be equal to zero, except with respect to any action which requires the consent of all of the Holders of Master Indenture Obligations). The designation of zero as a principal amount of a Master Indenture Obligation shall not in any manner affect the obligation of the Members to make Required Payments with respect to such Master Indenture Obligation.

Section 2.03. Appointment of Credit Group Representative. Each Credit Group Member, by becoming a Credit Group Member, irrevocably appoints the Credit Group Representative as its agent and attorney-in-fact and grants full power and authority to the Credit Group Representative (a) to do and perform all acts as the Credit Group Representative hereunder on behalf of each Credit Group Member, including, without limitation, to execute and deliver Master Indenture Obligations, to execute and deliver Related Supplements authorizing the issuance of Master Indenture Obligations or Series of Master Indenture Obligations and to execute and deliver any other documents or instruments relating to or securing any borrowings, Indebtedness, obligation or the like, including, without limitation, notes, bonds, debentures, finance leases, installment sales agreements, Financial Products Agreements, mortgages, deeds of trust, security agreements and financing statements and (b) to take all other actions and execute and deliver all other documents, instruments and the like as may be deemed necessary or desirable by the Credit Group Representative in connection with any financing, refinancing or other transaction involving any

Master Indenture Obligation, Related Supplement, Financial Products Agreement or this Master Indenture and (c) to prepare, or authorize the preparation of, any and all documents, certificates or disclosure and continuing disclosure materials reasonably and ordinarily prepared in connection with the issuance of Master Indenture Obligations hereunder, or Related Bonds associated therewith, and to execute and deliver such items to the appropriate parties in connection therewith.

Section 2.04. Execution and Authentication of Master Indenture Obligations.

(a) All Master Indenture Obligations shall be executed by an Authorized Representative of the Credit Group Representative for and on behalf of the Credit Group as provided in the Related Supplement authorizing such Master Indenture Obligation. The signatures of such Authorized Representative may be mechanically or photographically reproduced on the Master Indenture Obligations. If any Authorized Representative whose signature appears on any Master Indenture Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Master Indenture Obligation shall be manually authenticated by an authorized signatory of the Master Trustee, and no Master Indenture Obligation shall be entitled to the benefits hereof without such authentication.

(b) The form of Certificate of Authentication to be printed on each Master Indenture Obligation and manually executed by an authorized signatory of the Master Trustee shall be as follows:

[FORM OF MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

The undersigned Master Trustee hereby certifies that this Master Indenture Obligation No. ___ is one of the Master Indenture Obligations described in the within mentioned Master Indenture.

Dated: _____

[Name of Master Trustee],
as Master Trustee

By _____
Authorized Signatory

Section 2.05. Conditions to the Issuance of Master Indenture Obligations. The issuance, authentication and delivery of any Master Indenture Obligation or Series of Master Indenture Obligations shall be subject to the following specific conditions:

(a) The Credit Group Representative and the Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Master Indenture Obligations and the repayment thereof; and

(b) The Master Trustee receives an Officer's Certificate to the effect that:

(i) each Obligated Group Member is in full compliance with all warranties, covenants and agreements set forth in this Master Indenture and in any Related Supplement; and

(ii) neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is continuing or would occur upon issuance of such Master Indenture Obligations under this Master Indenture or any Related Supplement; and

(iii) all requirements and conditions, if any, to the issuance of such Master Indenture Obligations set forth in this Master Indenture and the Related Supplement have been satisfied; and

(c) The Master Trustee receives an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that:

(i) such Master Indenture Obligations and Related Supplement have been duly authorized, executed and delivered by the Credit Group Representative on behalf of the Obligated Group and constitute valid and binding obligations of the Obligated Group, enforceable in accordance with their terms; and

(ii) such Master Indenture Obligations are not subject to registration under federal securities laws and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that such registration, if required, has occurred); and

(d) If such Master Indenture Obligation constitutes or secures Indebtedness, the requirements of Section 3.12 are satisfied.

Section 2.06. Mutilated, Lost, Stolen or Destroyed Master Indenture Obligations. In the event any Master Indenture Obligation is mutilated, lost, stolen or destroyed, the Credit Group Representative may execute and the Master Trustee may authenticate a new Master Indenture Obligation of like form, title, designation, date, maturity and, if applicable, numbering or denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Master Indenture Obligation, such mutilated Master Indenture Obligation shall first be surrendered to the Master Trustee and, in the case of any lost, stolen or destroyed Master Indenture Obligation, there shall first be furnished to the Credit Group Representative and the Master Trustee evidence of such loss, theft or destruction reasonably satisfactory to the Credit Group Representative and the Master Trustee, together with indemnity reasonably satisfactory to them. In the event any such Master Indenture Obligation shall have matured, instead of issuing a duplicate Master Indenture Obligation, the Obligated Group may pay the same without surrender thereof. The Obligated Group and the Master Trustee may charge the Holder of such Master Indenture Obligation with their reasonable fees and expenses in this connection.

ARTICLE III
PAYMENTS WITH RESPECT TO MASTER INDENTURE OBLIGATIONS; DESIGNATED AFFILIATES; CREDIT GROUP MEMBERSHIP; CREDIT GROUP COVENANTS.

Section 3.01. Payment of Required Payments.

(a) Each Obligated Group Member jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided herein or in any Related Supplement or Master Indenture Obligation. Each Obligated Group Member acknowledges that the time of such payment and performance of the Master Indenture Obligations hereunder is of the essence. Each Obligated Group Member further covenants to faithfully observe and perform all of the conditions, covenants and requirements of this Master Indenture, any Related Supplement and any Master Indenture Obligation.

The obligation of each Obligated Group Member with respect to Required Payments shall not be abrogated, prejudiced or affected by:

(i) the granting of any extension, waiver or other concession given to any Obligated Group Member by the Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Master Trustee or any Holder or anything done or omitted or neglected to be done by the Master Trustee or any Holder in exercise of the authority, power and discretion vested in them by this Master Indenture, or by any other dealing or thing which, but for this provision, might operate to abrogate, prejudice or affect such obligation; or

(ii) the liability of any other Obligated Group Member under this Master Indenture ceasing for any cause whatsoever, including the release of any other Obligated Group Member pursuant to the provisions of this Master Indenture or any Related Supplement; or

(iii) any Obligated Group Member's failing to become liable as, or losing eligibility to become, an Obligated Group Member with respect to a Master Indenture Obligation; or

(iv) the validity or sufficiency (or any contest with respect thereto) of the consideration given to support the obligations of the Obligated Group Members under this Master Indenture.

Subject to the provisions of Section 3.10 permitting withdrawal from the Obligated Group, the obligation of each Obligated Group Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid or deemed paid in full in accordance with Article VII. All moneys from time to time received by the Credit Group Representative or the Master Trustee to reduce liability on Master Indenture Obligations, whether from or on account of the Obligated Group Members or otherwise, shall be regarded as payments in gross without any right on the part of any one or more of the Obligated Group Members to claim the benefit of any moneys so received until the whole of the amounts owing on Master Indenture Obligations has been paid or satisfied and so that if an event described in subsection (e) or (f) of Section 4.01 occurs, the Credit Group Representative or the Master Trustee

shall be entitled to prove up the total indebtedness or other liability on Master Indenture Obligations Outstanding as to which the liability of such Obligated Group Member has become fixed.

Each Master Indenture Obligation shall be a primary obligation of the Obligated Group Members and shall not be treated as ancillary to or collateral with any other obligation and shall be independent of any other security so that the covenants and agreements of each Obligated Group Member hereunder shall be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Credit Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement of each Obligated Group Member hereunder and to enforce the making of Required Payments. Each Obligated Group Member hereby authorizes each of the Credit Group Representative and the Master Trustee to enforce or refrain from enforcing any covenant or agreement of the Obligated Group Members hereunder and to make any arrangement or compromise with any Obligated Group Member or Obligated Group Members as the Credit Group Representative or the Master Trustee may deem appropriate, consistent with this Master Indenture and any Related Supplement. Each Obligated Group Member hereby waives in favor of the Credit Group Representative and the Master Trustee all rights against the Credit Group Representative, the Master Trustee and any other Obligated Group Member, insofar as is necessary to give effect to any of the provisions of this Section.

Section 3.02. Transfers from Designated Affiliates. Each Controlling Member hereby covenants and agrees that it shall cause each of its Designated Affiliates to pay, loan or otherwise transfer to the Credit Group Representative such amounts as are necessary to enable the Obligated Group Members to comply with the provisions of this Master Indenture including without limitation the provisions of Section 3.01; provided, however, that nothing herein shall be construed to require any Controlling Member to cause its Designated Affiliate to pay, loan or otherwise transfer to the Credit Group Representative any amounts that constitute Restricted Moneys.

Section 3.03. Designation of Designated Affiliates.

(a) The Credit Group Representative by resolution of its Governing Body may from time to time designate Persons as Designated Affiliates. In connection with such designation, the Credit Group Representative shall designate for each Designated Affiliate an Obligated Group Member to serve as the Controlling Member for such Designated Affiliate. The Credit Group Representative shall at all times maintain an accurate and complete list of all Persons designated as Designated Affiliates (and of the Controlling Members for such Designated Affiliates) and file such list with the Master Trustee and any Related Bond Issuer that shall request such list in writing annually on or before January 1 of each year.

(b) Each Controlling Member shall cause each of its Designated Affiliates to provide to the Credit Group Representative a resolution of its Governing Body accepting such Person's designation as a Designated Affiliate and acknowledging the provisions of this Master Indenture which affect the Designated Affiliates. So long as such Person is designated as a Designated Affiliate, the Controlling Member of such Designated Affiliate shall either (i) maintain, directly or indirectly, control of such Designated Affiliate to the extent necessary to cause such Designated Affiliate to comply with the terms of this Master Indenture, whether

through the ownership of voting securities, by contract, corporate membership, reserved powers or the power to appoint corporate members, trustees or directors, or otherwise or (ii) execute and have in effect such contracts or other agreements which the Credit Group Representative and the Controlling Member, in the judgment of their respective Governing Bodies, deem sufficient for the Controlling Member to cause such Designated Affiliate to comply with the terms of this Master Indenture.

(c) Each Controlling Member hereby covenants and agrees that it will cause each of its Designated Affiliates to comply with any and all directives of the Controlling Member given pursuant to the provisions of this Master Indenture.

(d) Any Person may cease to be a Designated Affiliate (and thus not subject to the terms of this Master Indenture), provided that prior to such Person ceasing to be a Designated Affiliate the Master Trustee shall receive:

(i) a resolution of the Governing Body of the Credit Group Representative declaring such Person no longer a Designated Affiliate; which the Governing Body of the Credit Group Representative may adopt or not adopt in its sole discretion; and

(ii) an Officer's Certificate to the effect that immediately following such Person ceasing to be a Designated Affiliate neither a Default nor an Event of Default would exist.

Section 3.04. Covenants of Corporate Existence, Maintenance of Properties, Etc. Each Obligated Group Member agrees, and each Controlling Member agrees, to cause each of its Designated Affiliates:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and to be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualification; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or useful in the conduct of its business or affairs.

(b) At all times to cause its Property, Plant and Equipment to be maintained, preserved and kept in good repair, working order and condition, reasonable wear and tear excepted, and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this subsection shall be construed to (i) prevent it from ceasing to operate (A) any immaterial portion of its Property, Plant and Equipment, or (B) any material portion of its Property, Plant and Equipment if, in its judgment, it is advisable not to operate the same, and within a reasonable time endeavors to effect disposition of such material portion of its Property, Plant and Equipment, or (ii) obligate it to retain, preserve, repair, renew or replace any Property, Plant and Equipment no longer used or useful in the conduct of its business.

(c) To procure and maintain all necessary licenses and permits necessary, in the judgment of its Governing Body, to the operation of its health care Property and the status of its health care Property (other than that not currently having such status or not having such status on

the date a Person becomes a Credit Group Member) as providers of health care services eligible for payment under those third party payment programs which its Governing Body determines are appropriate; provided, however, that it need not comply with this subsection if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to make Required Payments when due.

(d) In the case of any Person that is a Tax Exempt Organization at the time it becomes a Credit Group Member, not to (i) take any action, including any action which would result in the alteration or loss of its status as a Tax Exempt Organization, or (ii) fail to take any action which failure, in the Opinion of Bond Counsel, would result in the inclusion of interest on any Related Bond in gross income for purposes of federal income taxation. The foregoing notwithstanding, any Credit Group Member that is a Tax-Exempt Organization may take actions which could result in the alteration or loss of its status as a Tax Exempt Organization if prior thereto there is delivered to the Master Trustee (i) an Opinion of Bond Counsel to the effect that such action would not adversely affect the validity of any Related Bond and would not, in and of itself, result in the inclusion of interest on any Related Bond in gross income for purposes of federal income taxation the interest on which was theretofore excluded from gross income for purposes of federal income taxation and (ii) an Opinion of Counsel to the effect that such action would not adversely affect the enforceability in accordance with its terms of this Master Indenture against any Credit Group Member and either (A) an Opinion of Counsel for such Credit Group Member to the effect that such actions would not subject any Related Bond or any Master Indenture Obligation to registration under the Securities Act of 1933, as amended, or require the qualification of any Related Bond Indenture, loan document or this Master Indenture or any Related Supplement under the Trust Indenture Act of 1939, as amended, or (B) an Opinion of Counsel that such Related Bond or Master Indenture Obligation has been so registered and such Related Bond Indenture, loan document or Master Indenture or Related Supplement has been so qualified.

For the purposes of this Section 3.04, the terms Property, Plant and Equipment shall be deemed to include Excluded Property; provided, however, that failure to comply with subsection (b) of this Section 3.04 with respect to any Excluded Property shall constitute an Event of Default only to the extent that such failure has a material adverse effect on the financial condition or operations of the Credit Group.

Section 3.05. Gross Receivables Pledge.

(a) To secure the timely payment and performance of its obligation to make Required Payments and all its other obligations, agreements and covenants hereunder, each Obligated Group Member hereby grants to the Master Trustee a security interest in all of its right, title, and interest, whether such right, title, or interest is currently held by such Obligated Group Member or is obtained by such Obligated Group Member in the future, in, to, and under the Gross Receivables of such Obligated Group Member and the proceeds thereof.

(b) This Master Indenture shall constitute a security agreement for purposes of the UCC.

(c) Each Obligated Group Member shall authorize and cause to be filed on or before the execution and delivery hereof, in accordance with the requirements of the applicable UCC, all financing statements necessary to perfect the security interest described in clause (a) (to the extent such security interest can be perfected by the filing of financing statements under the UCC). Each Obligated Group Member shall timely authorize, execute, deliver, and file such documents (including, but not limited to, continuation statements as required by the applicable UCC) as necessary in order to perfect or maintain the perfection and priority of such security interest.

(d) Notwithstanding anything to the contrary contained herein, the Master Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto) other than the correct name and address of the Master Trustee, the perfection of any such security interests or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any notifications or amendments to the initial filing required by any amendments to Article 9 of the UCC or for filing any continuation statement filings.

(e) Upon written request from the Credit Group Representative, the Master Trustee shall take all procedural steps directed by the Credit Group Representative or its counsel to effect the subordination of its security interests in the Gross Receivables granted herein to Permitted Liens.

(f) Each Obligated Group Member shall, prior to changing its name, address, or jurisdiction of organization, (i) notify the Master Trustee in writing of such change, and (ii) authorize, execute, deliver, and file such documents (including, but not limited to, financing statements and amendments to financing statements as required by the applicable UCC) as necessary in order to maintain the perfection and priority of the security interest granted by it pursuant to clause (a).

Section 3.06. Against Encumbrances.

(a) Each Obligated Group Member agrees that it will not create or suffer to be created or permit the existence of any Lien upon Property now owned or hereafter acquired by it other than Permitted Liens. Each Obligated Group Member, respectively, further covenants and agrees that if such a Lien (other than a Permitted Lien) is nonetheless created by someone other than an Obligated Group Member and is assumed by any Obligated Group Member, the Credit Group Representative will make or cause to be made effective a provision whereby all Master Indenture Obligations will be secured prior to any such Indebtedness or other obligation secured by such Lien.

(b) Upon written request of the Credit Group Representative, the Master Trustee shall execute and deliver such releases, subordinations, requests for reconveyance, termination statements or other instruments as may be reasonably requested by the Credit Group Representative and prepared by or on behalf of the Credit Group Representative in connection with (i) the disposition of Property in accordance with the provisions of Section 3.11 and the applicable provisions of any Related Supplement, (ii) the withdrawal of a Member pursuant to Section 3.10 and the applicable provisions of any Related Supplement and (iii) the granting by a Credit Group

Member of any Lien which constitutes a Permitted Lien hereunder, as certified to the Master Trustee in writing by the Credit Group Representative.

Section 3.07. Debt Service Coverage.

(a) Each Obligated Group Member agrees to manage its business such that the Annual Debt Service Coverage Ratio for each Fiscal Year, commencing with the Fiscal Year ending September 30, 2023, will not be less than 1.1 to 1.0, as set forth in the Officer's Certificate delivered pursuant to Section 3.13(b)(iii)(A), except as specifically provided in this Section 3.07.

(b) If for any Fiscal Year the Annual Debt Service Coverage Ratio as set forth in the Officer's Certificate delivered pursuant to Section 3.13(b)(iii)(A) is less than 1.1 to 1.0, the Credit Group Representative covenants to promptly, and in any event no later than 45 days after the date of such Officer's Certificate, retain an Independent Consultant to make recommendations to increase Income Available for Debt Service in the following Fiscal Year to the level required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable. The Credit Group Representative agrees to transmit a copy thereof to the Master Trustee within twenty (20) days of the receipt of such recommendations. Each Obligated Group Member shall, promptly upon its receipt of such recommendations, subject to applicable requirements or restrictions imposed by law and to a good faith determination by the Governing Body of the Credit Group Representative that such recommendations are in the best interest of the Obligated Group, take such action as shall be in substantial conformity with such recommendations.

(c) If the Credit Group substantially complies with the recommendations of the Independent Consultant, the Credit Group shall be deemed to have complied with the covenants set forth in this Section for such Fiscal Year, notwithstanding that the Annual Debt Service Coverage Ratio is less than 1.1:1.0; except as provided in subsection (g) hereof.

(d) If a report of an Independent Consultant is delivered to the Master Trustee stating that Government Restrictions or Industry Restrictions have been imposed which make it impossible for the Annual Debt Service Coverage Ratio to be at least 1.1 to 1.0, then the required amount of Income Available for Debt Service shall be reduced to the maximum coverage permitted by such Government Restrictions or Industry Restrictions as certified by the Independent Consultant in writing; except as provided in subsection (g) hereof.

(e) Notwithstanding the foregoing, an Obligated Group Member may permit the rendering of services or the use of its Property without charge or at reduced charges, at the discretion of the Governing Body of such Obligated Group Member, to the extent necessary for maintaining its tax-exempt status or the tax-exempt status of its Property, Plant and Equipment or its eligibility for grants, loans, subsidies or payments from governmental entities, or in compliance with any recommendation for free services that may be made by an Independent Consultant; except as provided in subsection (g) hereof.

(f) Notwithstanding the foregoing clause (b), if such failure to maintain an Annual Debt Service Coverage Ratio is a direct or indirect result of a Force Majeure Event, as determined in the sole discretion of the Credit Group Representative (whose determination shall

be made in good faith), then the Credit Group Representative shall not be required to retain an Independent Consultant for purposes described in this Section and the Credit Group will be deemed to have complied with the covenants set forth in this Section for such Fiscal Year, notwithstanding that the Annual Debt Service Coverage Ratio Service is less than 1.1:1.0; except as provided in subsection (g) hereof; provided that if such failure is a direct or indirect result of a Force Majeure Event, then the Credit Group Representative shall deliver an Officer's Certificate to the Master Trustee stating the nature of the Force Majeure Event and describing the steps the Credit Group is taking with respect to the rates, fees and charges or expenses of the Credit Group and the Credit Group's methods of operation and other factors affecting its financial condition in order to improve the Annual Debt Service Coverage Ratio for the then current Fiscal Year.

(g) An Event of Default shall exist if the Annual Debt Service Coverage Ratio as set forth in the Officer's Certificate delivered pursuant to Section 3.13(b)(iii)(A) for any two consecutive Fiscal Years shall be less than 1.0:1.0. Notwithstanding the foregoing, the Credit Group Members shall not be excused from taking any action or performing any duty required under this Master Indenture and no other Event of Default shall be waived by the operation of the provisions of this subsection (g).

Section 3.08. Merger, Consolidation, Sale or Conveyance. Each Obligated Group Member covenants that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member (a "Merger Transaction") unless:

(a) After giving effect to the Merger Transaction,

(i) the successor or surviving entity (hereinafter, the "Surviving Entity") is an Obligated Group Member, or

(ii) the Surviving Entity shall

(A) be a corporation or other entity organized and existing under the laws of the United States of America or any state thereof;

(B) become an Obligated Group Member pursuant to Section 3.09 and, pursuant to the Related Supplement required by Section 3.09(b), shall expressly assume in writing the due and punctual payment of all Required Payments of the dissolving Obligated Group Member hereunder; and

(C) become a Controlling Member of the related Designated Affiliates, if any, that the previous Obligated Group Member was a Controlling Member of or make another Obligated Group Member the Controlling Member of such Designated Affiliates;

(b) The Master Trustee receives an Officer's Certificate to the effect that the Transaction Test is satisfied in connection with the Merger Transaction;

(c) So long as any Related Bonds that are tax-exempt obligations are Outstanding, the Master Trustee receives an Opinion of Bond Counsel to the effect that, under then

existing law, the consummation of the Merger Transaction would not, in and of itself, result in the inclusion of interest on such Related Bonds in gross income for purposes of federal income taxation;

(d) The Master Trustee receives an Opinion of Counsel to the effect that (i) all conditions in this Section 3.08 relating to the Merger Transaction have been complied with and the Master Trustee is authorized to join in the execution of any instrument required to be executed and delivered; (ii) the Surviving Entity meets the conditions set forth in this Section 3.08 and all Master Indenture Obligations then Outstanding; (iii) the Merger Transaction will not adversely affect the validity of any Master Indenture Obligations then Outstanding and such Master Indenture Obligations then Outstanding are enforceable against the Surviving Entity in accordance with their respective terms; and (iv) the Merger Transaction will not cause the Master Indenture to be subject to qualification under the Trust Indenture Act of 1939, as amended, or any Master Indenture Obligations to be subject to registration under federal securities laws (or, that any such qualification or registration, if required, has occurred); and

(e) The Surviving Entity shall be substituted for its predecessor in interest in all Master Indenture Obligations and agreements then in effect which affect or relate to any Master Indenture Obligation, and the Surviving Entity shall execute and deliver to the Master Trustee appropriate documents in order to effect the substitution.

From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Entity shall be treated as an Obligated Group Member and shall thereafter have the right to participate in transactions hereunder relating to Master Indenture Obligations to the same extent as the other Obligated Group Members. All Master Indenture Obligations issued hereunder on behalf of a Surviving Entity shall have the same legal rank and benefit under this Master Indenture as Master Indenture Obligations issued on behalf of any other Obligated Group Member.

Section 3.09. Membership in Obligated Group. Additional Obligated Group Members may be added to the Obligated Group from time to time, provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Obligated Group Member which authorizes the execution and delivery of a Related Supplement and compliance with the terms of this Master Indenture and the taking of any actions on its behalf that are specified in Section 2.03; and

(b) a Related Supplement executed by the Credit Group Representative, the new Obligated Group Member and the Master Trustee pursuant to which the proposed new Obligated Group Member

(i) agrees to become an Obligated Group Member, and

(ii) agrees to be bound by the terms of this Master Indenture, the Related Supplements and the Master Indenture Obligations, and

(iii) pursuant to Section 2.03, irrevocably appoints the Credit Group Representative as its agent and attorney-in-fact and grants to the Credit Group Representative the full power and authority to execute (a) Related Supplements authorizing the issuance of Master Indenture Obligations or Series of Master Indenture Obligations, (b) Master Indenture Obligations and (c) all Certificates, Statements, Requests, Consents or Orders, and

(c) an Opinion of Counsel to the effect that (i) the proposed new Obligated Group Member has taken all necessary action to become an Obligated Group Member, and upon execution of the Related Supplement, such proposed new Obligated Group Member will be bound by the terms of this Master Indenture, (ii) the addition of such Obligated Group Member would not adversely affect the validity of any Master Indenture Obligation then Outstanding and (iii) the addition of such Obligated Group Member will not cause the Master Indenture to be subject to qualification under the Trust Indenture Act of 1939, as amended, or any Master Indenture Obligations to be subject to registration under federal securities laws (or, that any such qualification or registration, if required, has occurred); and

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Obligated Group Member, the Transaction Test would be satisfied; and

(e) so long as any Related Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the addition of the proposed new Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Bonds in gross income for purposes of federal income taxation; and

(f) Appendix B to this Master Indenture is amended to include a description of the Property of the Person becoming a Member that is to be considered Excluded Property (provided that such Property may be treated as Excluded Property only if such Property is real or tangible personal property and the primary revenue generating operations of such Person are not conducted upon such real property).

Section 3.10. Withdrawal from Obligated Group. Any Obligated Group Member may withdraw from the Obligated Group and be released from further liability or obligation under the provisions of this Master Indenture, and any Obligated Group Member may be redesignated as a Designated Affiliate, provided that prior to such withdrawal or redesignation the Master Trustee receives:

(a) an Officer's Certificate to the effect that the Credit Group Representative has approved the withdrawal of such Obligated Group Member (and, if applicable, redesignation of such Obligated Group Member as a Designated Affiliate);

(b) an Officer's Certificate to the effect that immediately after the withdrawal of such Obligated Group Member, the Transaction Test would be satisfied; and

(c) an Opinion of Counsel to the effect that (i) the withdrawal (or redesignation) of such Obligated Group Member would not adversely affect the validity of any Master Indenture Obligation then Outstanding and (ii) the withdrawal (or redesignation) of such Obligated Group Member will not cause the Master Indenture to be subject to qualification under the Trust Indenture

Act of 1939, as amended, or any Master Indenture Obligations to be subject to registration under federal securities laws (or, that any such qualification or registration, if required, has occurred).

Upon compliance with the conditions contained in this Section 3.10, the Master Trustee shall execute any documents reasonably requested by the withdrawing Obligated Group Member to evidence the termination of such Obligated Group Member's obligations hereunder, under all Related Supplements and under all Master Indenture Obligations.

Section 3.11. Limitation on Disposition of Assets. Each Obligated Group Member covenants that it will not sell, lease or otherwise dispose of any part of its Property in any Fiscal Year (other than (A) in the ordinary course of business, or (B) as part of a disposition of all or substantially all of its assets as permitted by Section 3.08), unless:

(i) prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is inadequate, obsolete, unsuitable, undesirable or unnecessary for the operation and functioning of the primary business of the Credit Group Members; or

(ii) prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the disposition is for Fair Market Value and such disposition will not impair the structural soundness of the remaining Property and does not, and could not reasonably be expected to, materially adversely affect the operations of the Credit Group; or

(iii) prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to a Person who is not an Obligated Group Member if such Person shall become a Member pursuant to Section 3.09 coincidental to such transfer; or

(iv) prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to a Governmental Issuer solely to accommodate a sale or lease transaction as described in the definition of "Related Bonds;" or

(v) prior to said disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Transaction Test is satisfied; or

(vi) dispositions of Property, Plant and Equipment that is being exchanged for credit against the purchase price of replacement Property, Plant and Equipment or the proceeds of which disposition are applied to the purchase price of such replacement Property, Plant and Equipment within 120 days of such disposition; provided such exchange must be for Fair Market Value of such Property, Plant and Equipment; or

(vii) dispositions of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof, so long as the accounts receivable to be so disposed are aged at least 120 days past due at the time of the applicable disposition; or

(viii) dispositions of Property, Plant and Equipment (x) acquired by any Credit Group Member pursuant to an acquisition of assets or (y) of any new Credit Group Member whose equity interests were acquired by a Credit Group Member which assets were owned by such new Credit Group Member at the time it was acquired, in each case under the preceding clauses (x) and (y), which disposition occurs within 12 months after the date of the applicable acquisition, so long as the assets to be so disposed are readily identifiable as assets acquired pursuant to or owned as of the time of the subject acquisition (for purposes of this clause (viii), a transaction in which a Credit Group Member becomes the sole member of a nonprofit corporation shall be deemed to be an acquisition of the equity interests of such nonprofit corporation); or

(ix) any other sale, lease or other disposition of assets within any 12-month period having a Book Value of no more than 10% of the Value of the Property of the Credit Group, so long as there shall have been delivered to the Master Trustee at or prior to the consummation of such transaction an Officer's Certificate certifying same.

(b) Notwithstanding the foregoing, nothing shall prohibit any disposition of assets among Credit Group Members nor shall prohibit the Credit Group Members from: (1) making loans, including, without limitation, employee relocation loans, physician recruitment loans or other credit/funding extensions, provided that such loans or other credit/funding extensions are in writing and (x) such loans are in furtherance of the exempt purposes of the Credit Group Members or (y) the Credit Group Members reasonably expect such loans to be repaid and such loans bear interest at a reasonable rate of interest and on commercially reasonable terms; or (2) transferring gifts restricted to a purpose inconsistent with their use for the payment of Required Payments or operating expenses to an Affiliated Corporation which has the purpose to receive and disburse such restricted gifts.

Section 3.12. Limitation on Additional Indebtedness. Each Obligated Group Member covenants that it will not incur any Additional Indebtedness except that the Obligated Group Members may incur the following Additional Indebtedness:

(a) Long-Term Indebtedness, if prior to the date of incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee an Officer's Certificate to the effect that:

(i) the Debt Service Coverage Ratio for the most recent Fiscal Year for which Credit Group Financial Statements are available with respect to all Long-Term Indebtedness then Outstanding at the time of such certification and the additional Long-Term Indebtedness to be incurred, but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred, was not less than 1.15:1.0; or

(ii) (A) the Debt Service Coverage Ratio for the most recent Fiscal Year (excluding the additional Long-Term Indebtedness to be incurred) was not less than 1.0:1.0, and (B) the Debt Service Coverage Ratio for each of the two Fiscal Years beginning with the Fiscal Year commencing after the estimated completion of the facilities to be financed by the Indebtedness to be incurred with respect to all Long-Term

Indebtedness projected to be outstanding (including the additional Long-Term Indebtedness to be incurred but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred), is projected to be not less than 1.15:1.0. Notwithstanding the foregoing, each of the Debt Service Coverage Ratio described in this Section 3.12(a)(ii) shall be reduced, in each case, to a ratio of not less than 1.0:1.0, if the Master Trustee receives a report of an Independent Consultant to the effect that Government Restrictions or Industry Restrictions prevent the Credit Group Members from generating the required levels of Income Available for Debt Service sufficient to result in the Debt Service Coverage Ratio described in this Section 3.12 (a)(ii); or

(iii) the forecasted Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred, for the two complete Fiscal Years succeeding the date on which the proposed Long-Term Indebtedness is to be incurred, is not less than 1.0:1.0, as shown by forecasted statements of revenues and expenses for each such Fiscal Year and accompanied by a statement of the relevant assumptions upon which such forecasted statements are based.

(b) Completion Indebtedness without limitation provided that an Officer's Certificate is delivered to the Master Trustee stating that the Credit Group Representative reasonably expected the aggregate principal amount of Long-Term or Interim Indebtedness originally issued to finance the construction or equipping of the project for which such Completion Indebtedness is being incurred, together with other funds reasonably anticipated to be available for such purposes, to be fully sufficient to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was originally incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

(c) Short-term Indebtedness, provided that the provisions described in subsection (a) above are satisfied calculated as if such Short-term Indebtedness was Long-Term Indebtedness or an Officer's Certificate is delivered to the Master Trustee stating that the total amount of such Short-term Indebtedness shall not exceed 25% of Total Revenues.

(d) Nonrecourse Indebtedness, without limitation.

(e) Long-Term Indebtedness, if such Long-Term Indebtedness is issued or incurred to refund Long-Term Indebtedness and the Master Trustee receive an Officer's Certificate to the effect that the issuance of such Long-Term Indebtedness would not increase Maximum Annual Debt Service by more than 10%.

(f) Subordinated Indebtedness, without limitation.

(g) Any other Indebtedness, provided that an Officer's Certificate is delivered to the Master Trustee stating that the aggregate principal amount of such Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to the provisions of

subsection (c) of this Section 3.12, does not, as of the date of incurrence, exceed 25% of Total Revenues.

(h) Reimbursement or other repayment obligations under reimbursement agreements or similar agreements relating to credit facilities and/or liquidity facilities which provide credit support and/or liquidity for Indebtedness or Financial Products Agreements.

(i) Indebtedness consisting of (i) Guaranties incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds, bid bonds, appeal bonds, completion guarantee and similar obligations, and (ii) Guaranties arising with respect to customary indemnification obligations to purchasers in connection with dispositions of Property.

(j) Indebtedness in respect of bid, performance or surety bonds, workers' compensation claims, self-insurance obligations and bankers acceptances issued for the account of a Credit Group Member in the ordinary course of business, including Guaranties or obligations of a Credit Group Member with respect to letters of credit supporting such bid, performance or surety bonds, workers' compensation claims, self-insurance obligations and bankers acceptances (in each case other than for an obligation for money borrowed).

(k) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to the Credit Group Members, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and is incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year.

(l) Indebtedness incurred in the ordinary course of business in respect of credit cards, credit card processing services, debit cards, stored value cards, commercial cards (including so-called "purchase cards," "procurement cards" or "p-cards"), or cash management services.

(m) Unsecured Indebtedness (subject to customary rights of setoff) incurred in respect of netting services, overdraft protection, and other like services, in each case, incurred in the ordinary course of business.

(n) Accrual of interest, accretion or amortization of original issue discount, or the payment of interest in kind, in each case, on Indebtedness that is otherwise permitted hereunder.

(o) Assumed Indebtedness secured by a Lien of the type permitted under clause (j) of the definition of Permitted Liens, so long as the amount of such Indebtedness does not exceed the Fair Market Value of the Property subject to such Lien.

(p) Indebtedness incurred in conjunction with any accounts receivable financing, including any Medical Center patient loan program, in an amount not to exceed 30% of the Credit Group's net accounts receivable.

Section 3.13. Filing of Financial Statements, Certificate of No Default, Other Information.

(a) Each Member covenants and agrees that it will, and each Controlling Member covenants and agrees it will cause each Designated Affiliate it controls to, keep adequate

records and books of accounts in which complete and correct entries shall be made (said books shall be subject to the inspection of the Master Trustee during regular business hours after reasonable notice and under reasonable circumstances, provided the Master Trustee shall have no duty to so inspect).

(b) The Credit Group Representative covenants and agrees that it will furnish to the Master Trustee and any Related Bond Issuer that shall request the same in writing:

(i) As soon as practicable, but in no event more than 150 days after the last day of each Fiscal Year beginning with the Fiscal Year in which the Effective Date occurs, one or more financial statements which, in the aggregate, shall include the Material Credit Group Members. Such financial statements:

(A) may consist of (1) consolidated or combined financial results including one or more Credit Group Members and one or more other Persons required to be consolidated or combined with such Credit Group Member(s) under GAAP or (2) special purpose financial statements including only Credit Group Members;

(B) shall be audited by an Accountant as having been prepared in accordance with GAAP (except, in the case of special purpose financial statements, for required consolidations);

(C) shall include a consolidated or combined balance sheet, statement of operations and changes in net assets; and

(D) if more than one financial statement is delivered to the Master Trustee pursuant to this subsection (b)(i), or if a single financial statement is delivered that includes Persons other than Credit Group Members and Immaterial Affiliates, each such financial statement shall contain, as "other financial information," a combining or consolidating schedule from which financial information solely relating to the Credit Group Members and Immaterial Affiliates may be derived.

(ii) (A) If a single financial statement containing information solely related to the Credit Group Members (which may, but need not, include any Immaterial Affiliates) is delivered pursuant to clause (b)(i) above, such financial statement shall constitute the "Credit Group Financial Statements."

(B) If a single financial statement containing information related solely to the Credit Group Members and, at the option of the Credit Group Representative, any Immaterial Affiliates is not delivered pursuant to clause (b)(i) above, the Credit Group Representative shall prepare an unaudited balance sheet and statement of operations for such Fiscal Year. The unaudited financial statements shall be prepared as soon as practicable, but in no event more than 150 days after the last day of each Fiscal Year beginning with the Fiscal Year in which the Effective Date occurs, and shall be based on the accompanying unaudited combining or consolidating schedules delivered with the audited financial

statements described in clause (b)(i)(D) above. The unaudited financial statements prepared in accordance with this clause (ii)(B) shall be the "Credit Group Financial Statements."

(C) The Credit Group Financial Statements:

(1) shall include all Material Credit Group Members;

(2) at the option of the Credit Group Representative, may, but need not, include one or more Immaterial Affiliates as provided in subsection (c) below;

(3) at the option of the Credit Group Representative, may exclude one or more Credit Group Members that are not Material Credit Group Members; and

(4) shall exclude all combined or consolidated entities that are neither Credit Group Members nor Immaterial Affiliates.

(iii) At the time of the delivery of the Credit Group Financial Statements, an Officer's Certificate in substantially the form attached hereto as Appendix C (with such changes thereto as determined by the Credit Group Representatives to be necessary or desirable) (A) setting forth the calculations based upon the Credit Group Financial Statements for such Fiscal Year of the Annual Debt Service Coverage Ratio for such Fiscal Year and (B) stating that no event which constitutes an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Members to cure such Event of Default.

(c) Notwithstanding the foregoing, the results of operation and financial position of Immaterial Affiliates need not be excluded from financial statements delivered to the Master Trustee pursuant to this Section, and such results of operation and financial position may be considered as if they were a portion of the results of operation and financial position of the Credit Group Members for all purposes of this Master Indenture notwithstanding the inclusion of the results of operation and financial position of such Immaterial Affiliates. The Master Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Holders. The Master Trustee shall not be deemed to have notice of any information contained in such financial statements or event of default which may be disclosed therein in any manner.

Section 3.14. Replacement of Master Indenture Obligations. At the option of the Credit Group Representative and without the consent of any Holders, Master Indenture Obligations shall be surrendered by their Holders and delivered to the Master Trustee for cancellation upon receipt by the Master Trustee and the Holders of the Master Indenture Obligations of the following:

(a) a Request of the Credit Group Representative requesting such surrender and delivery and stating that the Credit Group Representative (and each other Member of the Obligated Group) has become a member of an obligated group (the "New Obligated Group") under a master

indenture (other than the Master Indenture) and that an obligation or obligations are being issued to the Holder under such replacement master indenture (the "Replacement Master Indenture");

(b) a properly executed obligation (the "Replacement Obligation") for each Master Indenture Obligation issued under the Replacement Master Indenture and registered in the name of the Holder with the same tenor and effect as the previous Master Indenture Obligation of such Holder, duly authenticated by the master trustee under the Replacement Master Indenture;

(c) an Opinion of Counsel to the effect that each Replacement Obligation has been validly issued under the Replacement Master Indenture and constitutes a valid and binding obligation of the Credit Group Representative (and each other Member of the Obligated Group) and each other member of the obligated group under the Replacement Master Indenture;

(d) a copy of the Replacement Master Indenture, certified as a true and accurate copy by the master trustee under the Replacement Master Indenture; and

(e) confirmation that (i) the Credit Group has provided thirty (30) days' written notice of such replacement to each Rating Agency then rating any Related Bonds or Master Indenture Obligations and (ii) no Rating Agency has indicated that its rating from such Rating Agency on any Related Bonds or the Master Indenture Obligations shall be withdrawn or reduced as compared to such rating immediately prior to the delivery of the Replacement Obligations; and

(f) an Opinion of Bond Counsel to the effect that the replacement of the Master Indenture Obligation with the Replacement Obligations will not, in and of itself, result in the inclusion of the interest on any Related Bonds in gross income for purposes of federal income taxation.

Section 3.15. Additions to Excluded Property. Appendix B hereto may be amended, without consent of any Holders of Master Indenture Obligations, to include: (a) additional real property acquired by a Member subsequent to the Effective Date and all improvements, fixtures, tangible personal property, and equipment located thereon and used in connection therewith, upon the receipt by the Master Trustee of a Certificate of an Authorized Representative of such Member stating that (i) such Property does not constitute a portion of the Property financed or refinanced with proceeds of Outstanding Related Bonds, and (ii) the total value of all such Property so added to such Appendix B does not exceed 10% of the total value of Property of the Credit Group (calculated on the basis of the Book Value of the assets shown on the audited Credit Group Financial Statements for the Fiscal Year next preceding the date of the amendment of Appendix B), or (b) unimproved real property upon receipt by the Master Trustee of a Certificate of an Authorized Representative of such Member stating that such real property is not an integral part of the operation of such Member's activities; provided that in any consecutive 12-month period the total value of the Property of the Obligated Group disposed of other than pursuant to Subsections 3.11(i) through (ix) and of the Property classified as Excluded Property under this Section 3.15 shall not exceed 10% of the total value of the Property of the Credit Group (so calculated on the basis of such Book Value).

Section 3.16. Insurance. Each Member of the Obligated Group agrees that it will maintain or cause to be maintained insurance (including one or more self-insurance or shared or pooled-

insurance programs considered to be adequate) of such types and in such amounts as, in the good faith judgment of the Credit Group Representative, are customary to protect it and its Property and operations. Such insurance shall be reviewed and approved by management of the Credit Group Representative at least annually.

ARTICLE IV
DEFAULTS.

Section 4.01. Events of Default. Each of the following events shall be an Event of Default hereunder:

(a) Failure on the part of the Obligated Group Members to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Master Indenture Obligation.

(b) The occurrence of an Event of Default as described in Section 3.07(g).

(c) Any Obligated Group Member shall fail to observe or perform any other covenant or agreement under this Master Indenture (including covenants or agreements contained in any Related Supplement or Master Indenture Obligation) and shall not have cured such failure within sixty (60) days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Credit Group Representative by the Master Trustee or to the Credit Group Representative and the Master Trustee by the Holders of a majority in aggregate principal amount of Outstanding Master Indenture Obligations (provided that if such failure can be remedied but not within such sixty (60) - day period, such failure shall not become an Event of Default for so long as the Credit Group Representative shall diligently proceed to remedy the failure).

(d) Any Credit Group Member shall default in the payment of Indebtedness (other than Nonrecourse Indebtedness) in an aggregate outstanding principal amount greater than 3% of the aggregate principal amount of Total Revenues of the Obligated Group, and any grace period for such payment shall have expired; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if, within sixty (60) days or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, (1) any Credit Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, and (2) sufficient moneys are deposited in escrow with a bank or trust company or a bond acceptable to the Master Trustee is posted for the payment of such Indebtedness.

(e) A court having jurisdiction shall enter a decree or order for relief in respect of any Credit Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Credit Group Member or for any substantial part of the Property of any Credit Group Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days.

(f) Any Credit Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Credit Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

(g) An event of default shall exist under any Related Bond Indenture.

The Credit Group Representative agrees that, as soon as practicable, and in any event within ten (10) days after such event, the Credit Group Representative shall notify the Master Trustee of any event which is an Event of Default hereunder which has occurred and is continuing, which notice shall state the nature of such event and the action which the Obligated Group Members propose to take with respect thereto.

Section 4.02. Acceleration; Annulment of Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Outstanding Master Indenture Obligations shall, by notice to the Credit Group Representative, declare all Outstanding Master Indenture Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Master Indenture Obligations shall be immediately due and payable; provided that, if the terms of any Related Supplement give a Person the right to consent to acceleration of the Master Indenture Obligations issued pursuant to such Related Supplement, the Master Indenture Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Master Indenture Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, which accrues on such principal and interest to the date of payment, and all other amounts due thereunder, shall be due and payable on the Master Indenture Obligations.

(b) At any time after the Master Indenture Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Master Trustee may annul such declaration and its consequences if:

(i) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Master Indenture Obligations (other than payments then due only because of such declaration); and

(ii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all fees and expenses of the Master Trustee then due; and

(iii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all other amounts then payable by the Obligated Group hereunder; and

(iv) every Event of Default (other than a default in the payment of Required Payments on such Master Indenture Obligations then due only because of such declaration) has been remedied.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

Section 4.03. Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and during the continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Master Indenture Obligations (and upon indemnification of the Master Trustee to its satisfaction by the Credit Group or such Holders for any such request), shall, proceed to protect and enforce its rights and the rights of the Holders hereunder by such proceedings as may be deemed expedient, including but not limited to:

(i) Enforcement of the right of the Holders to collect amounts due or becoming due under the Master Indenture Obligations;

(ii) Civil action upon all or any part of the Master Indenture Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Master Indenture Obligations to account as if it were the trustee of an express trust for the Holders of Master Indenture Obligations;

(iv) Civil action to enjoin any acts which may be unlawful or in violation of the rights of the Holders of Master Indenture Obligations;

(v) Civil action to obtain a writ of mandate against any Obligated Group Member or Controlling Member, or against any officer or member of the Governing Body of any Obligated Group Member or Controlling Member to compel performance of any act specifically required by this Master Indenture or any Master Indenture Obligation; and

(vi) Enforcement of any other right or remedy of the Holders conferred by law or hereby.

(b) Regardless of the occurrence of an Event of Default, if requested in writing by the Holders of not less than a majority in aggregate principal amount of the Outstanding Master Indenture Obligations (and upon indemnification of the Master Trustee to its satisfaction for such request), the Master Trustee shall institute and maintain such proceedings as it may be advised shall be necessary or expedient (1) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (2) to preserve or protect the interests of the Holders. However, the Master Trustee shall not comply with any such request or institute and

maintain any such proceeding that is in conflict with any applicable law or the provisions hereof or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not making such request. Nothing herein shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Master Indenture Obligations or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Section 4.04. Application of Moneys After Default. During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article (after payment of the costs of the proceedings resulting in the collection of such moneys and payment of all fees, expenses, fees and expenses of its attorneys and advisors and other amounts owed to the Master Trustee) shall be applied as follows:

(a) Unless all Outstanding Master Indenture Obligations have become or have been declared due and payable (or if any such declaration is annulled in accordance with the terms of this Article):

First: To the payment of all Required Payments then due on the Master Indenture Obligations (including Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation and Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Required Payments due on the same date, then to the payment thereof ratably, according to the amount Required Payments due on such date, without any discrimination or preference;

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation (other than Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Financial Product Extraordinary Payments due on the same date, then to the payment thereof ratably, according to the amounts of Financial Product Extraordinary Payments due on such date, without any discrimination or preference.

(b) If all Outstanding Master Indenture Obligations have become or have been declared due and payable (and such declaration has not been annulled under the terms of this Article):

First: To the payment of all Required Payments then due on the Master Indenture Obligations (including (i) Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation and (ii) Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority,

according to the amounts due respectively, without any discrimination or preference; and

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by a Master Indenture Obligation (other than Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full all such Financial Product Extraordinary Payments, then to the payment thereof ratably, without any discrimination or preference.

Such moneys shall be applied at such times as the Master Trustee shall determine, having due regard for the amount of moneys available and the likelihood of additional moneys becoming available in the future. Upon any date fixed by the Master Trustee for the application of such moneys to the payment of principal, interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notices as it may deem appropriate of the deposit with it of such moneys or of the fixing of such dates. The Master Trustee shall not be required to make payment to the Holder of any unpaid Master Indenture Obligation until such Master Indenture Obligation (and all unmatured interest coupons, if any) is presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Master Indenture Obligations have been paid under the terms of this Section and all fees and expenses of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive such balance. If no other Person is entitled thereto, then the balance shall be paid to the Members of the Obligated Group or such Person as a court of competent jurisdiction may direct.

Section 4.05. Remedies Not Exclusive. No remedy granted by the terms of this Master Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity.

Section 4.06. Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Master Indenture Obligations may be enforced by the Master Trustee without the possession of any of the Master Indenture Obligations or the production thereof in any proceeding relating thereto. Any proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining any Holders as plaintiffs or defendants. Subject to the provisions of Section 4.04, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Master Indenture Obligations.

Section 4.07. Master Trustee to Represent Holders. The Master Trustee is hereby irrevocably appointed as trustee and attorney in fact for the Holders for the purpose of exercising on their behalf the rights and remedies available to the Holders under the provisions of this Master Indenture, the Master Indenture Obligations, any Related Supplement and applicable provisions of law, in each case subject to the provisions of Section 4.08. The Holders, by taking and holding the Master Indenture Obligations, shall be conclusively deemed to have so appointed the Master Trustee.

Section 4.08. Holders' Control of Proceedings. If an Event of Default has occurred and is continuing, notwithstanding anything herein to the contrary, the Holders of at least a majority in aggregate principal amount of Outstanding Master Indenture Obligations shall have the right (upon the indemnification of the Master Trustee to its satisfaction) to direct the method and/or place of conducting any proceeding to be taken in connection with the enforcement of the terms hereof. Such direction must be in writing, signed by such Holders and delivered to the Master Trustee. The Master Trustee shall not, however, follow any such direction that conflicts with any applicable law or the provisions of this Master Indenture or that, in the sole judgment of the Master Trustee, is unduly prejudicial to the interests of the Holders not joining in such direction. Nothing in this Section shall impair the right of the Master Trustee to take any other action authorized by this Master Indenture which it may deem proper and which is not inconsistent with such direction by Holders.

Section 4.09. Termination of Proceedings. In case any proceeding instituted by the Master Trustee with respect to any Event of Default is discontinued or abandoned for any reason or is determined adversely to the Master Trustee or the Holders, then the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder. All rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 4.10. Waiver of Event of Default.

(a) No delay or omission of the Master Trustee or of any Holder to exercise any right with respect to any Event of Default shall impair such right or shall be construed to be a waiver of or acquiescence to such Event of Default. Every right and remedy given by this Article to the Master Trustee and the Holders may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default which in its opinion has been remedied before the entry of a final judgment or decree in any proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Upon the written request of the Holders of at least a majority in aggregate principal amount of Outstanding Master Indenture Obligations, the Master Trustee shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02, the failure to pay the principal of, premium, if any, or interest on any Master Indenture Obligation when due may not be waived without the written consent of the Holders of all Outstanding Master Indenture Obligations.

(d) In case of any waiver by the Master Trustee of an Event of Default, the Obligated Group Members, the Master Trustee and the Holders shall be restored to their former positions and rights. No waiver shall extend to, or impair any right with respect to, any other Event of Default.

Section 4.11. Appointment of Receiver. Upon the occurrence and during the continuance of any Event of Default, the Master Trustee shall be entitled (a) without declaring the Master

Indenture Obligations to be due and payable, (b) after declaring the Master Indenture Obligations to be due and payable, or (c) upon the commencement of any proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group Members (without the necessity of notice to any Obligated Group Member or any other Person), with such powers as the court making such appointment shall confer. Each Obligated Group Member consents, and agrees to consent if requested by the Master Trustee, at the time of application by the Master Trustee for appointment of a receiver, to the appointment of such receiver and agrees that such receiver may be given the right, to the extent the right may lawfully be given, to take possession of, operate and deal with such Property and the revenues, profits and proceeds therefrom, with the same effect as the Obligated Group Member could, and to borrow money and issue evidences of indebtedness as such receiver.

Section 4.12. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, including any Industry Restrictions or any Government Restriction. All the provisions of this Article are intended to be limited to the extent necessary so that they will not render any provision hereof invalid or unenforceable under the provisions of any applicable law, including any Industry Restrictions or any Government Restriction.

Section 4.13. Notice of Default. Within ten (10) days after a Responsible Officer of the Master Trustee has actual knowledge or has received written notice of the occurrence of an Event of Default, the Master Trustee shall mail notice of such Event of Default to all Holders, unless such Event of Default has been cured before the giving of such notice (the term "Event of Default" for the purposes of this Section being limited to the events specified in subsections (a)-(g) of Section 4.01. Except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Master Indenture Obligations and the Events of Default specified in subsections (e) and (f) of Section 4.01, the Master Trustee shall be protected in withholding such notice if and so long as the Master Trustee in good faith determines that the withholding of such notice is in the best interest of the Holders.

ARTICLE V
THE MASTER TRUSTEE

Section 5.01. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default:

(i) The Master Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture, and no implied covenant or obligation shall be read into this Master Indenture against the Master Trustee; and

(ii) In the absence of willful misconduct on its part, the Master Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon Certificates or opinions furnished to the Master Trustee and conforming to the requirements of this Master Indenture; but in the case of any Certificate or opinion specifically required by the provisions hereof to be furnished to the Master Trustee, the Master Trustee shall be under a duty to examine such Certificate or opinion to

determine whether or not it conforms to the requirements of this Master Indenture on its face.

(b) In case an Event of Default has occurred and is continuing, the Master Trustee shall exercise such of the rights and powers vested in it by this Master Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(c) No provision of this Master Indenture shall be construed to relieve the Master Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this subsection (c) shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Master Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Master Trustee was negligent in ascertaining the pertinent facts;

(iii) the Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders given in accordance with Section 4.08; and

(iv) no provision of this Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

The Master Trustee will keep on file at its office a list of the names and addresses of the last known Holders of all Master Indenture Obligations and the numbers of such Master Indenture Obligations held by each of such Holders. At reasonable times and under reasonable regulations established by the Master Trustee, upon reasonable prior notice, said list may be inspected and copied by the Obligated Group Members, any Master Indenture Obligation Holder or the authorized representative thereof, provided that the ownership of such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

(d) Every provision of this Master Indenture relating to the conduct of, affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section.

Section 5.02. Certain Rights of Master Trustee. Subject to Section 5.01:

(a) The Master Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Credit Group Representative mentioned herein shall be sufficiently evidenced by an Officer's Certificate. Any action of the Governing Body of any Obligated Group Member shall be sufficiently evidenced by a copy of a resolution

certified by the secretary or an assistant secretary of the Obligated Group Member to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

(c) Whenever in the administration of this Master Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, allowing or omitting any action hereunder, the Master Trustee may (in the absence of bad faith on its part and unless other evidence is specifically prescribed by this Master Indenture) request and conclusively rely upon an Officer's Certificate.

(d) The Master Trustee may consult with counsel of its selection experienced in matters similar to those inquired about, and any opinion of such counsel shall be full and complete authorization and protection with respect to any action taken, allowed or omitted by it hereunder in good faith and in reliance thereon.

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Indenture, including at the request or direction of any of the Holders or any Obligated Group Member, unless such Holders or such Member, as applicable, shall have offered to the Master Trustee reasonable security or indemnity satisfactory to the Master Trustee against the fees, costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Master Trustee shall not be bound to make any investigation into the facts stated in any document delivered to it hereunder, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts as it may see fit. If the Master Trustee determines to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Credit Group Member (excluding specifically donor records, patient records and personnel records), personally or by agent or attorney, during regular business hours and after reasonable notice.

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents. The Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent appointed and supervised by it with due care.

(h) The Master Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Master Indenture.

(i) The Master Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Master Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Master Trustee at the Corporate Trust Office of the Master Trustee, and such notice references this Master Indenture.

(j) The Master Trustee shall have the right to accept and act upon instructions, directions of the Credit Group Representative and Officer's Certificates pursuant to this Master Indenture and Supplemental Indentures, including funds transfer instructions sent by Electronic

Means (as hereinafter defined); provided, however, that, the Credit Group Representative shall provide to the Master Trustee an incumbency certificate listing designated persons who are authorized to provide such instructions or directions or Officer's Certificates ("Authorized Officers") containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. As used in this paragraph, "Electronic Means" means a portable document format ("pdf") or other replicating image attached to an unsecured email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Master Trustee), or another method or system specified by the Master Trustee as available for use in connection with its services hereunder. If the Credit Group Representative elects to give the Master Trustee instructions by Electronic Means and the Master Trustee in its discretion elects to act upon such instructions, the Master Trustee's understanding of such instructions shall be deemed controlling. The Credit Group Representative agrees that the Master Trustee cannot determine the identity of the actual sender of such instructions and that the Master Trustee shall conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Master Trustee have been sent by such Authorized Officer. The Credit Group Representative shall be responsible for ensuring that only Authorized Officers transmit such instructions to the Master Trustee, and the Credit Group Representative and the Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Master Trustee, if any. The Master Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Master Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by other means. The Credit Group Representative agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction to the Master Trustee, including without limitation the risk of the Master Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Master Trustee and that there may be more secure methods of transmitting instructions than the use of Electronic Means; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Master Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(k) The Master Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" as used in the preceding sentence, means an occurrence that is beyond the control of the Master Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, pandemics or other similar occurrences.

(l) The permissive right of the Master Trustee to do things enumerated in this Master Indenture shall not be construed as a duty and the Master Trustee shall not be answerable for other than its gross negligence, bad faith or willful misconduct. The Master Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(m) The Master Trustee shall not be required to maintain or review copies of any policies of insurance required pursuant to this Master Indenture.

(n) The Master Trustee shall not be responsible for the application of proceeds paid out in accordance with this Master Indenture.

Section 5.03. Right to Deal in Master Indenture Obligations and Related Bonds. The Master Trustee may buy, sell or hold and deal in any Master Indenture Obligations and Related Bonds with the same effect as if it were not the Master Trustee. The Master Trustee may commence or join in any action which a Holder or holder of a Related Bond is entitled to take with the same effect as if the Master Trustee were not the Master Trustee.

Section 5.04. Removal and Resignation of the Master Trustee.

(a) The Master Trustee may be removed at any time by an instrument or instruments in writing signed by (1) the Holders of not less than a majority of the principal amount of Outstanding Master Indenture Obligations or (2) (unless a Default or an Event of Default has occurred and is then continuing) the Credit Group Representative.

(b) The Master Trustee may at any time resign by giving written notice of such resignation to the Credit Group Representative.

(c) No such resignation or removal shall become effective unless and until a successor Master Trustee has been appointed and has assumed the trusts created hereby. Written notice of removal of the predecessor Master Trustee and/or appointment of the successor Master Trustee shall be given by the successor Master Trustee within ten (10) days of the successor's acceptance of appointment to the Obligated Group Members and to each Holder at the addresses shown on the books of the Master Trustee. A successor Master Trustee may be appointed at the direction of the Holders of not less than a majority in aggregate principal amount of Outstanding Master Indenture Obligations, or, if the Master Trustee has resigned or has been removed by the Credit Group Representative, by the Credit Group Representative. In the event a successor Master Trustee has not been appointed and qualified within forty-five (45) days of the date notice of resignation or removal is given, the Master Trustee, any Obligated Group Member or any Holder may apply at the expense of the Obligated Group Members to any court of competent jurisdiction for the appointment of an interim successor Master Trustee to act until such time as a permanent successor is appointed.

(d) Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company, national banking association, or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least $50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(e) Every successor Master Trustee shall execute and deliver to its predecessor and to each Obligated Group Member a written instrument accepting such appointment. Upon the delivery of such acceptance, the successor Master Trustee shall become fully vested with all the

rights, immunities, powers, trusts, duties and obligations of its predecessor. The predecessor shall execute and deliver to the successor Master Trustee a written instrument transferring to the successor Master Trustee all the rights, powers and trusts of the predecessor. The predecessor Master Trustee (upon payment of all amounts owed to it) shall execute any documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Section 5.05. Compensation and Reimbursement. Subject to the provisions of any specific agreement between the Credit Group Representative and the Master Trustee relating to the compensation of the Master Trustee, each Obligated Group Member agrees:

(a) To pay the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of this Master Indenture (including the reasonable compensation and the expenses and disbursements of its attorney and its agents), except any such expense, disbursement or advance as may be attributable to its negligence, willful misconduct or bad faith.

(c) To indemnify each of the Master Trustee and its officers, directors, agents and employees and any predecessor Master Trustee for, and to hold it and them harmless against, any and all loss, liability, damages, claim or expense, including taxes (other than taxes based on the income of the Master Trustee) incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including without limitation, legal fees and expenses and the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

When the Master Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 4.01(d) or Section 4.01(e), the expenses (including the reasonable charges and expenses of its attorneys and agents) and the compensation for the services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the termination of this Master Indenture and the removal or resignation of the Master Trustee.

Section 5.06. Recitals and Representations. The recitals, statements and representations contained herein or in any Master Indenture Obligation (excluding the Master Trustee's authentication on the Master Indenture Obligations) shall be taken and construed as made by and on the part of the Obligated Group Members, and not by the Master Trustee. The Master Trustee assumes no responsibility for the correctness of such statements.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency of this Master Indenture or of the Master Indenture Obligations. The Master Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Master Trustee shall have no duty of inquiry with respect to any Event of Default without actual knowledge of or receipt by the Master Trustee of written notice of an Event of Default from an Obligated Group Member or any Holder.

Section 5.07. Separate or Co-Master Trustee. At any time, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee may appoint one or more Persons either to act as co-master trustee with the Master Trustee, or to act as separate master trustee, and to vest in such Persons or Persons, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section, and provided that doing so shall not impose a material burden on the Obligated Group Members (financial or otherwise).

Every co-master trustee or separate master trustee shall, to the extent permitted by law, be appointed subject to the following terms:

(a) The Master Indenture Obligations shall be authenticated and delivered solely by the Master Trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed as shall be provided in the instrument appointing such co-master trustee or separate master trustee, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Master Trustee is incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co master trustee or separate master trustee.

(c) Any request in writing by the Master Trustee to any co-master trustee or separate master trustee to take or to refrain from taking any action hereunder shall be sufficient for the taking, or the refraining from taking, of such action by such Person.

(d) Any co-master trustee or separate master trustee may, to the extent permitted by law, delegate to the Master Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Master Trustee may at any time, by an instrument in writing, accept the resignation of or remove any co-master trustee or separate master trustee appointed under this Section. Upon the request of the Master Trustee, the Obligated Group Members shall join with the Master Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal.

(f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, nor will the act or omission of any trustee hereunder be imputed to any other trustee.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Master Trustee shall be deemed to have been delivered to each such co-master trustee or separate master trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-master trustee or separate master trustee hereunder shall be turned over to the Master Trustee immediately.

Upon the acceptance in writing of such appointment by any co-master trustee or separate master trustee, such Person shall be vested with such rights, powers, duties or obligations as are specified in the instrument of appointment jointly with the Master Trustee (except insofar as local law makes it necessary for any such co-master trustee or separate master trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Master Trustee. To the extent permitted by law, any co-master trustee or separate master trustee may, at any time by an instrument in writing, constitute the Master Trustee its attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its behalf and in its name.

In case any co-master trustee or separate master trustee shall become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of such Person shall, so far as permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-master trustee or separate master trustee shall be appointed in the manner herein provided.

Section 5.08. Merger or Consolidation. Any company into which the Master Trustee may be merged or converted, or with which it may be consolidated, or any company resulting from any merger, conversion or consolidation to which it is a party, or any company to which the Master Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 5.04) shall be the successor to the Master Trustee without the execution or filing of any paper or any further act.

ARTICLE VI
SUPPLEMENTS AND AMENDMENTS

Section 6.01. Supplements Not Requiring Consent of Holders. The Credit Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for any of the following purposes:

(a) To correct any ambiguity or formal defect or omission in this Master Indenture;

(b) To correct or supplement any provision which may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising hereunder and which does not materially and adversely affect the interests of the Holders;

(c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Obligated Group Members;

(d) To qualify this Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect;

(e) To create and provide for the issuance of a Master Indenture Obligation or Series of Master Indenture Obligations as permitted hereunder;

(f) To obligate a successor to any Obligated Group Member as provided in Section 3.08;

(g) To add a new Obligated Group Member as provided in Section 3.09;

(h) To modify any provision in order to avoid any unintended impact on the compliance by the Credit Group with financial covenants following any change in GAAP that would affect the computation of any financial ratio or other financial computation under this Master Indenture; or

(i) To make any other change which does not materially and adversely affect the interests of the Holders.

In entering into any Related Supplement, the Master Trustee may rely on an Opinion of Counsel as described in Section 6.03(a).

Section 6.02. Supplements Requiring Consent of Holders.

(a) Other than Related Supplements referred to in Section 6.01 and subject to the terms contained in this Article, the Holders of not less than a majority in aggregate principal amount of the Outstanding Master Indenture Obligations shall have the right to consent to and approve the execution by the Credit Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding any of the terms contained herein; provided, however, that nothing in this Section shall permit or be construed as permitting a Related Supplement which would:

(i) Extend the stated maturity of or time for paying interest on any Master Indenture Obligation or reduce the principal amount of or the redemption premium or rate of interest or change the method of calculating interest payable on or reduce any other Required Payment on any Master Indenture Obligation without the consent of the Holder of such Master Indenture Obligation;

(ii) Modify, alter, amend, add to or rescind any of the terms or provisions contained in Article IV so as to affect the right of the Holders of any Master Indenture Obligations in default to compel the Master Trustee to declare the principal of all Master Indenture Obligations to be due and payable, without the consent of the Holders of all Outstanding Master Indenture Obligations;

(iii) Reduce the aggregate principal amount of Outstanding Master Indenture Obligations the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Master Indenture Obligations then Outstanding; or

(iv) Create any lien or security interest (other than permitted pursuant to Section 3.06) prior to or on parity with the lien and security interest of this Master Indenture or deprive any Holders of the lien created by this Master Indenture (other than permitted pursuant to Section 3.14), without the consent of the Holders of all the Master Indenture Obligations at the time Outstanding that would be affected by the action to be taken.

(b) The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives:

(i) a Request of the Credit Group Representative to enter into such Related Supplement; and

(ii) a certified copy of the resolution of the Governing Body of the Credit Group Representative approving the execution of such Related Supplement; and

(iii) the proposed Related Supplement; and

(iv) an instrument or instruments executed by the Holders of not less than the aggregate principal amount or number of Master Indenture Obligations specified in subsection (a) for the Related Supplement in question which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee. For the avoidance of doubt, the written consent of a Holder of a Master Indenture Obligation may be effected through a provision in a Related Bond Indenture that deems the purchase of Related Bonds by the beneficial owners thereof to be consent by the Holder of the related Master Indenture Obligation for purposes of this Section 6.02.

(c) Any such consent shall be binding upon the Holder of the Master Indenture Obligation giving such consent and upon any subsequent Holder of such Master Indenture Obligation and of any Master Indenture Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof). At any time after the Holders of the required principal amount or number of Master Indenture Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall file a written statement to that effect with the Credit Group Representative. Such written statement shall be conclusive evidence that such consents have been so filed.

(d) If the Holders of the required principal amount or number of the Outstanding Master Indenture Obligations have consented to the execution of such Related Supplement, no Holder shall have any right to object to the execution thereof, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof or to enjoin or restrain the Master Trustee or the Credit Group Representative

from executing such Related Supplement or from taking any action pursuant to the provisions thereof.

Section 6.03. Execution and Effect of Supplements.

(a) In executing any Related Supplement permitted by this Article, the Master Trustee shall be provided and entitled and to rely upon an Opinion of Counsel stating that the execution of such Related Supplement is authorized or permitted hereby. The Master Trustee may (but shall not be obligated to) enter into any Related Supplement that materially and adversely affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Related Supplement in accordance with this Article, the provisions of this Master Indenture shall be deemed modified in accordance therewith. Such Related Supplement shall form a part hereof for all purposes and every Holder shall be bound thereby.

(c) Any Master Indenture Obligation authenticated and delivered after the execution and delivery of any Related Supplement in accordance with this Article may, and, if required by the Credit Group Representative or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Related Supplement. If the Credit Group Representative or the Master Trustee shall so determine, new Master Indenture Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of the Credit Group Representative to any such Related Supplement may be prepared and executed by the Credit Group Representative and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Master Indenture Obligations then Outstanding.

Section 6.04. Amendment of Related Supplements. Any Related Supplement may provide that the provisions thereof may be amended without the consent of or notice to any of the Holders, or pursuant to such terms and conditions as may be specified in such Related Supplement. If a Related Supplement does not contain provisions relating to the amendment thereof, the amendment of such Related Supplement shall by governed by the provisions of Section 6.01 and Section 6.02 hereof.

ARTICLE VII
SATISFACTION AND DISCHARGE

Section 7.01. Satisfaction and Discharge of Master Indenture. This Master Indenture shall cease to be of further effect (except for Section 5.05, which shall survive) if:

(a) all Master Indenture Obligations previously authenticated (other than any Master Indenture Obligations which have been mutilated, destroyed, lost or stolen and which have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Master Trustee for cancellation; or

(b) all Master Indenture Obligations not previously cancelled or delivered to the Master Trustee for cancellation are paid; or

(c) a deposit is made in trust with the Master Trustee (or with one or more banks, national banking associations or trust companies pursuant to one or more agreements between an Obligated Group Member and such national banking associations or trust companies) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Master Indenture Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including principal and interest or other payments (including Financial Product Payments and Financial Product Extraordinary Payments) due or to become due to such date of maturity, redemption date or payment date, as the case may be;

and all other sums payable hereunder by the Obligated Group Members are also paid (or have been caused to be paid or there has been deposited with the Master Trustee moneys in sufficient amounts to pay such sums). The Master Trustee, on demand of the Credit Group Representative and at the cost and expense of the Obligated Group Members, shall execute proper instruments acknowledging satisfaction of and discharging this Master Indenture and authorizing the Credit Group Representative to file such terminations and releases as may be necessary to evidence the termination of the Master Trustee's security interest in the Gross Receivables. Unless the deposit(s) pursuant to clause (c) above is made solely with cash, the Credit Group Representative shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction provided pursuant to clause (c) above, upon which report the Master Trustee may rely.

The Obligated Group Members shall pay and indemnify the Master Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to this Section 7.01 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Master Indenture Obligations.

Section 7.02. Payment of Master Indenture Obligations After Discharge of Lien. Notwithstanding the discharge of the lien of this Master Indenture as provided in this Article, the Master Trustee shall retain such rights, powers and duties as may be necessary and convenient for the payment of amounts due or to become due on the Master Indenture Obligations and for the registration, transfer, exchange and replacement of Master Indenture Obligations. Any moneys held by the Master Trustee for the payment of the principal of, premium, if any, or interest or any other Required Payment on any Master Indenture Obligation remaining unclaimed for one year after the principal of all Master Indenture Obligations has become due and payable, whether at maturity, upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Obligated Group Members. The Holders of any Master Indenture Obligations or coupons not previously presented for payment shall thereafter be entitled to look only to the Obligated Group Members for payment thereof as unsecured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 8.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Indenture or the Master Indenture Obligations is intended or shall be construed to give to any Person other than each Obligated Group Member, the Master Trustee, the Related Bonds Issuers and the Holders any legal or equitable right, remedy or claim under or with respect to this Master Indenture. This Master Indenture and all of the covenants, conditions and provisions hereof are intended to be and are for the sole and exclusive benefit of the parties mentioned in this Section.

Section 8.02. Severability. If any part of this Master Indenture is for any reason held invalid or unenforceable, no other part shall be invalidated or deemed unenforceable.

Section 8.03. Holidays. Except to the extent a Related Supplement or a Master Indenture Obligation provides otherwise:

(a) Subject to subsection (b), when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day that is not a day on which banking institutions in such jurisdiction are authorized by law to remain closed, with the same effect as if done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Master Indenture Obligation is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed, payment may be made on the next ensuing day on which banking institutions at such place are not authorized by law to remain closed with the same effect as if payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

Section 8.04. Credit Enhancer Deemed Holder of Master Indenture Obligation. Except to the extent a Related Supplement or a Master Indenture Obligation provides otherwise, any credit enhancer of Related Bonds shall be deemed the Holder of the related Master Indenture Obligation for purposes of this Master Indenture for so long as the credit enhancement is in effect and the credit enhancer is not in default under the applicable credit enhancement. If the credit enhancement is applicable to a portion of Related Bonds, such related Master Indenture Obligation shall be treated as if such related Master Indenture Obligation were two Master Indenture Obligations, one in the principal amount of the Related Bonds for which the credit enhancement is applicable and another in the principal amount of the remainder of the Related Bonds.

Section 8.05. Governing Law. This Master Indenture and the Master Indenture Obligations are contracts made under the laws of the State, and shall be governed by and construed in accordance with such laws applicable to contracts made and performed in said State.

Section 8.06. Counterparts. This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 8.07. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Master Indenture Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, director, trustee, member, employee or agent of any Obligated Group Member which is a corporation, whether directly or indirectly. All liability of any such individual is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Master Indenture Obligations.

Section 8.08. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon each Obligated Group Member, the Master Trustee and their respective successors and assigns, subject to the limitations contained herein.

Section 8.09. Electronic Signatures. Each of the parties hereto agrees that the transaction consisting of this Master Indenture may be conducted by electronic means under the Uniform Electronic Transactions Act (Connecticut General Statutes section 1-260 *et seq.*). Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Master Indenture using an electronic signature, it is signing, adopting, and accepting this Master Indenture and that signing this Master Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on this Master Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Master Indenture in a usable format.

Section 8.10. Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be in writing and shall be deemed sufficiently given or served if given: (i) by facsimile or electronic mail with prompt telephonic confirmation of receipt; (ii) personally by hand; (iii) by overnight delivery service; or (iv) by first class mail, postage prepaid and addressed as follows:

(i) If to the Credit Group Representative, addressed to it at Connecticut Children's Medical Center, 10 Columbus Boulevard, Hartford, Connecticut 06106, Attention: Chief Financial Officer;

(ii) If to the Master Trustee, addressed to it at 500 Ross Street, 12th Floor, Pittsburgh, Pennsylvania 15262; or

(iii) If to the registered Holder of a Master Indenture Obligation, addressed to such Holder at the address shown on the books of the Master Trustee.

(b) The Credit Group Representative or the Master Trustee may from time to time designate a different address or addresses for notice by notice in writing to the others and to the Holders.

(c) All notices and other communications given hereunder shall be deemed given as of the date received.

IN WITNESS WHEREOF, Connecticut Children's Medical Center, as Credit Group Representative, Connecticut Children's Foundation, Inc. and Connecticut Children's Specialty Group, Inc. have each caused this Master Indenture to be signed in its name by one of its duly authorized officers, and to evidence their acceptance of the trusts and agreements hereby created and The Bank of New York Mellon Trust Company, N.A. has caused this Master Indenture to be signed in its name by one of its duly authorized officers, all as of the day and year first above written.

CONNECTICUT CHILDREN'S MEDICAL CENTER

By _____
Authorized Representative

CONNECTICUT CHILDREN'S FOUNDATION, INC.

By _____
Authorized Representative

CONNECTICUT CHILDREN'S SPECIALTY GROUP, INC.

By _____
Authorized Representative

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Master Trustee

By _____
Authorized Officer

APPENDIX A TO MASTER INDENTURE

EXISTING PERMITTED LIENS

1. The security interests reflected in the following UCC Financing Statements, as such statements may be further continued or amended in accordance with State law, on file with the Connecticut Secretary of State.

Debtor: Connecticut Children's Medical Center

No.	Filing no.	Filing date	Secured Party	Type of filing
1.	0002824280	6/30/11	BANK OF AMERICA, N.A. (CHEFA was assignor)	Original Financing Statement
	0003108013	3/14/16	BANK OF AMERICA, N.A.	Continuation
	0003138477	9/1/16	BANC OF AMERICA PUBLIC CAPITAL CORP	Assignment
	0003428156	3/1/21	BANC OF AMERICA PUBLIC CAPITAL CORP	Continuation
	0005001975	7/1/21	BANK OF AMERICA, N.A.	Assignment
2.	0002824284	6/30/11	BANK OF AMERICA, N.A.	Original Financing Statement
	0003108012	3/14/16	BANK OF AMERICA, N.A.	Continuation
	0003138474	9/1/16	BANC OF AMERICA PUBLIC CAPITAL CORP	Assignment
	0005001644	6/30/21	BANC OF AMERICA PUBLIC CAPITAL CORP	Continuation
	0005001978	7/1/21	BANK OF AMERICA, N.A.	Assignment
3.	0002885406	7/2/12	OPTUMHEALTH BANK, INC. MED ONE CAPITAL FUNDING, LLC	Original Financing Statement
	0003184762	6/2/17	OPTUMHEALTH BANK, INC. MED ONE CAPITAL FUNDING, LLC	Continuation
4.	0002885425	7/2/12	OPTUMHEALTH BANK, INC. MED ONE CAPITAL FUNDING, LLC	Original Financing Statement

	0003184763	6/2/17	OPTUMHEALTH BANK, INC. MED ONE CAPITAL FUNDING, LLC	Continuation
5.	0002900279	10/4/12	BANC OF AMERICA PUBLIC CAPITAL CORP (CHEFA was assignor)	Original Financing Statement
	0003194376	7/25/17	BANC OF AMERICA PUBLIC CAPITAL CORP	Continuation
6.	0002942626	6/12/13	BANC OF AMERICA PUBLIC CAPITAL CORP (CHEFA was assignor)	Original Financing Statement
	0003249069	6/8/18	BANC OF AMERICA PUBLIC CAPITAL CORP	Continuation
7.	0002942627	6/12/13	BANC OF AMERICA PUBLIC CAPITAL CORP (CHEFA was assignor)	Original Financing Statement
	0003249066	6/8/18	BANC OF AMERICA PUBLIC CAPITAL CORP	Continuation
8.	0002963332	10/25/13	MEDELA, INC.	Original Financing Statement
	0003266511	9/24/18	MEDELA, LLC	Amendment – revises secured party name
	0003266512	9/24/18	MEDELA, LLC	Continuation
9.	0002982757	3/6/14	PRIME ALLIANCE BANK MED ONE CAPITAL FUNDING, LLC MED ONE CAPITAL FUNDING - CONNECTICUT, L.P.	Original Financing Statement
	0002992616	5/2/14	PRIME ALLIANCE BANK MED ONE CAPITAL FUNDING, LLC MED ONE CAPITAL FUNDING - CONNECTICUT, L.P.	Amendment – adds collateral
	0003286836	1/25/19	PRIME ALLIANCE BANK MED ONE CAPITAL FUNDING, LLC	Continuation

			MED ONE CAPITAL FUNDING - CONNECTICUT, L.P.	
10.	0003027182	11/14/14	BANK OF AMERICA, N.A.	Original Financing Statement
	0003309321	5/29/19	BANK OF AMERICA, N.A.	Continuation
	0005061733	4/21/22	BANK OF AMERICA, N.A.	Amendment – change debtor name from Connecticut Children's Medical Center Foundation, Inc. to Connecticut Children's Foundation, Inc.
11.	0003070922	8/7/15	CORPORATION SERVICE COMPANY, AS REPRESENTATIVE	Original Financing Statement
	0003391451	7/24/20	CORPORATION SERVICE COMPANY, AS REPRESENTATIVE	Continuation
12.	0003127660	6/16/16	CORPORATION SERVICE COMPANY, AS REPRESENTATIVE	Original Financing Statement
	0003448797	6/29/21	CORPORATION SERVICE COMPANY, AS REPRESENTATIVE	Continuation
13.	0003175077	4/21/17	CORPORATION SERVICE COMPANY, AS REPRESENTATIVE	Original Financing Statement
14.	0003187381	6/13/17	STRYKER FINANCE	Original Financing Statement
15.	0003204799	9/27/17	XEROX FINANCIAL SERVICES	Original Financing Statement
16.	0003228763	2/26/18	XEROX FINANCIAL SERVICES	Original Financing Statement
17.	0003229969	3/6/18	XEROX FINANCIAL SERVICES	Original Financing Statement
18.	0003232333	3/21/18	XEROX FINANCIAL SERVICES	Original Financing Statement
19.	0003241652	5/2/18	XEROX FINANCIAL SERVICES	Original Financing Statement
20.	0003267516	9/28/18	TERUMO CARDIOVASCULAR SYSTEMS	Original Financing Statement
21.	0003316483	6/28/19	HEWLETT-PACKARD FINANCIAL SERVICES	Original Financing Statement
22.	0003323797	8/9/19	STATE OF CONNECTICUT, DEPARTMENT OF	Original Financing Statement

			HOUSING	
23.	0003404928	9/30/20	FLEX FINANCIAL, A DIVISION OF STRYKER SALES CORPORATION	Original Financing Statement
24.	0005006629	7/7/21	BANC OF AMERICA PUBLIC CAPITAL CORP (Assignor was CHEFA)	Original Financing Statement
25.	0005084857	7/28/22	Dell Financial Services L.L.C.	Original Financing Statement
26.	0005095693	9/30/22	Xerox Financial Services	Original Financing Statement
27.	0005106337	11/22/22	LEAF Capital Funding LLC	Original Financing Statement
28.	0005112884	12/30/22	FLEX FINANCIAL, A DIVISION OF STRYKER SALES, LLC	Original Financing Statement

Debtor: Connecticut Children's Foundation, Inc.

No.	Filing no.	Filing date	Secured Party	Type of filing
1.	0003027182	11/14/14	BANK OF AMERICA, N.A.	Original Financing Statement
	0003309321	5/29/19	BANK OF AMERICA, N.A.	Continuation
	0005061733	4/21/22	BANK OF AMERICA, N.A.	Amendment – change debtor name from Connecticut Children's Medical Center Foundation, Inc. to Connecticut Children's Foundation, Inc.
2.	0002824280	6/30/11	BANK OF AMERICA, N.A. (CHEFA was assignor)	Original financing statement
	0003108013	3/14/16	BANK OF AMERICA, N.A.	Continuation
	0003138477	9/1/16	BANC OF AMERICA PUBLIC CAPITAL CORP	Assignment
	0003428156	3/1/21	BANC OF AMERICA PUBLIC CAPITAL CORP	Continuation
	0005001975	7/1/21	BANC OF AMERICA PUBLIC CAPITAL CORP	Assignment

APPENDIX B TO MASTER INDENTURE
EXCLUDED PROPERTY

Real property owned by Connecticut Children's Medical Center, described in Appendix B-1 hereto, and currently known as 271-279 Washington Street, Hartford, Connecticut.

APPENDIX B-1

LEGAL DESCRIPTION

271-279 Washington Street, Hartford, CT

A certain piece or parcel of land with the buildings and improvement thereon located in the City of Hartford, County of Hartford, and State of Connecticut, known as 271-279 Washington Street and more particularly bounded and described as follows:

NORTHERLY: by land now or formerly of James C. Gailum, et al and by land now or formerly of Helen Skwarek et al, partly by each, 124.45 feet;

EASTERLY: by Washington Street, 154.05 feet;

SOUTHERLY: by Lincoln Street, 124.5 feet;

WESTERLY: by land now or formerly of Edward C. Zawachi, 160.13 feet.

APPENDIX C

FORM OF OFFICER'S CERTIFICATE DELIVERED PURSUANT TO SECTION 3.13(b)(iii) OF THE MASTER INDENTURE

CONNECTICUT CHILDREN'S MEDICAL CENTER CREDIT GROUP

OFFICER'S CERTIFICATE PURSUANT TO SECTION 3.13(b)(iii) OF THE MASTER INDENTURE

DATE: _____[1]

To: The Bank of New York Mellon Trust Company, N.A., as Master Trustee

I, the undersigned, certify that I am an Authorized Representative of Connecticut Children's Medical Center (the "Medical Center"), as Credit Group Representative, under the Master Trust Indenture (as supplemented and amended, the "Master Indenture"), dated as of May 1, 2023, between the Medical Center, as Credit Group Representative, and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee").

I have reviewed the relevant provisions and related definitions in the Master Indenture relating to the subject matters covered in this Officer's Certificate and have made, or caused to be made, such examination or investigation as is necessary to enable me to provide this Officer's Certificate.

I hereby certify as follows:

1. Pursuant to Section 3.13(b)(i) of the Master Indenture, attached as Exhibit A are the Credit Group Financial Statements for Fiscal Year ended September 30, 20__.

2. Pursuant to Section 3.13(b)(iii)(A) of the Master Indenture, attached as Exhibit B is the calculation of the Annual Debt Service Coverage Ratio for Fiscal Year ended September 30, 20__.

3. Pursuant to Section 3.13(b)(iii)(B) of the Master Indenture, [SELECT APPROPRIATE STATEMENT] [no event which constitutes an Event of Default has occurred and is continuing as of the Fiscal Year ended September 30, 20__] or [specify the nature of event and the actions taken and proposed to be taken by the Members to cure such Event of Default].

[1] Not later than 150 days after the last day of each Fiscal Year.

Capitalized terms used and not defined herein shall have the terms assigned to them in the Master Indenture.

IN WITNESS WHEREOF, this Officer's Certificate pursuant to Master Indenture is executed as of the date first written above.

CONNECTICUT CHILDREN'S MEDICAL CENTER

By:_____
Authorized Representative

FORM OF FIRST SUPPLEMENTAL MASTER TRUST INDENTURE

THIS FIRST SUPPLEMENTAL MASTER TRUST INDENTURE, is dated as of May 1, 2023 (as amended and supplemented from time to time in accordance with its terms, the "First Supplement"), between CONNECTICUT CHILDREN'S MEDICAL CENTER, a nonstock corporation duly organized and existing under the laws of the State of Connecticut (the "Corporation"), as Credit Group Representative, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America, as master trustee (the "Master Trustee") under the Master Trust Indenture, dated as of May 1, 2023 (as amended and supplemented from time to time in accordance with its terms, the "Master Indenture"), among the Corporation, any other future Obligated Group Members (as defined therein) and the Master Trustee.

W I T N E S S E T H:

WHEREAS, the Corporation and the Master Trustee have entered into the Master Indenture, which provides for the issuance by the Corporation, acting as Credit Group Representative, of Master Indenture Obligations thereunder upon the Credit Group Representative and the Master Trustee entering into an indenture supplemental to the Master Indenture;

WHEREAS, the Corporation is the Credit Group Representative under the Master Indenture and has all requisite corporate power and is authorized under the terms of the Master Indenture to issue Master Indenture Obligations, which constitute the joint and several Master Indenture Obligations of the Obligated Group Members;

WHEREAS, the Corporation, as Credit Group Representative, desires to issue a Master Indenture Obligation hereunder designated as Connecticut Children's Medical Center Master Indenture Obligation No. 1 ("Obligation No. 1") entitled to the benefit of the Master Indenture;

WHEREAS, Obligation No. 1 evidences and secures the obligations of the Corporation, the other current members of the Obligated Group, and any future members of the Obligated Group under and with respect to the Bonds (defined below) and the Loan Agreement (defined below); and

WHEREAS, all acts and things necessary to constitute this First Supplement a valid supplemental indenture and agreement according to its terms have been done and performed, and the Corporation, as Credit Group Representative, has duly authorized the execution and delivery hereof and of Obligation No. 1;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of Obligation No. 1 issued hereunder by the Holder thereof, the Corporation, as Credit Group

Representative, covenants and agrees with the Master Trustee for the benefit of the Holder from time to time of Obligation No. 1 as follows:

Section 1. Definitions. Unless otherwise required by the context, all terms used herein which are defined in the Master Indenture shall have the meanings assigned to them therein, except as set forth below:

"Authority" means the State of Connecticut Health and Educational Facilities Authority, or its successors and assigns.

"Bond Indenture" means that certain Trust Indenture relating to the Bonds, dated as of May 1, 2023, between the Authority and the Bond Trustee, as originally executed and delivered and as amended, modified or supplemented from time to time in accordance with its terms.

"Bonds" means the State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Connecticut Children's Medical Center Issue, Series E, as originally executed and as amended from time to time in accordance with the provisions of the Bond Indenture.

"Bond Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, as trustee under the Bond Indenture, and any successor trustee appointed under the terms of and pursuant to the Bond Indenture.

"First Supplement" means this First Supplemental Master Trust Indenture, as it may be amended and supplemented in accordance with the terms of the Master Indenture.

"Loan Agreement" means that certain loan agreement relating to the Bonds, dated as of May 1, 2023, between the Authority and the Corporation, as originally executed and delivered and as amended, modified or supplemented from time to time in accordance with its terms.

"Master Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, and, subject to the limitations contained in the Master Indenture, any other corporation or association that may be co-trustee with the Master Trustee, and any successor or successors to said trustee or co-trustee in the trusts created under the Master Indenture.

"Obligation No. 1" means the Master Indenture Obligation issued pursuant hereto, as it may be amended and supplemented in accordance with the terms thereof.

Section 2. Interpretation.

(a) Any reference herein to any officer of the Corporation or any other Obligated Group Member shall include those succeeding to their functions, duties or

responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. The singular shall include the plural and vice versa.

(c) Headings of Articles and Sections herein and the table of contents hereto are solely for convenience of reference, and do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 3. Issuance of Obligation No. 1. There is hereby created and authorized to be issued a Master Indenture Obligation in an aggregate principal amount of _____ dollars ($_____) to evidence the joint and several obligations of the Corporation and any other Obligated Group Members to pay all amounts due from the Obligated Group under the Bonds and the Loan Agreement. This Master Indenture Obligation shall be dated May __, 2023, shall be designated "Connecticut Children's Medical Center Master Indenture Obligation No. 1" and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of Obligation No. 1 as provided in Section 11 hereof, with such necessary and appropriate omissions, insertions, and variations as are permitted or required hereby or by the Master Indenture and are approved by those officers executing such Obligation No. 1 on behalf of the Obligated Group, and such execution shall constitute conclusive evidence of such approval.

The aggregate principal amount of Obligation No. 1 is limited to _____ dollars ($_____) except for any Obligation No. 1 authenticated and delivered in lieu of Obligation No. 1 as provided in Section 6 hereof, with respect to a mutilated, destroyed, lost or stolen Obligation No. 1 or, subject to the provisions of Section 5 hereof, upon transfer of Obligation No. 1.

Section 4. Payments on Obligation No. 1; Credits.

(a) Principal (or Redemption Price or Purchase Price (as each such term is defined in the Bond Indenture)) of and premium, if any, and interest on and any applicable redemption premium on Obligation No. 1 are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts. Except as provided in subsection (c) of this Section with respect to credits, and Section 4 hereof regarding redemption, payments of the principal (or Redemption Price or Purchase Price) of, interest on Obligation No. 1 shall be made at the times and in the amounts specified in Obligation No. 1 by any Obligated Group Member(s) depositing or causing to be deposited the same in immediately available funds with or to the account of the Bond Trustee at its designated office at or prior to the opening of business on each day such payment shall become due and payable under the Loan Agreement (or the next succeeding Business Day (as defined in the Bond Indenture) if such date is not a Business Day.

(b) All amounts required to be paid by the Corporation pursuant to Section 2.2, Section 2.4, or Section 2.5 of the Loan Agreement shall be payable by the Members

on Obligation No. 1 in the amounts and at such times as are required to be paid by the Corporation in accordance with the provisions set forth in Section 2.2, Section 2.4, or Section 2.5 of the Loan Agreement.

(c) Subject to subsection (e) below, the Obligated Group Members shall receive, as credit for all payments due on Obligation No. 1, in addition to any credits resulting from payment or prepayment from other sources as follows:

(i) on installments of interest on Obligation No. 1 in an amount equal to moneys deposited in the Interest Account of the Debt Service Fund created under the Bond Indenture, which amounts are available to pay interest on the Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 1;

(ii) on installments of principal of Obligation No. 1 in an amount equal to moneys deposited in the Principal/Sinking Fund Account of the Debt Service Fund created under the Bond Indenture, which amounts are available to pay principal (or Redemption Price or Purchase Price) of the Bonds, to the extent such amounts have not previously been credited against payments on Obligation No. 1;

(iii) on installments of principal and interest of Obligation No. 1 in an amount equal to the principal amount (or Redemption Price or Purchase Price) of Bonds for the payment at maturity or redemption of which sufficient amounts in Available Money or Defeasance Obligations (as such terms are defined in the Bond Indenture) are on deposit as provided in Section 12.1 of the Bond Indenture to the extent such amounts have not previously been credited against such payments, and the interest on such Bonds from and after the date fixed for payment at maturity or redemption thereof. Such credits shall be made against the installments of principal and interest which would have been used, but for such call for redemption, to pay principal of and interest on such Bonds when due or called for mandatory redemption;

(iv) on installments of principal and interest on Obligation No. 1 in an amount equal to the principal amount of Bonds acquired by an Obligated Group Member and delivered to the Bond Trustee for cancellation or purchase by the Bond Trustee and cancelled, and the interest on such Bonds from and after the date interest thereon has been paid prior to cancellation. Such credits shall be made against the installments of principal and interest which would have been used, but for such cancellation, to pay principal of and interest on such Bonds when due, and with respect to any Bonds called for mandatory redemption, against principal installments which would have been used to pay Bonds of the same date.

(d) The Obligated Group Members shall receive credit for payment pursuant to Section 4(b) hereof in the amount equal to moneys paid to the Authority, the Bond Trustee or such other party as may be specified in Section 2.2, Section 2.4, and Section 2.5 of the Loan Agreement, as the case may be, pursuant to Section 2.2, Section 2.4, and Section 2.5 of the Loan Agreement.

(e) Subject to the receipt by the Master Trustee from the Holder of Obligation No. 1 of notice of the failure of the Obligated Group Members to make the foregoing payments as and when due, the Master Trustee may conclusively assume that such payments were made and to such extent a corresponding credit on Obligation No. 1 shall be deemed to have occurred.

Section 5. Redemption of Obligation No. 1.

(a) So long as all amounts that have become due under Obligation No. 1 have been paid, the Obligated Group Members, in accordance with the terms of the Bond Indenture, shall have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 1. Prepayments may be made by payments of cash, deposit of Qualified Investments (as defined in the Bond Indenture) or surrender of Bonds, as contemplated by the Loan Agreement. All such prepayments (and the additional payment of any amount necessary to pay the Redemption Price upon the redemption of Bonds) of Obligation No. 1 shall be deposited and credited against payments due under Obligation No. 1 or used for the redemption or purchase of Outstanding (as defined in the Bond Indenture) Bonds in the manner and subject to the terms and conditions set forth in the Bond Indenture. Notwithstanding any such redemption or surrender of Bonds, as long as any Bonds remain Outstanding (as defined in the Bond Indenture) or any additional payments required to be made hereunder remain unpaid, the Obligated Group shall not be relieved of its obligations hereunder.

(b) Prepayments made under subsection (a) of this Section shall be credited against amounts to become due on Obligation No. 1 as provided in Section 3 hereof.

(c) The Obligated Group also may prepay all of its indebtedness under Obligation No. 1 by providing for the payment of the Bonds in accordance with Section 2.4 of the Loan Agreement and by providing for the defeasance of the Bonds in accordance with Article XII of the Bond Indenture.

Section 6. Registration, Number, Negotiability and Transfer of Obligation No. 1.

(a) The Master Trustee shall keep or cause to be kept at its Corporate Trust Office sufficient books for the registration of transfers of Obligation No. 1.

(b) Except as provided in subsection (c) of this Section, Obligation No. 1 shall consist of a single Master Indenture Obligation without coupons registered as to principal and interest in the name of the Bond Trustee, and no transfer of Obligation No. 1 shall be registered under the Master Indenture except for transfers to a successor Bond Trustee.

(c) Upon the principal of all Master Indenture Obligations then Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 1 may be transferred, if and to the extent the Bond Trustee requests that the restrictions of subsection (b) of this Section on transfers be terminated.

(d) Obligation No. 1 shall be registered on the register to be maintained by the Master Trustee as registrar for the Obligated Group Members for that purpose at the Corporate Trust Office of the Master Trustee and Obligation No. 1 shall be transferable only upon presentation of Obligation No. 1 at said office by the Holder or by his duly authorized attorney and subject to the limitations, if any, set forth in this First Supplement. Such transfer shall be without charge to the Holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Corporation, as Credit Group Representative, shall execute and the Master Trustee shall authenticate and deliver in exchange for Obligation No. 1 a new registered Master Indenture Obligation without coupons, registered in the name of the transferee.

(e) Prior to due presentment of Obligation No. 1 for registration of transfer, the Obligated Group Members, the Master Trustee, any paying agent and any registrar with respect to Obligation No. 1 may deem and treat the Person in whose name Obligation No. 1 is registered as the absolute owner thereof for all purposes; and neither the Obligated Group Members, any paying agent, the Master Trustee nor any Master Indenture Obligation registrar shall be affected by any notice to the contrary. All payments made to the registered owner pursuant to Obligation No. 1 shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on Obligation No. 1.

Section 7. Mutilation, Destruction, Loss and Theft of Obligation No. 1. If (i) Obligation No. 1 is surrendered to the Master Trustee in a mutilated condition, or the Credit Group Representative and the Master Trustee receive evidence to their satisfaction of the destruction, loss or theft of Obligation No. 1, and (ii) there is delivered to the Credit Group Representative and the Master Trustee such security or indemnity as may be required by them to hold them harmless, then, in the absence of proof satisfactory to the Credit Group Representative and the Master Trustee that Obligation No. 1 has been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the Credit Group Representative and the Master Trustee, the Credit Group Representative shall cause to be executed and the Master Trustee shall authenticate and deliver, in exchange for such mutilated Obligation No. 1 or in lieu of such destroyed, lost or stolen Obligation No. 1, a new Obligation No. 1 of like principal amount, date and tenor. If any such mutilated, destroyed, lost or stolen Obligation No. 1 has become or is about to become due and payable, Obligation No. 1 may be paid when due instead of delivering a new Obligation No. 1.

Section 8. Execution and Authentication of Obligation No. 1. Obligation No. 1 shall be executed for and on behalf of the Corporation, as Credit Group Representative, by an Authorized Representative of the Credit Group Representative. The signature of such Authorized Representative may be mechanically or photographically reproduced on Obligation No. 1. If any officer whose signature appears on Obligation No. 1 ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Obligation No. 1 shall be manually authenticated by an authorized signatory of the Master Trustee, without which authentication Obligation No. 1 shall not be entitled to the benefits hereof.

Section 9. Right to Redeem. Obligation No. 1 shall be subject to redemption, in whole or in part, prior to maturity at the times and in the amounts applicable to redemption of the Bonds as specified in the Bond Indenture and in the manner provided therein; provided that in no event shall Obligation No. 1 be redeemed unless a corresponding amount of Bonds is also redeemed in accordance with the terms and subject to the limitations contained in the Bond Indenture.

Section 10. Partial Redemption of Obligation No. 1. Upon the selection and call for redemption, and the surrender of Obligation No. 1 for redemption in part only, the Credit Group Representative shall cause to be executed and the Master Trustee shall authenticate and deliver to, upon the written order of, the Holder thereof, at the expense of the Obligated Group Members, a new Obligation No. 1 in principal amount equal to the unredeemed portion of Obligation No. 1, which new Obligation No. 1 shall be a fully registered Master Indenture Obligation without coupons.

The Credit Group Representative may agree with the Holder of Obligation No. 1 that such Holder may, in lieu of surrendering the Master Indenture Obligation for a new fully registered Master Indenture Obligation without coupons, endorse on the Master Indenture Obligation a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of Obligation No. 1 and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 1 by the Holder thereof and irrespective of any error or omission in such endorsement.

Section 11. Effect of Call for Redemption or Defeasance. On the date designated for redemption, Obligation No. 1, or the part thereof called for redemption, shall become and be due and payable at the redemption price provided for redemption of Obligation No. 1 or the part thereof called for redemption on such date. If, on the date fixed for redemption, moneys for payment of the redemption price and accrued interest are held by the Bond Trustee, interest on Obligation No. 1, or the part thereof called for redemption, shall cease to accrue and Obligation No. 1, or the part thereof called for redemption, shall cease to be entitled to any benefit or security under the Master Indenture except the right to receive payment from the moneys held by the Master Trustee or the paying agents and the amount of Obligation No. 1 so called for redemption shall be deemed paid and no longer Outstanding.

Upon defeasance of the Bonds in accordance with Article XII of the Bond Indenture, Obligation No. 1 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture, and shall no longer be entitled to the benefits of the Master Indenture.

Section 12. Form of Obligation No. 1. Obligation No. 1 shall be in substantially the following form with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Master Indenture and are approved by those officers executing such Master Indenture Obligation on behalf of the Corporation and execution thereof by such officers shall constitute conclusive evidence of such approval.

[Form of Obligation No. 1]

CONNECTICUT CHILDREN'S MEDICAL CENTER OBLIGATED GROUP

MASTER INDENTURE OBLIGATION NO. 1

$_____

Dated: May __, 2023

KNOW ALL BY THESE PRESENTS that CONNECTICUT CHILDREN'S MEDICAL CENTER (the "Corporation"), a nonstock corporation duly organized and existing under the laws of the State of Connecticut, as Credit Group Representative under the Master Indenture (as defined below), for value received hereby acknowledges on behalf of itself and each Obligated Group Member (as such term is defined in the hereinafter defined Master Indenture) that the Obligated Group is jointly and severally obligated to, and promises to pay to THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as bond trustee (the "Bond Trustee") under the Trust Indenture, dated as of May 1, 2023 (as it may from time to time be supplemented, modified or amended, the "Bond Indenture"), by and between the Bond Trustee and the State of Connecticut Health and Educational Facilities Authority (the "Authority"), and any successor bond trustee under the Bond Indenture, or registered assigns, the principal sum of _____ dollars ($_____), and to pay interest on the unpaid balance of said sum from the date hereof on the dates and in the manner hereinafter described. The Corporation, as Credit Group Representative, hereby further acknowledges itself and each Obligated Group Member obligated to, and promises to pay all amounts required pursuant to Section 2.2, Section 2.4, and Section 2.5 of the Loan Agreement, dated as of May 1, 2023 (as it may from time to time be supplemented, modified or amended, the "Loan Agreement").

This Obligation No. 1 is a single Master Indenture Obligation limited to _____ dollars ($_____) in principal amount (except as provided in the Master Indenture hereinafter identified), designated as "Connecticut Children's Medical Center Master Indenture Obligation No. 1" ("Obligation No. 1" and, together with all other Master Indenture Obligations issued under the Master Indenture hereinafter identified, "Master Indenture Obligations"), issued under and pursuant to the First Supplemental Master Trust Indenture, dated as of May 1, 2023 (as it may from time to time be supplemented, modified or amended, the "First Supplement"), supplementing the Master Trust Indenture, dated as of May 1, 2023 (as it may be supplemented, modified or amended from time to time in accordance with its terms, the "Master Indenture"), among the Corporation, the other Obligated Group Members and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee").

Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Master Indenture.

Payments on this Obligation No. 1 are required to be made at the times and in the amounts set forth in Section 3(a) and Section 3(b) of the First Supplement and at the same times and in the same amounts as payments are due from the Corporation pursuant to the Loan Agreement.

The Obligated Group Members shall receive credit for payment on Obligation No. 1 as provided in the First Supplement and any credits resulting from payment or prepayment from other sources as provided in the First Supplement.

Copies of the Master Indenture and First Supplement are on file at the Corporate Trust Office of the Master Trustee, and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holders of Master Indenture Obligations issued under the Master Indenture, the terms and conditions upon which, and the purposes for which Master Indenture Obligations are to be issued and the rights, duties and obligations of the Obligated Group Members and the Master Trustee under the Master Indenture, to all of which the Holder hereof, by acceptance of this Obligation No. 1, assents.

The Master Indenture permits the issuance of additional Master Indenture Obligations under the Master Indenture to be secured by the provisions of the Master Indenture, all of which, regardless of the times of issue or maturity, are to be of equal rank without preference, priority or distinction of any Master Indenture Obligations issued under the Master Indenture over any other such Master Indenture Obligations except as expressly provided or permitted in the Master Indenture.

The Master Indenture permits this Obligation No. 1 to be replaced with a master indenture obligation under a replacement master indenture, pursuant to the terms and conditions set forth in the Master Indenture and the First Supplement.

To the extent permitted by and as provided in the Master Indenture, modifications of or changes to the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Obligated Group Members and of the Holders of Master Indenture Obligations in any particular matter may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture. Certain modifications or changes that would affect the rights of the Holders of this Obligation No. 1 may be made only with the consent of the Holders of not less than a majority in aggregate principal amount of Master Indenture Obligations then Outstanding under the Master Indenture; other modifications and changes may be made without the consent of any Holder and certain modifications and changes may be made only with the consent of all the Holders affected thereby, as set forth in the Master Indenture.

In the manner and with the effect provided in the First Supplement, this Obligation No. 1 will be subject to redemption and prepayment, in whole or in part, prior to maturity at the times and in the amounts applicable to redemption of the Bonds as specified in the Bond Indenture.

Upon the redemption of the Bonds or defeasance of the Bonds in accordance with Article XII of the Bond Indenture, and payment of all other amounts payable by the Corporation pursuant to the Bond Indenture and the Loan Agreement, this Obligation No. 1 shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture.

Upon the occurrence of certain Events of Default, the principal of all Master Indenture Obligations then Outstanding may be declared, and thereupon shall become, due and payable as provided in the Master Indenture.

The Holder of this Obligation No. 1 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

This Obligation No. 1 is issuable only as a registered Master Indenture Obligation without coupons.

This Obligation No. 1 shall be subject to the provisions and limitations on registration and transfer as set forth in the First Supplement.

No covenant or agreement contained in this Obligation No. 1 or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any Obligated Group Member or of the Master Trustee in its individual capacity, and no agent, employee, officer or member of the governing board of any Obligated Group Member shall be liable personally on this Obligation No. 1 or be subject to any personal liability or accountability by reason of the issuance of this Obligation No. 1.

This Obligation No. 1 shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Obligation No. 1 shall have been manually authenticated by the execution by an authorized signatory of the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

This Obligation No. 1 shall be governed by and construed in accordance with the laws of the State of Connecticut.

IN WITNESS WHEREOF, the Corporation, as Credit Group Representative, has caused this Obligation No. 1 to be executed in its name and on its behalf by the manual signature of its duly Authorized Representative as of the date first above written.

CONNECTICUT CHILDREN'S MEDICAL CENTER,
as Credit Group Representative

By: _____
Authorized Representative

MASTER TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Obligation No. 1 is one of the Master Indenture Obligations described in the within-mentioned Master Indenture.

Dated: May __, 2023

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Master Trustee

By: _____
Authorized Signatory

Section 13. Specification of Purpose of Issue. Obligation No. 1 is being issued to evidence the Obligated Group Members' obligation to pay all amounts due from the Obligated Group under the Bonds and the Loan Agreement. The proceeds from the execution and delivery of the Bonds under the Bond Indenture shall be used for the purposes described in the Bond Indenture.

Section 14. Ratification of Master Indenture. As supplemented hereby, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as so supplemented hereby shall be read, taken and construed as one and the same instrument.

Section 15. Termination of First Supplement. At such time as all amounts due or payable under Obligation No. 1 have been paid in full or otherwise satisfied and Obligation No. 1 shall no longer remain Outstanding, this First Supplement shall thereupon be terminated and all of the provisions of this First Supplement shall no longer have any force or effect.

Section 16. Severability. If any provision of this First Supplement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, sections or subsections contained in this First Supplement shall not affect the remaining portions of this First Supplement or any part thereof.

Section 17. Counterparts. This First Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 18. Governing Law. This First Supplement shall be governed by and construed in accordance with the laws of the State of Connecticut.

Section 19. Electronic Signatures. Each of the parties hereto agrees that the transaction consisting of this First Supplement may be conducted by electronic means under the Uniform Electronic Transactions Act (Connecticut General Statutes section 1-260 *et seq.*). Each party agrees, and acknowledges that it is such party's intent, that if such party signs this First Supplement using an electronic signature, it is signing, adopting, and accepting this First Supplement and that signing this First Supplement using an electronic signature is the legal equivalent of having placed its handwritten signature on this First Supplement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this First Supplement in a usable format.

IN WITNESS WHEREOF, CONNECTICUT CHILDREN'S MEDICAL CENTER has caused these presents to be signed in its name and on its behalf by one of its duly Authorized Representatives and to evidence its acceptance of the trusts hereby created the Master Trustee has caused these presents to be signed in its name and on its behalf by one of its duly authorized signatories, all as of the day and year first above written.

CONNECTICUT CHILDREN'S MEDICAL CENTER,
as Credit Group Representative

By: _____
Authorized Representative

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Master Trustee

By: _____
Authorized Signatory

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APPENDIX E

EXCERPTS FROM THE TRUST INDENTURE

The following are excerpts from certain provisions of the Trust Indenture and should not be regarded as full statements of the Trust Indenture. Reference is made to the Trust Indenture in its entirety for a complete statement of the provisions thereof, copies of which are on file with the Trustee.

ARTICLE I

PROVISIONS OF GENERAL APPLICATION

SECTION 1.2. INDENTURE, ANY SUPPLEMENTAL INDENTURE AND BONDS CONSTITUTE A CONTRACT. In consideration of the purchase and acceptance of any and all of the Bonds secured and issued under this Indenture: (i) this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of such Bonds; (ii) the pledge made herein and the covenants and agreements set forth to be performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Owners from time to time of any and all of such Bonds and to the extent a Credit Facility Provider makes payment with respect to the Bonds pursuant to a Credit Facility, a Credit Facility Provider, and to the extent a Liquidity Facility Provider makes payment with respect to the Bonds pursuant to a Liquidity Facility, a Liquidity Facility Provider, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof or over a Credit Facility Provider or a Liquidity Facility Provider except as expressly provided in or permitted hereby or by the applicable Supplemental Indenture, if any; (iii) the Authority does hereby pledge and assign to the Trustee, for the benefit of the Owners of the Bonds, and to the extent a Credit Facility Provider makes payment with respect to the Bonds pursuant to a Credit Facility, a Credit Facility Provider, and to the extent a Liquidity Facility Provider makes payment with respect to the Bonds pursuant to a Liquidity Facility, a Liquidity Facility Provider, the trust estate, the Revenues and all moneys and securities from time to time held by the Trustee and the Authority in any of the funds and accounts established under the terms of this Indenture (other than the Rebate Fund and the Purchase Fund), and all income and receipts earned thereon, subject to the terms and provisions of this Indenture; (iv) the pledge made hereby shall be valid and binding from the time when the pledge is made and the Revenues and all income and receipts earned on funds held by the Trustee and the Authority hereunder (other than the Rebate Fund and the Purchase Fund) and any further pledge of property under the applicable Supplemental Indenture, if any, 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; and (v) the Bonds shall be special obligations of the Authority payable solely from and secured by a pledge of Revenues, the Note, and certain moneys and funds as provided hereby and by the applicable Supplemental Indenture, if any.

ARTICLE II

AUTHORIZATION AND DETAILS OF BONDS

SECTION 2.28. CONVERSION OF INTEREST RATE MODES.

(a) In the event that the Institution shall elect to convert the interest rate on the Bonds (or a portion of the Bonds, as applicable) to another Interest Rate Mode, then the written Conversion direction furnished by the Institution shall be made by Electronic Notice. Notwithstanding anything in this Indenture to the contrary, any such Conversion may be with respect to all or a portion of the Bonds. Any Bonds to be converted in part shall be selected by the Trustee in such manner as the Trustee deems appropriate subject to the provisions hereof and of the Indenture regarding Authorized Denominations of Bonds subject to such Interest Rate Mode, and the portion of the Bonds to be converted shall be re-designated as a new subseries to distinguish such portion from the portion of such Bonds or series or subseries thereof not to be converted. All references herein to any Conversion of Bonds or a series or subseries of Bonds shall refer to the portion of such series or Subseries that is subject to Conversion in the event that less than all of such Bonds or series or subseries thereof is subject to Conversion. The following shall constitute a Conversion for purposes of this Section 2.28: (i) a conversion from any Direct Purchase Period to the next Direct Purchase Period; (ii) a conversion of the FRN Bonds into a new FRN Interest Rate Period; (iii) a conversion from one Fixed Period to a new Fixed Period; (iv) a conversion from any Short- Term Interest Rate Period to a new Short-Term

Interest Rate Period; (v) a conversion from any Interest Rate Mode to another Interest Rate Mode; and (vi) a conversion from any Long-Term Interest Rate Period to a new Long-Term Interest Rate Period.

If less than all of the Bonds are to be converted to a new Interest Rate Mode in which Bonds will no longer be supported by a Credit Facility or Liquidity Facility, prior to such Conversion, the Trustee shall establish separate accounts for all funds established under the Indenture and hereunder and shall segregate such funds so that the deposits and other moneys allocated to the Bonds supported by a Credit Facility or Liquidity Facility shall not be comingled with the deposits and other moneys allocated to the Bonds not supported by a Credit Facility or Liquidity Facility.

(b) Notwithstanding anything in this Section 2.28, in connection with any proposed Conversion of Bonds (or a portion of the Bonds, as applicable) on a Purchase Date that is not otherwise a Mandatory Purchase Date, the Institution shall have the right to deliver to the Trustee, the Authority, the Remarketing Agent, if any, the Liquidity Facility Provider, if any, and the Credit Facility Provider, if any, on or prior to 10:00 a.m., New York City time, on the effective date of any such Conversion, a notice to the effect that the Institution elects to rescind its election to implement any such Conversion. If the Institution rescinds its election to implement any such Conversion, then the Conversion shall not occur, the mandatory tender shall not occur, and, except as otherwise provided herein, the Bonds shall continue to bear interest at the current Interest Rate Mode in effect immediately prior to such proposed Conversion Date.

(c) No Conversion shall take effect under this Indenture unless each of the following conditions and the conditions set forth in paragraph (f) below, to the extent applicable, shall have been satisfied.

(i) In the case of any Conversion with respect to which there shall be no Liquidity Facility or Credit Facility in effect to provide funds for the purchase of Bonds to be converted on the Conversion Date, the remarketing proceeds and funds in the Institution Purchase Account and available on the Conversion Date shall not be less than the amount required to purchase all of the Bonds to be converted at the applicable Purchase Price.

(ii) In the case of any Conversion of Bonds to any Interest Rate Mode (except a Direct Purchase Period), prior to the Conversion Date the Institution shall have appointed a Remarketing Agent and there shall have been executed and delivered a Remarketing Agreement.

(iii) If such Conversion is with respect to less than all of the Bonds, the Bonds shall be designated as separate subseries as provided in this Indenture.

(d) If, on a Conversion Date, any condition precedent to a proposed Conversion shall not have been satisfied, then such Conversion shall not occur and the Bonds or portion thereof to have been converted shall continue to bear interest at the current interest rate as in effect immediately prior to such proposed Conversion Date, and the Bonds or portion thereof, subject to and unless otherwise provided herein, shall not be subject to mandatory tender for purchase on the proposed Conversion Date, unless such proposed Conversion Date is also a Mandatory Purchase Date pursuant to Section 2.32 hereof.

(e) Notwithstanding anything in this Section 2.28 to the contrary, in connection with any Conversion that would require the mandatory tender for purchase of Bonds at a Purchase Price greater than the principal amount thereof, the Institution, as a condition to implementing such Conversion, shall deliver to the Trustee on or prior to the Conversion Date, immediately available funds for the purpose of paying such premium, unless the Liquidity Facility, if any, or Credit Facility, if any, then in effect with respect to such Bonds provides for the payment of such premium on such Conversion Date.

(f) The Bonds may be converted in whole or in part in Authorized Denominations and in a minimum principal amount of the lesser of $5,000,000 or the full principal amount thereof. Any Bonds subject to such Conversion may be assigned a new CUSIP number and shall be designated or numbered by the Trustee to distinguish each such subseries of Bonds from another subseries. Such Bonds may be converted as follows:

(i) Conversion Date. Subject to the following provisions of this paragraph, all Conversion Dates shall be Interest Payment Dates; provided, however, that (A) for a Conversion of

Long-Term Bonds, such Conversion shall only occur on a Long-Term Rate Mandatory Purchase Date on which such Long-Term Bonds are subject to purchase pursuant to Section 2.32(a)(iii) or on any date when the Long-Term Bonds are subject to optional redemption pursuant to Section 2.5 (B) for a Conversion of FRN Bonds, such Conversion shall only occur on an FRN Rate Mandatory Purchase Date on which such FRN Bonds are subject to purchase pursuant to Section 2.32(a)(v) or any date such FRN Bonds are subject to optional redemption pursuant to Section 2.5, (C) for a Conversion of Direct Purchase Bonds, such Conversion shall only occur on a Direct Purchase Rate Mandatory Purchase Date pursuant to Section 3.32(a)(ix) or on any other date specified in a Certificate of Determination, Supplemental Indenture or in a Bondholder Agreement, and (D) for a Conversion of Fixed Bonds, such Conversion may only occur on any date during the period such Fixed Bonds are subject to optional redemption pursuant to Section 2.5. Interest shall accrue on such Bonds at the new interest rate commencing on such Conversion Date, whether or not a Business Day. Any action required to be taken on such Conversion Date, if such day is not a Business Day, may be taken on the next succeeding Business Day as if it had occurred on such Conversion Date.

(ii) Notice of Intent to Convert. The Institution shall give written notice of its intent to exercise its option to implement any such Conversion to the Authority, the Remarketing Agent, the Trustee, the Credit Facility Provider, if any, the Liquidity Facility Provider, if any, and if the Conversion is from the Direct Purchase Mode, the Direct Purchaser, with respect to the affected Bonds by Electronic Notice not fewer than five days (or such shorter period as shall be acceptable to the applicable parties) prior to the date on which the Trustee is required to provide notice of Conversion to the Holders. Such notice shall specify the proposed Conversion Date, the Bonds and/or subseries of Bonds to which the Conversion will be applicable and Interest Rate Mode that will be effective upon Conversion and will be delivered together with the form of notice to be delivered by the Trustee to the Holders pursuant to subsection (f)(iii) below.

(iii) Notice of Conversion and Mandatory Tender to Holders. Not fewer than 15 days (or for any Conversion of Fixed Bonds, not fewer than 20 days) prior to the proposed Conversion Date, the Trustee shall give Electronic Notice, confirmed by first class mail, of the Conversion and, if applicable, of the mandatory tender of such Bonds to the Holders of such Bonds at their addresses as they appear on the Registration Books as of the date Electronic Notice of the election is received by the Trustee from the Institution. Such notice shall specify the proposed Conversion Date, the Bonds and/or subseries of Bonds to which the Conversion will be applicable and Interest Rate Mode that will be effective upon Conversion.

Neither the failure to mail the foregoing notice to any Holders of the Bonds to be converted nor any defect therein shall affect the validity of any interest rate, the change in the Interest Rate Mode, the mandatory tender of Bonds to be converted, or extend the period for tendering any Bonds for purchase. The Trustee shall not be liable to any Holder of a Bond by reason of its failure to mail such notice or any defect therein.

(iv) Opinion of Bond Counsel. Any Conversion pursuant to this Section 2.28 shall be subject to the conditions that, on or before the Conversion Date, the Institution shall have delivered to the Authority, the Trustee, the Remarketing Agent, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any, and the Direct Purchaser, if any, an Opinion of Bond Counsel to the effect that the Conversion is authorized by this Indenture and will not, in and of itself, cause the interest on the Bonds to be included in the gross income of the Holders for federal income tax purposes.

(v) Conditions to Conversion. Notwithstanding the Institution's delivery of notice of the exercise of its option to effect a Conversion, such Conversion to the new Interest Rate Mode shall not take effect if:

(A) the Institution withdraws such notice of the exercise of its option to effect Conversion not later than the second Business Day preceding the date on which the interest rate for the new Interest Rate Mode is to be determined, as permitted by Section 2.28(b);

(B) the Remarketing Agent fails to determine, when required, the interest rate for the new Interest Rate Mode;

(C) the Electronic Notice to Holders of Bonds of the Conversion is not given when required;

(D) the Institution fails to deliver to the Authority, the Trustee and the Remarketing Agent the Opinion of Bond Counsel referred to in clause (iv) above; or

(E) sufficient funds are not available by 3:00 p.m., New York City time, on the Conversion Date to purchase all of the Bonds required to be purchased on such Conversion Date.

(vi) Serialization and Sinking Fund; Price. Upon Conversion of the Bonds to the Fixed Mode from another Interest Rate Mode (or from one Fixed Period to a new Fixed Period), the Bonds shall be remarketed at a Purchase Price equal to the applicable Redemption Price as set forth in Section 2.5, shall mature on the same maturity date(s), and be subject to the same mandatory sinking fund redemption, if any, and special redemption provisions, if any, as set forth in this Indenture for the Interest Rate Mode in effect immediately prior to Conversion; provided, however, that the Institution may, if the Institution shall deliver to the Trustee and the Authority an Opinion of Bond Counsel, elect to: (1) have some of the Bonds be serial bonds and some subject to sinking fund redemption, even if such Bonds were not serial bonds or subject to mandatory sinking fund redemption prior to such change, (2) change the optional redemption dates and/or applicable redemption premium(s), and/or (3) cause some or all of the Bonds to be remarketed at a premium or a discount to par. In connection with any proposed serialization of Sinking Fund Installments (or the converse) in connection with a Conversion to the Fixed Mode (or from one Fixed Period to a new Fixed Period), the Remarketing Agent shall determine and certify that the Bonds would bear a lower effective net interest cost if such Bonds were serial bonds, term bonds, or any combination of serial bonds and term bonds in principal amounts and with maturity dates or Sinking Fund Installments, as applicable, that correspond to the Sinking Fund Installments (or, as applicable, the maturity dates) in effect immediately prior to such Conversion. In connection with any proposed change to the optional redemption dates and/or applicable redemption premium(s) in connection with a Conversion to the Fixed Mode, the Remarketing Agent shall determine and certify that the Bonds would bear a lower effective net interest cost if such optional redemption dates and/or premiums were so changed (rather than remarketed with the optional redemption dates and/or premiums previously in effect). In connection with any proposed remarketing at a premium or a discount to par in connection with a Conversion to the Fixed Mode (or a new Fixed Period), the requirements of Section 2.12(c)(i) through (v) must be satisfied.

(vii) Additional Notice Parties. Each notice required by paragraph (f)(ii) or (iii) of this Section shall also be given to each affected Credit Facility Provider or Liquidity Facility Provider and the Remarketing Agent, and to each Rating Service then rating the Bonds; provided, however, that the giving of any such notice to such persons shall not be a condition precedent to the Conversion of the Bonds to a new Interest Rate Mode, to the effectiveness of any election made pursuant to Section 2.28 hereof or to the rescission of a Conversion Notice, and failure to give any such notice to such persons shall not affect the validity of the proceedings for such Conversions, continuance or rescission.

SECTION 2.32. MANDATORY TENDER FOR PURCHASE OF BONDS.

(a) Bonds shall be subject to mandatory tender for purchase at the Purchase Price on the following Mandatory Purchase Dates with respect to such Bonds:

(i) Each Conversion Date for Bonds, as provided in Section 2.33 hereof except Conversions between the Weekly Mode and the Daily Mode; provided, however, that if such Conversion Date is already a Mandatory Purchase Date, as specified in Sections 2.32(a)(ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) and (x) hereof, no separate mandatory tender shall occur;

(ii) Each Short-Term Rate Mandatory Purchase Date;

(iii) Each Long-Term Rate Mandatory Purchase Date;

(iv) In connection with a Termination Date, an Expiration Date of the Credit Facility or the Liquidity Facility in effect with respect to any Bonds or the delivery of an Alternate Liquidity Facility or an Alternate Credit Facility, on the dates and as provided in Section 2.34 hereof, and, (A) during any time in which the Institution has delivered a Self- Liquidity Arrangement for the Bonds as permitted herein, on the effective date of any Liquidity Facility or Credit Facility that is delivered to the Trustee in substitution for such Self-Liquidity Arrangement and (B) during any time in which the Bonds are not supported by a Liquidity Facility, a Credit Facility or a Self-Liquidity Arrangement, on the effective date of any Liquidity Facility, Credit Facility or Self-Liquidity Arrangement that is delivered to the Trustee in support of the Bonds;

(v) Each FRN Rate Mandatory Purchase Date for any FRN Bonds;

(vi) Each Window Rate Mandatory Purchase Date for any Window Bonds, as provided in Section 2.36(b)(iii) hereof;

(vii) Each Institution Elective Purchase Date for any Daily Bonds, Two Day Bonds, Weekly Bonds or Window Bonds, as provided in Section 2.32(g) hereof;

(viii) With respect to Term Floaters, any Business Day designated as provided in Section 2.35 hereof;

(ix) Each Direct Purchase Rate Mandatory Purchase Date; and

(x) With respect to a Flexible Rate Bond, the first Business Day following the last day of each Flexible Rate Period.

(b) Bonds to be purchased pursuant to Section 2.32(a) hereof shall be delivered by the Holders thereof to the Trustee (together with necessary assignments and endorsements) at or prior to 12:00 noon, New York City time, on the applicable Purchase Date (provided, however, that the Holder of a Direct Purchase Bond subject to Conversion to another Direct Purchase Period shall have the option to retain possession of such Direct Purchase Bond if such Holder is to continue to hold such Direct Purchase Bond for the ensuing Direct Purchase Period).

(c) Any Bonds to be purchased pursuant to this Section 2.32 that are not delivered for purchase on or prior to the Mandatory Purchase Date, for which there has been irrevocably deposited in trust with the Trustee an amount sufficient to pay the Purchase Price of such Bonds, shall be deemed to have been tendered to the Trustee for purchase, and the Holders of such Bonds shall not be entitled to any payment (including any interest to accrue on or after the Mandatory Purchase Date) other than the respective Purchase Prices of such Bonds, and such Bonds shall not be entitled to any benefits of this Indenture, except for payment of such Purchase Price out of the moneys deposited for such payment as aforesaid.

(d) In addition to any other requirements set forth in this Indenture (except as otherwise provided in Section 2.13 hereof), notices of mandatory tender of Bonds delivered to Holders shall:

(i) Specify the proposed Mandatory Purchase Date and the event which gives rise to the proposed Mandatory Purchase Date;

(ii) State that such Bonds shall be subject to mandatory tender for purchase on such Mandatory Purchase Date;

(iii) State that Holders may not elect to retain such Bonds subject to mandatory tender;

(iv) State that all such Bonds subject to mandatory tender shall be required to be delivered to the designated corporate trust office of the Trustee at or before 12:00 noon, New York City time, on the Mandatory Purchase Date;

(v) State that if the Holder of any Bond subject to mandatory tender fails to deliver such Bond to the Trustee for purchase on the Mandatory Purchase Date, and if the Trustee is in receipt of funds sufficient to pay the Purchase Price thereof, such Bond (or portion thereof) shall nevertheless be deemed purchased on the Mandatory Purchase Date and ownership of such Bond (or portion thereof) shall be transferred to the purchaser thereof;

(vi) State that any Holder that fails to deliver any Bond for purchase shall have no further rights thereunder or under this Indenture except the right to receive the Purchase Price thereof upon presentation and surrender of said Bond to the Trustee and that the Trustee will place a stop transfer against the Bonds subject to mandatory tender registered in the name of such Holder(s) on the registration books;

(vii) State that if moneys sufficient to effect such purchase shall have been provided through (A) the remarketing of such Bonds by the Remarketing Agent, (B) the Credit Facility, if any, or the Liquidity Facility, if any, or (C) funds provided by the Institution (if applicable), all such Bonds shall be purchased;

(viii) In the case of mandatory tender upon any proposed Conversion of Bonds, state that such Conversion and such mandatory tender will not occur in the event of the occurrence of certain events specified in Article IV hereof, and that any such failure to effect the Conversion shall not constitute an Event of Default (unless the Bonds, by their terms are otherwise subject to mandatory tender as described in Section 2.32(a)(i) hereof);

(ix) In the case of mandatory tender as a result of the upcoming Expiration Date of the Credit Facility, if any, or the Liquidity Facility, if any, state that such mandatory tender will not occur, if, on or prior to the Mandatory Purchase Date, such Expiration Date is extended; and

(x) In the case of a mandatory tender on a Term Floater Special Mandatory Purchase Date, contain the information required pursuant to Section 2.33 hereof.

(e) Notice of mandatory tender of Bonds by reason of a proposed Conversion shall be given in accordance with Section 2.28 hereof. Notice of mandatory tender of Bonds by reason of other events described in Section 2.32(a) hereof shall be given by the Trustee (i) to the Holders of the Bonds subject to mandatory tender (at their addresses as they appear on the Registration Books as of the date of such notice) by Electronic Notice, confirmed by first class mail, and (ii) to the Institution, the Authority, the Remarketing Agent, the Calculation Agent, if any, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any, with respect to such Bonds by Electronic Notice not fewer than 10 days prior to the applicable Mandatory Purchase Date (except in the case of a mandatory tender pursuant to Section 2.34 hereof, which notice period shall be as described therein, in the case of a mandatory tender of Term Floaters pursuant to Section 2.32(a)(viii) hereof, which notice period shall be in accordance with Sections 2.35 and 2.36 hereof, and in the case of a Window Rate Mandatory Purchase Date, which notice shall be given in accordance with Section 2.36(b)(iii) hereof). Any notice of mandatory tender pursuant to Section 2.32(g) hereof shall state that the mandatory tender of the Bonds on an Institution Elective Purchase Date (as defined in Section 2.32(g) hereof) is conditioned upon receipt by the Trustee of sufficient funds to pay the Purchase Price of the Bonds on the Institution Elective Purchase Date, that any failure to provide such funds shall not constitute an Event of Default, and that the notice of mandatory tender shall be rescinded in the event that sufficient funds are not deposited with the Trustee on such Institution Elective Purchase Date.

(f) If, following the giving of notice of mandatory tender of Bonds pursuant to Section 2.32(a) hereof, an event occurs which, in accordance with the terms of this Indenture causes such mandatory tender not to occur, then (i) the Trustee shall so notify the Holders of such Bonds (at their addresses as they appear on the Registration Books on the date of such notice), by Electronic Notice, confirmed by first class mail, as soon as may be

practicable after the applicable Mandatory Purchase Date, and (ii) the Trustee shall return to their Holders any such Bonds tendered to the Trustee in connection with such mandatory tender of such Bonds.

(g) During any Daily Period, Two Day Period, Weekly Period or Window Period, the Bonds are subject to mandatory tender for purchase on any Business Day (an "Institution Elective Purchase Date") designated by the Institution at the Purchase Price, payable in immediately available funds. Such Institution Elective Purchase Date shall be a Business Day not earlier than the 10th day following the second Business Day after receipt by the Trustee of such designation. If on an Institution Elective Purchase Date sufficient funds are not available for the purchase of all Bonds, as applicable, then the Institution's designation of such Institution Elective Purchase Date for such Bonds shall be deemed rescinded, the Institution shall have no obligation to purchase the Bonds tendered or deemed tendered on such Institution Elective Purchase Date, and the failed remarketing shall not constitute an Event of Default under this Indenture. The Trustee shall give Electronic Notice of such rescission to the Holders, with a copy to the Institution, the Authority, the Remarketing Agent, the Liquidity Facility Provider, if any, and the Credit Facility Provider, if any, as soon as practicable and in any event not later than the date of rescission of the proposed Institution Elective Purchase Date.

SECTION 2.33. MANDATORY TENDER FOR PURCHASE ON CONVERSION DATE, ON FIRST DAY OF EACH INTEREST RATE MODE, OR DURING DIRECT PURCHASE PERIOD.

(a) Eligible Bonds shall be subject to mandatory tender for purchase on any Conversion Date (except for Conversions between the Weekly Mode and the Daily Mode) or on the first day of each Interest Rate Mode with respect to such Bonds, at the applicable Purchase Price for such Bonds, payable in immediately available funds, or, in the case of a purchase on the first day of an Interest Rate Mode which is preceded by a Long-Term Period or a Fixed Period and which commences prior to the day originally established as the last day of such preceding Long-Term Period or Fixed Period, at a Purchase Price equal to the optional Redemption Price set forth in Section 2.5 which would have been applicable to such Bonds if such Bonds had been optionally redeemed on such Purchase Date. The Purchase Price of any Bond so purchased shall be payable only upon surrender of such Bond to the Trustee at its Principal Office at or prior to 12:00 noon, New York City time, on the date specified for such delivery in this paragraph or in the notice provided pursuant to Section 2.28 hereof.

(b) The Direct Purchase Bonds shall be subject to mandatory tender for purchase (i) on each Direct Purchase Rate Mandatory Purchase Date, and (ii) during any Direct Purchase Period, on the date which is the fifth (5th) Business Day following receipt of notice given to the Institution and the Trustee from the Direct Purchaser that an event of default under the Bondholder Agreement has occurred and is continuing and directing a mandatory tender of the Direct Purchase Bonds.

SECTION 2.43. INSUFFICIENT FUNDS FOR THE PAYMENT OF PURCHASE PRICE.

(a) If the funds available for the purchase of Bonds subject to purchase on a Purchase Date are insufficient to purchase all of such Bonds on such Purchase Date (including Undelivered Bonds), then no purchase of any Bond shall occur on such Purchase Date and, on such Purchase Date, the Trustee shall (i) return all of such Bonds that were tendered to the Holders thereof, and (ii) return all moneys received by the Trustee for the purchase of such Bonds to the respective Persons that provided such moneys (in the respective amounts in which such moneys were so provided).

(b) The failure to purchase Bonds on a Purchase Date shall constitute an Event of Default, provided, however, the failure to purchase Bonds on any of the following dates or events shall <u>not</u> constitute an Event of Default: (i) a Window Rate Optional Purchase Date; (ii) in connection with a Term Floater Rate Period Failed Remarketing Event (as provided in Section 2.31 hereof); (iii) an Institution Elective Purchase Date; (iv) an FRN Rate Soft Put Mandatory Purchase Date; and (v) a Conversion from Bonds operating in the Fixed Period. Provided, further, that failure of the Institution to pay when due the Additional Funding Amount pursuant to Section 2.38(b)(iii) hereof and the Loan Agreement in connection with a Purchase Date while the Bonds bear interest at a Daily Rate, a Two-Day Rate or Weekly Rate and are secured by a Liquidity Facility or a Credit Facility, as applicable, shall not constitute an Event of Default if (i) the failure is the result of failure of the Liquidity Facility Provider or the Credit Facility Provider, as applicable, to honor a properly presented and conforming drawing under the Liquidity Facility or the Credit Facility, as applicable, to pay the Purchase Price of the tendered Bonds and (ii) the Additional Funding Amount

required to pay the Purchase Price of the tendered Bonds with respect to which the failure occurred is deposited with the Trustee and applied to pay the Purchase Price of the tendered Bonds, within 370 days after the date on which such tendered Bonds were required to be purchased.

(c) Subject to the provisions of paragraphs (d) through (i) below, if Bonds are not purchased when required pursuant to Section 2.31(a) hereof or Section 2.32(a) hereof, such Bonds shall bear interest at the Maximum Rate from such Purchase Date until such date that all of such Bonds have been purchased or payment of the principal of and interest thereon has otherwise been made in accordance with this Indenture.

(d) If Daily Bonds, Two Day Bonds or Weekly Bonds are not purchased on an Institution Elective Purchase Date, then such Daily Bonds, Two Day Bonds or Weekly Bonds shall bear interest at a Daily Rate, Two Day Rate or Weekly Rate, as applicable, as determined as provided in Sections 2.14, 2.15 and 2.16 hereof, respectively.

(e) If FRN Rate Soft Put Bonds are not purchased on an FRN Rate Soft Put Mandatory Purchase Date, such failure to pay the Purchase Price shall not constitute an Event of Default under this Indenture, and the FRN Rate Soft Put Bonds shall bear interest at the FRN Rate, calculated with an FRN Spread equal to 400 basis points (4%) or such other FRN Spread as may be specified in connection with a Conversion to an FRN Interest Rate Period, or, if less, the Maximum Rate, from such FRN Rate Soft Put Mandatory Purchase Date until such time, if any, as all of the FRN Rate Soft Put Bonds are remarketed.

(f) If Window Rate Bonds are not purchased on a Window Rate Optional Purchase Date or on an Institution Elective Purchase Date, then such Window Bonds shall continue to bear interest as determined in accordance with Section 2.21 hereof.

(g) If Term Floaters are not purchased on a Purchase Date, then such Term Floaters shall continue to bear interest as determined in accordance with Section 2.41 hereof.

(h) If Fixed Rate Bonds are not purchased on a Purchase Date related to a Conversion of such Bonds, then such Fixed Bonds shall continue to bear interest at the interest rates in effect prior to such proposed Conversion Date.

(i) Notwithstanding the foregoing, if Bonds are not purchased when required due to a Credit Facility Provider or Liquidity Facility Provider failing to honor a properly conforming draw to pay Purchase Price of the Bonds, such Bonds shall bear interest at the Maximum Rate from such Purchase Date until such date that all of such Bonds have been purchased or payment of the principal of and interest thereon has otherwise been made in accordance with this Indenture. During such period that the Bonds bear interest at the Maximum Rate, the Remarketing Agent will continue to set the Daily Rate, as set forth in Section 2.14, the Two-Day Rate as set forth in Section 2.15 or will continue to set the Weekly Rate, as set forth in Section 2.16, although the interest rate on the Bonds will be the Maximum Rate until such unpurchased Bonds have been purchased. The Remarketing Agent shall have no obligation to remarket Bonds during such period, unless the Remarketing Agent agrees in its sole discretion. When the Trustee has received sufficient funds to pay the Purchase Price of the tendered Bonds, the Trustee must establish a date for payment and notify the Holders thereof and the Holders must surrender their Bonds to the Trustee on or before such date for payment of the Purchase Price of such tendered Bonds.

ARTICLE III

PARTICULARS FOR ALL BONDS

SECTION 3.1. SUBORDINATED BONDS. The Authority may also issue revenue bonds for any purpose permitted under the Act secured by a charge and lien on, and payable from, the Revenues which is junior, inferior and subordinate in all respects to the lien of the Revenues which secures the Bonds. Subordinated bonds may be issued pursuant to and in accordance with the provisions of a resolution of the Authority authorizing such bonds or otherwise as determined by the Authority and shall be issued pursuant to an instrument other than this Indenture.

SECTION 3.2. MEDIUM OF PAYMENT OF BONDS. The Bonds shall be payable as to principal and Redemption Price, if any, and interest thereon in lawful money of the United States of America. Payment of the interest on the Bonds shall be made to the person appearing on the registration books of the Authority provided for herein as the Bondowner thereof on the Record Date as provided in Section 2.3 hereof, unless an alternate method of payment is agreed to by the Trustee and the Bondowner, subject to the approval of the Authority, which approval shall not be unreasonably withheld. The principal or Redemption Price of Bonds shall be paid to the Bondowner upon presentation and surrender of the Bonds at the designated corporate trust office of the Trustee or in the manner provided in any Supplemental Indenture.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.3. PAYMENT OF REDEEMED BONDS. Notice having been given in the manner provided in Section 4.2 hereof, and the conditions for such redemption having been met, the Bonds (or portions thereof) so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus accrued interest to the redemption date, and upon presentation and surrender thereof at the office specified in such notice, such Bonds (or portions thereof) shall be paid at the Redemption Price, plus accrued interest to the redemption date; provided, however, that Bonds containing or having endorsed thereon a legend in accordance with Section 2.9(c) of this Indenture need not be presented or surrendered in the manner described in this Section. If, on the redemption date, moneys for the redemption of all Bonds (or portions thereof) to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on such date, and after notice of redemption shall have been given as aforesaid, then, from and after the redemption date, the Bonds (or portions thereof) so called for redemption shall cease to bear interest and such Bonds (or portions thereof) shall no longer be considered as Outstanding hereunder. If such moneys shall not be so available on the redemption date, such Bonds (or portions thereof) shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption, and in the case of optional redemption, the Bonds shall continue to be due on their original maturity dates as if the Bonds had not been called for redemption.

ARTICLE V

BOND PROCEEDS, FUNDS, ACCOUNTS, REVENUES AND APPLICATION AND DISBURSEMENT THEREOF

SECTION 5.3. APPLICATION OF MONEYS IN THE CONSTRUCTION FUND.

(a) As soon as practicable after the delivery of the Bonds, the Authority shall pay from the Cost of Issuance Account to the firms, corporations or persons entitled thereto the Cost of Issuance of the Authority relating to the issuance of such Bonds solely from moneys (which shall include, with respect to the payment of Cost of Issuance for the Bonds, moneys paid to the Authority by the Institution) deposited in the Cost of Issuance Account with the Authority. Amounts on deposit in the Cost of Issuance Account shall also be applied, as soon as practicable following delivery of the Bonds, to the payment to the Authority of the Upfront Fee. Any moneys remaining on hand in the Cost of Issuance Account upon payment of all Costs of Issuance shall be (i) paid to the Institution (or applied at the direction of the Institution) to the extent such moneys represent amounts contributed by the Institution (and not proceeds of the Bonds) to the payment of Costs of Issuance, and (ii) otherwise transferred to the Construction Account if the Project is not completed, and if not so needed in the Construction Account, shall be transferred to the Trustee for deposit into the Interest Account, the Principal Account and/or the Sinking Fund Account of the Debt Service Fund as directed in writing by an Authorized Officer of the Authority.

(b) Except as otherwise provided in this Article V or in any Supplemental Indenture, any moneys deposited in an Account within the Construction Fund shall be used only to pay the Costs of or relating to the Project to which this Indenture, or a project defined in such Supplemental Indenture, relates, including reimbursement to the Institution for such Costs paid by the Institution in connection with the Project and approved by the Authority; provided, however, that to the extent an Event of Default described in clause (a) or (b) of Section 8.1 hereof shall have occurred and be continuing and no other moneys are available under this Indenture to cure such Event of Default, moneys on deposit in the Construction Fund shall be applied in accordance with Section 8.4 hereof.

(c) Payments pursuant to paragraph (a) of this Section shall be made in accordance with a requisition submitted to the Authority by the Institution signed by an Authorized Officer of the Institution stating the names of the payees, the purpose of each payment in terms sufficient for identification and the respective amounts of each such payment. Payments pursuant to paragraph (b) of this Section shall be made in accordance with a requisition submitted to the Authority by the Institution signed by an Authorized Officer of the Institution, substantiated by a certificate filed with the Authority describing in reasonable detail the purpose for which such moneys were used and the amount thereof, and further stating the opinion that such purposes constitute a necessary part of the Cost of such Project to which such certificate relates, such substantiating certificate to be signed by: (i) the architect for the Project, in the case of payments for constructing the Project; or (ii) an Authorized Officer of the Institution in the case of the acquisition or refinancing of, or equipping the Project and other expenses and reimbursements; or (iii) an Authorized Officer of the Institution if for payment of interest on the Bonds. The Authority shall be entitled to review and approve any such requisition submitted by the Institution.

(d) Upon completion of the Project as evidenced in accordance with the next succeeding paragraph, or if the Project is deemed complete, the Authority shall transfer the balance in the Construction Fund to the Trustee. The Trustee shall deposit the amounts so received to the Principal Account of the Debt Service Fund, to the Interest Account of the Debt Service Fund, to the Sinking Fund Account of the Debt Service Fund or to the Redemption Fund, as the Authority shall direct in writing. Such payment if deposited in the Debt Service Fund shall be applied as a credit against the next due payment of the principal or interest portion of debt service from the Institution or, if deposited in the Redemption Fund, shall be applied either to the purchase or redemption of Bonds as provided in Section 5.6 hereof.

Completion of the Project shall be determined by certificates signed by the architect for the Project and an Authorized Officer of the Institution and delivered after the date of completion to the Trustee, the Authority and the Institution. Such certificate signed by the architect for the Project shall state that the Project has been completed, describe it in terms sufficient for identification, and specify the date of completion. In the case of the acquisition of the Project or any part thereof, completion of such acquisition shall be evidenced by a certificate signed by an Authorized Officer of the Institution and delivered within ten (10) days after the date of completion of such acquisition to the Authority and to the Trustee.

(e) The Authority shall transfer to the Trustee from moneys, if any, on deposit in the Capitalized Interest Account for deposit by the Trustee to the Interest Account of the Debt Service Fund, on the second Business Day next preceding each Interest Payment Date the amounts therein which are to be applied to the payment of interest on the Bonds on such date in accordance with a schedule therefor set forth in a certificate of an Authorized Officer of the Authority delivered at or prior to the issuance of the Bonds.

(f) The Authority, in its discretion if and when requested by the Institution, may also transfer, from moneys on deposit in the Capitalized Interest Account for deposit to the Construction Account of the Construction Fund or to the Trustee for deposit to the Interest Account of the Debt Service Fund, and in such case a revised schedule for payments of interest from the Capitalized Interest Account shall be provided, or caused to be provided, to the Trustee by the Authority.

SECTION 5.4. DEPOSIT OF REVENUES AND ALLOCATION THEREOF. The Revenues received pursuant to the Loan Agreement and any other moneys required by any of the provisions of this Indenture to be paid or transferred to the Trustee shall be promptly paid or transferred to the Trustee. In the event of any deficiency in the Debt Service Fund or the Purchase Fund on any date on which principal of, Purchase Price of, or interest on, the Bonds is due, the Trustee shall notify the Authority and the Institution of such deficiency as provided in Section 2.2 of the Loan Agreement.

Notwithstanding any other provisions of this Indenture, moneys received by the Trustee as an optional prepayment pursuant to Section 2.4 of the Loan Agreement shall be deposited in the Redemption Fund if the Bonds are then subject to redemption, or otherwise in the Debt Service Fund for payment of the next due principal of or interest on the Bonds.

Subject to the prior paragraph of this Section, moneys paid or transferred to the Trustee shall on or before the next Business Day after receipt thereof be applied as follows and in the following order of priority:

FIRST: To the Interest Account, the amount equal to all of the interest becoming due on the Outstanding Bonds on the next Interest Payment Date for such Bonds after taking into account available funds, if any, on deposit therein, including amounts, if any, on deposit in the Capitalized Interest Account of the Construction Fund which are scheduled to be transferred to the Trustee pursuant to Section 5.3(e) hereof prior to such Interest Payment Date); provided, however with respect to Bonds for which a Credit Facility is in effect, moneys in the Interest Account shall be applied by the Trustee, in accordance with Section 5.5 hereof and as applicable, to reimburse a Credit Facility Provider for paying interest pursuant to a drawing on a Credit Facility; provided further that, if a Credit Facility Provider has failed to honor a drawing for payment of interest on any Interest Payment Date, such moneys in the Interest Account shall be used to pay the interest due on the Bonds on such Interest Payment Date;

SECOND: To the Principal Account, the amount equal to all of the principal amount becoming due on the Bonds on the next succeeding principal payment date, after taking into account any amounts on deposit therein available for the payment thereof; provided, however with respect to Bonds for which a Credit Facility is in effect, moneys in the Principal Account shall be applied by the Trustee, in accordance with Section 5.5 hereof and as applicable, to reimburse a Credit Facility Provider for paying principal pursuant to a drawing on a Credit Facility; provided further that, if a Credit Facility Provider has failed to honor a drawing for payment of principal on any principal payment date, such moneys in the Principal Account shall be used to pay the principal amount due on the Bonds on such principal payment date;

THIRD: To the Sinking Fund Account, the amount equal to the next succeeding Sinking Fund Installment applicable to the Bonds, after taking into account any amounts on deposit therein available for the payment thereof; provided, however with respect to Bonds for which a Credit Facility is in effect, moneys in the Sinking Fund Account shall be applied by the Trustee, in accordance with Section 5.5 hereof and as applicable, to reimburse a Credit Facility Provider for paying Sinking Fund Installments pursuant to a drawing on a Credit Facility; provided further that, if a Credit Facility Provider has failed to honor a drawing for payment of a Sinking Fund Installment on any Sinking Fund Installment date, such moneys in the Sinking Fund Account shall be used to pay the Sinking Fund Installment due on the Bonds on such date;

FOURTH: To the Rebate Fund to the extent required, amounts necessary in any year so as to meet the Rebate Requirement of the Rebate Fund, as directed in writing by the Authority to the Trustee; and

FIFTH: To the Authority, unless otherwise paid, such amounts as are payable to the Authority for: (i) any expenditure of the Authority and fees and expenses of the Trustee, all as required by this Indenture and not otherwise paid or caused to be paid or provided for by the Institution; (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the loan to the Institution and the issuance of the Bonds, including penalties for late payments and all expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Loan Agreement in accordance with the terms thereof; (iii) the Annual Administrative Fee; and (iv) any other amounts due and payable by the Institution to the Authority pursuant to the Loan Agreement - but only upon receipt by the Trustee from the Authority of a certificate signed by an Authorized Officer of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph FIFTH.

After making the payments required by paragraphs FIRST, SECOND, THIRD, FOURTH and FIFTH above, any balance remaining shall be paid, as the Authority may direct, to the Debt Service Fund and credited against the next due payment of debt service from the Institution (provided the amount in the Debt Service Fund may not exceed the amount of debt service due on the Bonds during the next twelve months) or to the Redemption Fund and applied by the Trustee to the purchase or redemption of Bonds.

In lieu of redeeming Bonds through Sinking Fund Installments as provided in clause THIRD of the third paragraph of this Section 5.4 and Section 2.6 hereof, the Authority may elect to do either of the following:

(A) The Authority may direct the Trustee in writing or by Electronic Means to apply moneys from time to time on deposit in the Sinking Fund Account to the purchase of an equal principal amount of Bonds (of the maturity and in amounts then subject to redemption through Sinking Fund Installments) at prices not higher than the principal amount to be redeemed plus accrued interest, provided that firm commitments to sell Bonds are received at least five (5) Business Days before the notice of redemption would otherwise be required to be given; provided further, that in the event of purchases at purchase prices less than the principal amount to be redeemed plus accrued interest, the difference between the amount in the Sinking Fund Account representing the principal amount of the Bonds purchased and the purchase price (exclusive of accrued interest) shall be deposited in the Debt Service Fund for application pursuant to the paragraphs SECOND or THIRD above as directed by the Authority; provided further, that prior to any such purchase, the Authority shall give written directions to the Trustee to purchase such Bonds; or

(B) The Authority (upon request therefor from the Institution or as the Authority shall so determine) may deliver to the Trustee for cancellation Bonds of the maturity then subject to redemption by Sinking Fund Installments at least five (5) Business Days before the notice of redemption would otherwise be required to be given, in which event to the extent of the principal amount of Bonds so surrendered (i) no deposit from the Authority into the Sinking Fund Account need be made and (ii) no such redemption from Sinking Fund Installments shall occur.

So long as beneficial ownership interests in the Bonds are held through the book-entry-system, any purchase or delivery of such Bonds as set forth in such clauses (A) and (B) above shall be deemed to have occurred upon the purchase or delivery of beneficial ownership interests in such Bonds made pursuant to the provisions hereof.

SECTION 5.5. APPLICATION OF MONEYS IN THE DEBT SERVICE FUND. The Trustee shall transfer moneys out of the Interest Account on each Interest Payment Date for the payment of interest then due on the Bonds or, in the case of Bonds secured by a Credit Facility, on each Interest Payment Date to the extent that any interest on the Bonds has been paid pursuant to a drawing upon a Credit Facility, the Trustee shall transfer moneys out of the Interest Account to reimburse a Credit Facility Provider as provided below in this Section 5.5. The Trustee shall pay out of such Interest Account any amounts required for the payment of accrued interest upon any redemption or purchase of the Bonds.

The Trustee shall transfer moneys out of the Principal Account or the Sinking Fund Account on each principal maturity date or Sinking Fund Installment date for the payment of the principal amount of the Bonds or Sinking Fund Installment then due or, to the extent that any principal on the Bonds has been paid pursuant to a drawing upon a Credit Facility, the Trustee shall transfer moneys out of the Principal Account or the Sinking Fund Account, as the case may be, to reimburse a Credit Facility Provider as provided below in this Section 5.5. The Trustee shall pay out of the Sinking Fund Account any amounts directed by the Authority for the purchase of Bonds pursuant to Section 5.4 hereof.

The Trustee shall make payments to a Credit Facility Provider pursuant to this Section in respect of reimbursement for drawings on a Credit Facility, as applicable, as described above by not later than 3:30 p.m., prevailing New York City time, on each Interest Payment Date, redemption date, maturity date or Sinking Fund Installment date, as the case may be, as applicable.

SECTION 5.6. APPLICATION OF MONEYS IN THE REDEMPTION FUND.

(a) Moneys in the Redemption Fund derived from optional prepayment of the loan pursuant to Section 2.4 of the Loan Agreement shall, at the written direction of the Authority, at the direction of the Institution, be applied to payment of the Redemption Price of Bonds, plus accrued interest, if any, thereon to the date set for redemption, in accordance with Section 2.5 hereof.

(b) Moneys in the Redemption Fund derived from insurance or condemnation proceeds pursuant to Section 4.2 of the Loan Agreement or from transfers from the Construction Fund pursuant to Section 5.3 hereof shall be applied to payment of the Redemption Price of Bonds, plus accrued interest, if any, on the date set for redemption, in accordance with Section 2.7 hereof.

(c) Subject to the provisions of paragraphs (a) and (b) hereof, moneys in the Redemption Fund may be applied to the purchase of Bonds at purchase prices not exceeding the Redemption Price applicable to the Bonds to be purchased plus accrued interest due, in such manner as the Authority may direct. Bonds so purchased shall be cancelled by the Trustee.

(d) Moneys in the Redemption Fund may be applied to the purchase of Bonds in lieu of redemption in accordance with Section 2.8 hereof.

(e) Subject to the provisions of paragraphs (a) and (d) above, moneys in the Redemption Fund may be applied to the purchase of Bonds at purchase prices not exceeding the Redemption Price applicable to the Bonds to be purchased plus accrued interest due, in such manner as the Authority may direct. Bonds so purchased shall be canceled by the Trustee. If forty-five (45) days prior to any Interest Payment Date on which Bonds are subject to optional redemption, moneys in excess of $25,000 shall then remain on deposit in such Redemption Fund, the Trustee shall apply such moneys to the redemption of such Bonds as provided in Article II hereof, at the Redemption Prices specified in Article II hereof with respect to the Bonds.

SECTION 5.9. APPLICATION OF MONEYS IN CERTAIN FUNDS FOR RETIREMENT OF BONDS. Notwithstanding any other provisions of this Indenture and any Supplemental Indenture, if at any time the amounts held in the Debt Service Fund and the Redemption Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accruing on such Bonds to the next date when all such Bonds are redeemable, the Trustee shall so notify the Authority and the Institution. Upon receipt of such notice, the Authority may request the Trustee to redeem all such Outstanding Bonds. The Trustee shall, upon receipt of such request in writing by the Authority, proceed to redeem all such Outstanding Bonds in the manner provided for redemption of such Bonds by this Indenture and any Supplemental Indenture, and in such event all provisions of Section 12.1 hereof shall be operative.

ARTICLE VI

PARTICULAR COVENANTS

SECTION 6.1. PAYMENT OF PRINCIPAL AND INTEREST. The Authority shall pay or cause to be paid the principal, Purchase Price or Redemption Price of and interest on every Bond on the date and at the places and in the manner mentioned in such Bonds according to the true intent and meaning thereof solely from the sources provided herein, and to the extent moneys are available from Revenues.

SECTION 6.2. REVENUES. The Authority covenants that the Loan Agreement shall provide that the Institution shall pay amounts sufficient to provide Revenues sufficient at all times: (i) to pay the principal of and interest on the Bonds as the same respectively become due and payable by purchase or redemption or otherwise; and (ii) to pay the expenditures of the Authority and the Trustee incurred in relation to this Indenture.

SECTION 6.4. INDEBTEDNESS AND LIENS. The Authority, so long as any Bonds shall be Outstanding, shall not issue any bonds, notes or other evidence of indebtedness, other than Bonds issued in accordance with the provisions of Article III hereof, secured on a parity with the Bonds by any pledge of or other lien or charge on the Revenues or other moneys, securities or funds paid or to be paid to or held or set aside or to be held or set aside by the Authority or the Trustee under this Indenture and any Supplemental Indenture. The Authority shall not create or cause to be created any lien or charge on the Revenues or such moneys or securities or funds, other than the lien and pledge on the Revenues or such moneys, securities or funds created or permitted by this Indenture and any Supplemental Indenture. Notwithstanding the foregoing and subject to compliance by the Institution with the provisions of the Loan Agreement and the Master Indenture relating to the incurrence of Indebtedness, the Authority may issue other bonds, notes and other evidences of indebtedness on behalf of the Institution pursuant to one or more trust indentures, other than this Indenture, which are on a parity with or subordinate to the Bonds and any other indebtedness of the Authority issued on behalf of the Institution on a parity or subordinate basis therewith.

SECTION 6.5. THE LOAN AGREEMENT; AMENDMENT AND EXECUTION. The Loan Agreement and any supplements or modifications thereto shall be executed in at least three counterparts. An executed counterpart shall be filed in the office of the Authority and in the office of the Trustee, and an executed counterpart

delivered to the Institution. The Loan Agreement may be amended or supplemented without Bondowner consent, provided such amendment or supplement does not cause the Authority to violate any of its covenants and agreements under this Indenture. The Authority agrees not to enter into any amendment or supplement to the Loan Agreement, which amendment or supplement would materially prejudice the rights and interests of the Owners of the Bonds, without the consent of the Owners, obtained as provided in Section 11.2 hereof, of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby; provided, however, that no such amendment or supplement which would change the amount or time as to which loan payments are required to be paid under the Loan Agreement shall be entered into without the consent of the Owners of all of the then Outstanding Bonds who would be affected by such amendment. Notwithstanding the foregoing, the Authority reserves the right to waive any provision of the Loan Agreement provided such waiver does not cause the Authority to violate any of its covenants or agreements under this Indenture. The Authority covenants not to enter into any amendment or modification of the Loan Agreement without filing an executed copy thereof with the Trustee. The Authority covenants for the benefit of the Bondowners not to void the Loan Agreement or any other Institution Document pursuant to the provisions of Connecticut Public Act No. 07-1.

SECTION 6.6. TAX COVENANTS.

(a) The Authority covenants to comply with the Tax Regulatory Agreement.

(b) The Authority covenants that it shall not knowingly make nor direct the Trustee to make any investment or other use of the proceeds of the Bonds issued hereunder that would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code. The Trustee covenants that in those instances after the occurrence of an Event of Default where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with the foregoing covenants.

(c) The Authority covenants that it (i) will take, or use its best efforts to require to be taken, all actions that may be required of the Authority for the interest on the Bonds to be and remain not included in gross income for federal income tax purposes and (ii) will not take or authorize to be taken any actions within its control that would adversely affect such status under the provisions of the Code.

ARTICLE VII

CONCERNING THE TRUSTEE

SECTION 7.8. RESIGNATION OF TRUSTEE. The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days' written notice to the Authority, the Institution, the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), and the Bondowners, specifying the date when such resignation shall take effect, provided such resignation shall not take effect until a successor shall have been appointed by the Authority or a court of competent jurisdiction as provided in Section 7.10 and shall have accepted such appointment. In the event a Credit Facility or Liquidity Facility is then in effect, in no case shall such resignation be effective until such Credit Facility or Liquidity Facility is transferred to the successor trustee.

SECTION 7.9. REMOVAL OF TRUSTEE. The Trustee, or any successor thereof, may be removed with or without cause at any time with 30 days' prior notice by the Authority, if no Event of Default under this Indenture shall have occurred and be continuing, or upon an Event of Default under this Indenture by the owners of a majority in principal amount of Outstanding Bonds, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to the Authority, provided that such removal shall not take effect until a successor is appointed. Such removal shall take effect on the date a successor shall have been appointed by the Authority or a court of competent jurisdiction as provided in Section 7.10 and shall have accepted such appointment. In the event a Credit Facility or Liquidity Facility is then in effect, in no case shall such removal be effective until such Credit Facility or Liquidity Facility is transferred to the successor trustee. Copies of each instrument providing for any such removal shall be delivered by the Authority to the Institution, the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), and the Trustee and any successor thereof.

ARTICLE VIII

EVENTS OF DEFAULT

SECTION 8.1. EVENTS OF DEFAULT. Each of the following events is hereby declared an "Event of Default" hereunder (herein called an "Event of Default"):

(a) Payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) Payment of an installment of interest on any Bonds shall not be made when the same shall become due and payable; or

(c) Payment of the Purchase Price of any Bonds tendered or deemed tendered for Purchase on a Purchase Date shall not be made when the same shall become due and payable as provided in this Indenture; provided, however, a failure to pay the Purchase Price shall not be an Event of Default if the Institution is not obligated to the pay the Purchase Price on such Purchase Date as set forth in Section 2.43(b); or

(d) Any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues; or

(e) The Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds; or

(f) An Event of Default shall have occurred under the Loan Agreement or under any other Institution Document (other than the Continuing Disclosure Agreement); or

(g) The Trustee has received a written notice from the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any), as applicable, that an Event of Default, as described in a Credit Facility Agreement or a Liquidity Facility Agreement, as applicable, has occurred and with respect to which the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any), as applicable, has directed the Trustee to cause an acceleration of the Bonds secured by the Credit Facility or the Liquidity Facility issued by such Credit Facility Provider or Liquidity Facility Provider; or

(h) The interest component of the Credit Facility or the Liquidity Facility has not been reinstated in full within the time period provided therein and in accordance with the terms thereof.

SECTION 8.2. ACCELERATION OF MATURITY. Upon the happening of any Event of Default specified in Section 8.1, the Trustee may, subject to the prior written consent of the Credit Facility Provider (if any) with respect to the acceleration of any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider, and shall, upon the written request of the owners of not less than a majority in principal amount of the Outstanding Bonds, subject to the prior written consent of the Credit Facility Provider (if any) with respect to the acceleration of any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider, and the Trustee shall, upon the written request of the Credit Facility Provider (if any) with respect to the acceleration of any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider, declare an acceleration of the payment of principal on the Bonds. Upon the occurrence of an Event of Default specified in Section 8.1(g) or (h) hereof, the Trustee shall, not later than one Business Day following receipt of written notice from the Credit Facility Provider (if any) of the occurrence of any such Event of Default, declare an acceleration of Outstanding Bonds and draw upon the Credit Facility (if any) to provide for the full payment of all Outstanding Bonds secured thereby. All

such declarations shall be by a notice in writing to the Authority, the Credit Facility Provider (if any) and the Institution, declaring the principal of all of the Outstanding Bonds to be due and payable immediately. Upon the giving of notice of such declaration of acceleration such principal shall become and be immediately due and payable, and if principal of the Bonds is so paid in full upon acceleration, all interest on the Bonds shall cease to accrue, anything in the Bonds or in this Indenture to the contrary notwithstanding. If a Credit Facility is in effect, the Credit Facility shall be drawn upon on the date of declaration by the Trustee of acceleration to the extent permitted thereunder to pay immediately and in full all principal of and accrued interest on the Bonds secured by such Credit Facility to the date of declaration of acceleration and, from and after the date of declaration of acceleration, interest on the Bonds (except Bank Bonds) shall cease to accrue, anything in the Bonds or in this Indenture to the contrary notwithstanding. Interest on all Bank Bonds and interest on any other Bonds that are not secured by a Credit Facility shall accrue until the principal of such Bonds shall be paid in full. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee shall, upon the written direction of the Credit Facility Provider with respect to any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider, and may, subject to the last sentence of this paragraph, with the written consent of the owners of not less than a majority in principal amount of the Bonds not then scheduled to be due by their terms and then Outstanding (which consent shall not be required for Bonds secured by a Credit Facility if the Credit Facility Provider has consented thereto) and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of principal and interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date and the principal of such Bonds then due only because of a declaration under this Section); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee or waived pursuant to Section 8.10. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon. No such annulment shall be effective unless the interest component of the Credit Facility is reinstated in full as evidenced by a certificate of the Credit Facility Provider.

SECTION 8.3. ENFORCEMENT OF REMEDIES. Upon the happening and continuance of any Event of Default specified in Section 8.1, then and in every such case, the Trustee may proceed, and upon the written request of the Owners of not less than a majority in principal amount of the Outstanding Bonds shall proceed (subject to the provisions of Sections 7.2 and 8.6), in each case only with the consent of the Credit Facility Provider, to protect and enforce its rights and the rights of the owners of the Bonds under the laws of the State of Connecticut or under this Indenture, the Bonds, the Loan Agreement, or the Note by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained hereunder or in aid or execution of any power herein granted, or for the enforcement of the Loan Agreement or the Note, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In addition, the Credit Facility Provider, while not in payment default under the Credit Facility, acting alone, shall have the right (subject to the provisions of Section 7.2 and 7.3 hereof) to direct all remedies with respect to Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider upon the happening and continuance of an Event of Default specified in Section 8.1 hereof.

In the enforcement of any remedy under this Indenture, the Trustee shall be entitled to sue for, enforce payment of, and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority for principal or interest (or unpaid Credit Facility Provider Payment Obligations relating to draws on the Credit Facility to pay principal, Purchase Price, Redemption Price or interest) or otherwise under any of the provisions of this Indenture or of the Bonds, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Owners of such Bonds, and to recover and enforce any judgment or decree against the Authority but solely as provided herein and in such

Bonds, for any portion of such amounts remaining unpaid, with interest, cost and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 8.4. PRIORITY OF PAYMENTS AFTER DEFAULT. If at any time the moneys held by the Trustee under this Indenture shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of Section 8.2), such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in this Article or otherwise, shall be applied (after payment of all amounts owing to the Trustee from moneys under this Indenture other than from moneys in the Rebate Fund or any irrevocable trust or escrow fund established with respect to any defeased Bonds) as follows:

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

FIRST: To the payment to the persons entitled thereto of all installments of interest (including for this purpose the interest component of Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) on any of the Bonds then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal (including for this purpose the principal component of Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) of any of the Bonds which shall have become due (other than Bonds called for redemption or contracted to be purchased for the payment of which moneys are held pursuant to the provisions of this Indenture) with interest upon such Bonds from the respective dates upon which they shall have become due, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular due date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference;

THIRD: To the payment of the interest (including for this purpose the interest component of Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) on and the principal (including for this purpose the principal component of Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) of the Bonds as the same become due and payable; and

FOURTH: To any other Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations then due and owing.

(b) If the principal of all the Bonds shall have become due and payable, either by their terms or by a declaration of acceleration, all such moneys shall be applied to the payment of the principal and interest (including for this purpose the principal and interest components of the Credit Facility Provider Payment Obligations and Liquidity Facility Provider Payment Obligations) then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall

determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondowner, to the Credit Facility Provider, to the Liquidity Facility Provider, or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys it shall fix the date (which shall be an Interest Payment Date 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 to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the owner of any unpaid interest or any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

SECTION 8.5. EFFECT OF DISCONTINUANCE OF PROCEEDINGS. In case any proceedings taken by the Trustee on account of any default in respect of Bonds shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 8.6. CONTROL OF PROCEEDINGS. Anything in this Indenture to the contrary notwithstanding, a Credit Facility Provider (with respect only to any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider) if a Credit Facility Provider is not in payment default under such Credit Facility, or, if a Credit Facility Provider is in payment default under a Credit Facility, the owners of a majority in principal amount of the Outstanding Bonds, shall have the right, subject to the provisions of Section 7.2, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Indenture, provided such direction shall not be otherwise than in accordance with law and the provisions of this Indenture.

SECTION 8.7. RESTRICTIONS UPON ACTION BY INDIVIDUAL BONDOWNERS. No Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder (without the consent of a Credit Facility Provider with respect only to any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider if the Credit Facility Provider is not in payment default under such Credit Facility) and unless such Owner previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the owners of not less than a majority in principal amount of all Outstanding Bonds shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by this Indenture or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee security and indemnity as required by Section 7.2 hereof against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no one or more Owners of the Bonds secured by this Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners of the Outstanding Bonds. Nothing in this Section 8.7 however shall limit or restrict the rights of the Credit Facility Provider or the Liquidity Facility Provider to exercise remedies or to bring suit or to otherwise exercise rights under any of any Credit Facility Documents or Liquidity Facility Provider Documents.

SECTION 8.8. ACTIONS BY TRUSTEE. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee may be enforced by it without the possession of any of such Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding

instituted by the Trustee shall be brought in its name for the benefit of all the Owners of the Bonds, subject to the provisions of this Indenture.

SECTION 8.9. REMEDIES NOT EXCLUSIVE. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds, a Credit Facility Provider or a Liquidity Facility Provider is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 8.10. WAIVER AND NON-WAIVER. No delay or omission of the Trustee or of any Owner of the Bonds, a Credit Facility Provider or a Liquidity Facility Provider to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. Every power and remedy given by this Article to the Trustee, the Owners of the Bonds, a Credit Facility Provider and a Liquidity Facility Provider, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Owners of not less than a majority of the principal amount of the Outstanding Bonds shall, in each case only with the consent of a Credit Facility Provider, or the Trustee shall, at the written request of a Credit Facility Provider (with respect only to any Bonds enhanced pursuant to a Credit Facility issued by such Credit Facility Provider), waive any default with respect to the Bonds which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture; but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon. No waiver of Section 8.1(h) shall be effective unless the interest component of a Credit Facility or a Liquidity Facility, as applicable, is reinstated in full as evidenced by a certificate of a Credit Facility Provider or Liquidity Facility Provider, as applicable. No waiver of Section 8.1(g) shall be effective unless a Credit Facility Provider or Liquidity Facility Provider, as applicable, has waived or rescinded in writing the Event of Default under a Credit Facility or a Liquidity Facility, as applicable.

SECTION 8.11. NOTICE OF DEFAULT. The Trustee shall mail or cause to be mailed to all Bondowners written notice of the occurrence of any Event of Default set forth in Section 8.1 promptly after any such Event of Default shall have occurred of which the Trustee has actual knowledge. Notice of the occurrence of any Event of Default set forth in Section 8.1 of this Indenture or in Section 8.1 of the Loan Agreement shall be mailed to the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any) within three (3) Business Days after any such Event of Default shall have occurred of which the Trustee has actual knowledge. If in any Bond Year the total amount of deposits to the credit of the Debt Service Fund shall be less than the amounts required so to have been deposited under the provisions of this Indenture and any Supplemental Indenture, the Trustee, on or before the thirtieth (30th) day of the next succeeding Bond Year, shall mail to all Bondowners a written notice of the failure to make such deposits. The Trustee shall not, however, be subject to any liability to any such Bondowner by reason of its failure to mail or cause to be mailed any notice required by this Section.

ARTICLE X

CONSENTS TO SUPPLEMENTAL INDENTURES

SECTION 10.1. SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF BONDOWNERS. Notwithstanding any other provisions of this Article X, the Authority and the Trustee may at any time or from time to time, without the consent of any Bondowner, enter into a Supplemental Indenture supplementing this Indenture or any Supplemental Indenture so as to modify or amend such indentures, for one or more of the following purposes:

(a) To add to the covenants and agreements of the Authority contained in this Indenture or any Supplemental Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, reconstruction, renovation, equipment, operation, maintenance, development or administration of any project under the Act or relative to the application, custody, use and disposition of the proceeds of the Bonds; or

(b) To confirm, as further assurance, any pledge under and the subjection to any lien on or pledge of the Revenues created or to be created by this Indenture or a Supplemental Indenture; or

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or

(d) To grant to or confer on the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority, or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as theretofore in effect; or

(e) To amend any provisions of this Indenture if, prior to the execution of any such amendment there shall be delivered to the Trustee an Opinion of Bond Counsel to the effect that such amendment will not have a material adverse effect on the security, remedies or rights of the Bondholders.

Supplemental Indentures for the above purposes affecting Bonds secured by a Credit Facility or Liquidity Facility may be adopted and executed without the consent of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any), but prior written notice thereof must be given by the Trustee to the Credit Facility Provider and the Liquidity Facility Provider if the Credit Facility Provider and the Liquidity Facility Provider are not then in payment default under the Credit Facility or the Liquidity Facility, as applicable.

SECTION 10.2. SUPPLEMENTAL INDENTURES WITH CONSENT OF BONDOWNERS.

(a) At any time or from time to time but subject to the conditions or restrictions contained in this Indenture and each Supplemental Indenture, a Supplemental Indenture may be entered into by the Authority and the Trustee amending or supplementing this Indenture, any Supplemental Indenture or any of the Bonds or releasing the Authority from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained. However, no such Supplemental Indenture shall be effective unless such Supplemental Indenture is consented to by the Owners of at least a majority in aggregate principal amount of all Outstanding Bonds affected thereby obtained as provided in Section 11.2, subject to subsection (e) below. In computing any such required percentage there shall be excluded from such consent, and from such Outstanding Bonds, any such Outstanding Bonds owned or held by or for the account of the Authority or the Institution.

(b) Notwithstanding the provisions of paragraph (a) of this Section, except as provided in Section 10.3, no such modification changing any terms of redemption of Bonds, due date of principal of or interest on Bonds or making any reduction in principal or Redemption Price of and interest on any Bonds shall be made without the consent of the affected Bondowner.

(c) Notwithstanding any other provisions of this Section, no Supplemental Indenture shall be entered into by the Authority and the Trustee, except as provided in Section 10.3, reducing the percentage of consent of Bondowners required for any modification of this Indenture or any Supplemental Indenture or diminishing the pledge of the Revenues securing the Bonds.

(d) The provisions of paragraph (a) of this Section shall not be applicable to Supplemental Indentures adopted in accordance with the provisions of Section 10.1.

(e) All Supplemental Indentures executed pursuant to this Section 10.2 affecting Bonds secured by a Credit Facility or Liquidity Facility shall be consented to by a Credit Facility Provider or the Liquidity Facility Provider, as applicable, so long as such Credit Facility Provider or Liquidity Facility Provider is not then in payment default under such Credit Facility or Liquidity Facility. Notwithstanding any other provisions of this Section, the consent of the owners of Bonds for which a Credit Facility has been issued shall for purposes of this Indenture be deemed to have been obtained when the consent of a Credit Facility Provider has been obtained, except in the cases where approval of all Bondowners is required as provided in paragraphs (b) and (c) hereof, in which case the consents of both the Bondowners and a Credit Facility Provider shall be required.

SECTION 10.3. SUPPLEMENTAL INDENTURES BY UNANIMOUS ACTION. Notwithstanding anything contained in the foregoing provisions of this Article, the rights and obligations of the Authority and of the owners of the Bonds and the terms and provisions of this Indenture, any Supplemental Indenture or the Bonds may be modified or amended in any respect upon the adoption of a Supplemental Indenture by the Authority with the consent of a Credit Facility Provider if the Bonds affected by such Supplemental Indenture are secured by a Credit Facility, a Liquidity Facility Provider if the Bonds affected by such Supplemental Indenture are secured by a Liquidity Facility, and the Owners of all the Outstanding Bonds affected by such modification or amendment, such consent to be given as provided in Section 11.2, except that no notice to Bondowners by mailing shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without its written consent thereto in addition to the consent of the Bondowners so affected.

ARTICLE XI

PROCEDURES FOR BONDOWNER CONSENTS

SECTION 11.2. CONSENT OF BONDOWNERS. When the Authority and the Trustee enter into a Supplemental Indenture making a modification or amendment permitted by and requiring the consent of the Bondowners pursuant to the provisions of Sections 10.2 or 10.3, such Supplemental Indenture shall take effect when and as provided in this Section. Upon the execution of such Supplemental Indenture, a copy thereof, certified by an Authorized Officer of the Authority, shall be filed with the Trustee for the inspection of the Bondowners affected. A copy of such Supplemental Indenture (or summary thereof) together with a request to such Bondowners for their consent thereto in form satisfactory to the Trustee, shall be mailed or caused to be mailed by the Authority to such Bondowners. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee the written consents of the percentages of owners of Outstanding Bonds in accordance with Sections 10.2 or 10.3. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted hereinafter by this Section or Section 13.4. A certificate or certificates by the Trustee, which shall be placed on file, that it examined such proof and that such proof is sufficient, shall be conclusive that the consents have been given by the owners of the Bonds described in such certificate or certificates of the Trustee. Any consent shall be binding upon the owner of the Bonds giving such consent and on any subsequent owner of such Bonds (whether or not such owner has notice thereof) unless such consent is revoked in writing by the owner of such Bonds giving such consent or a subsequent owner by filing revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for is first given. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee which shall be placed on file. At any time after the owners of the required percentage of Bonds shall have filed their consent to any Supplemental Indenture a notice shall be given or caused to be given to such Bondowners by the Authority by mailing such notice to such Bondowners (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as herein provided). The Authority shall file with the Trustee proof of giving such notice. Such notice shall state in substance that any Supplemental Indenture (which may be referred to as an indenture executed by and between the Authority and the Trustee on a stated date, a copy of which is on file with the Trustee) has been consented to by the owners of the required percentage of Bonds and shall be effective as provided in this Section. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Upon such notice, such Supplemental Indenture making such amendment or modification shall become effective and conclusively binding upon the Authority, the Trustee, and the owners of all Bonds.

ARTICLE XII

DEFEASANCE

SECTION 12.1. DEFEASANCE.

(a) If the Authority shall pay or cause to be paid, or there shall be otherwise paid, to the owners of all or any of the Bonds then Outstanding, the principal, the Purchase Price or Redemption Price of and interest thereon, at the times and in the manner stipulated therein and in this Indenture and any Supplemental Indenture, and all fees and expenses of the Trustee and the Authority, then the pledge of any Revenues or other moneys and securities hereby pledged to such Bonds and all other rights granted hereby to such Bonds shall be discharged and satisfied. In

such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee or other fiduciary shall pay or deliver to the Authority all moneys or securities held by it pursuant to this Indenture and any Supplemental Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption to be used by the Authority in any lawful manner including distribution to the Institution. Bonds secured by a Credit Facility or a Liquidity Facility shall not be defeased pursuant to this Section 12.1 unless the Trustee shall have received written notice confirmation from each Rating Agency then maintaining a rating on the Bonds that the defeasance will not result in a reduction or withdrawal of the ratings on the Bonds.

(b) Any Bonds for which moneys shall then be held by a trustee, which may be the Trustee (through deposit by the Authority or the Institution of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in this Section. Any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subparagraph (a) of this Section if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to the Trustee, irrevocable instructions to give notice of redemption on such date of such Bonds; (ii) there shall have been deposited with the Trustee either moneys (which must constitute Available Moneys if the Bonds are secured by a Credit Facility) in amount which shall be sufficient, or Defeasance Obligations (purchased with Available Moneys if the Bonds are secured by a Credit Facility), the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be; (iii) there shall have been filed with the Credit Facility Provider (if any), the Trustee and the Authority (x) a report of a firm of certified public accountants, acceptable to the Authority, confirming the arithmetical accuracy of the computations showing the cash or Defeasance Obligations, the principal of and interest on which, together with cash, if any, deposited at the same time will be sufficient to pay when due, the principal or Redemption Price, if applicable, and interest due or to become due on such Bonds, on and prior to the redemption date or maturity date thereof, as the case may be and (y) an Opinion of Bond Counsel, acceptable to the Authority, to the effect that upon provision for the payment of the principal or Redemption Price, if applicable, of, and interest due or to become due on such Bonds, the pledge of Revenues and other moneys and securities hereunder and the grant of all rights to the Owners of such Bonds hereunder shall be discharged and satisfied; and (iv) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail, as soon as practicable, a notice to the owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 12.1 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds. Neither Defeasance Obligations deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than the payment of the principal or Redemption Price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Authority to be used by it in any lawful manner including a distribution to the Institution provided all amounts owing to the Authority and the Trustee have been satisfied, free and clear of any trust, lien or pledge. Nothing in this paragraph (b) shall be, or be deemed to be, a restriction on the Authority's ability to provide for Defeasance Obligation substitutions or restructuring provided that the Defeasance Obligations shall at all times be in compliance with clause (ii) above, as evidenced by a report of a firm of certified public accountants in compliance with clause (iii)(x) above; and if the interest on Bonds which have been defeased pursuant to this paragraph (b) is excludable from gross income for federal income tax purposes, the Authority shall provide an Opinion of Bond Counsel that the substitution or restructuring will not adversely affect such exclusion. Notwithstanding any provision of this Indenture, the Trustee shall have no right of set off against any moneys and securities deposited under this subsection (b).

(c) Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when all of the Bonds have become due and payable either at their stated maturity dates or by a call for earlier

redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after such date when all of the Bonds become due and payable, shall, at the written request of the Authority be repaid by the Trustee to the Authority as its absolute property and free from trust (to the extent permitted by law) to be used by the Authority in any lawful manner including a distribution to the Institution, and the Authority and the Trustee shall thereupon be released and discharged of its obligations with respect to the Bonds; provided, however, that, before being required to make any such payment to the Authority, the Trustee shall mail to the Bondowners a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than forty (40) nor more than ninety (90) days after the date of mailing of such notice, the balance of such moneys then unclaimed shall be returned to the Authority to be used by the Authority in any lawful manner including a distribution to the Institution.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1. MISCELLANEOUS POWERS AS TO BONDS AND PLEDGE; STATE AGREEMENT.

(a) The Authority represents that it is duly authorized under the Act and all applicable laws to create and issue the Bonds, to execute this Indenture and any Supplemental Indenture, and to pledge the Revenues and other moneys, securities and funds pledged by this Indenture in the manner and to the extent provided herein and in any Supplemental Indenture. The Authority covenants that the Revenues and other moneys, securities and funds so pledged are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, prior to, or of equal rank with, the pledge created by this Indenture and any Supplemental Indenture, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Authority further covenants that the Bonds and the provisions of this Indenture and any Supplemental Indenture are and shall be the valid and binding special obligations of the Authority in accordance with their terms and the terms of this Indenture and any Supplemental Indenture. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under this Indenture and any Supplemental Indenture, and all of the rights of the Bondowners under this Indenture against all claims and demands of all persons whomsoever.

(b) The Bondowners shall have the benefit of the State's pledge and agreement contained in Sections 10a-187a and 10a-195 of the Act as in effect on the date hereof: "The state of Connecticut does hereby pledge to and agree with the holders of any obligations issued under this chapter, and with those parties who may enter into contracts with the authority pursuant to the provisions of this chapter, that the state will not limit or alter the rights hereby vested in the authority until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the authority, provided nothing herein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such obligations of the authority or those entering into such contracts with the authority."

SECTION 13.9. NO RECOURSE ON THE BONDS. No recourse shall be had for the payment of the principal or Redemption Price or Purchase Price of and interest on the Bonds or for any claims based thereon or on this Indenture against any member or other officer of the Authority or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Bondowner by the acceptance of the Bond. The Bonds are payable solely from the Revenues and neither the faith and credit nor the taxing power of the State of Connecticut or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

The Authority shall be conclusively deemed to have complied with all of its covenants and other obligations hereunder, upon requiring the Institution in the Loan Agreement to agree to perform such Authority covenants and other obligations (excepting only any approvals or consents permitted or required to be given the Authority hereunder, and any exceptions to the performance by the Institution of the Authority's covenants and other obligations hereunder, as may be contained in the Loan Agreement). However, nothing contained in the Loan Agreement shall prevent the Authority from time to time, in its discretion, from performing any such covenants or other obligations. The Authority shall have no liability for any failure to fulfill, or breach by the Institution of, the Institution's obligations relating to or under, as the case may be, the Bonds, this Indenture, the Loan Agreement or

otherwise, including without limitation the Institution's obligation to fulfill the Authority's covenants and other obligations under this Indenture.

SECTION 13.12. CONTINUING DISCLOSURE. Pursuant to Section 6.3 of the Loan Agreement, the Institution has undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority shall have no liability to the Bondowners or any other person with respect to such disclosure matters. Notwithstanding any other provision of this Indenture, failure of the Institution or the dissemination agent or any obligated person to comply with the Continuing Disclosure Agreement shall not be considered an event of default hereunder.

APPENDIX F

EXCERPTS FROM THE LOAN AGREEMENT

The following are the excerpts of certain provisions of the Loan Agreement and should not be regarded as a full statement of the Loan Agreement. Reference is made to the Loan Agreement in its entirely for a complete statement of the provisions thereof, copies of which are on file with the Trustee.

2. THE LOAN; THE BONDS; SECURITY; THE NOTE

2.1. The Loan; Issuance of Bonds and Application of Proceeds. The Authority hereby agrees, upon the delivery of the Bonds, to loan to the Institution the amount of $112,385,000 to provide funds to finance and refinance the Project and to pay costs related to the issuance of the Bonds upon the terms and conditions set forth or referred to in this Loan Agreement. The Institution agrees to borrow and agrees to repay the amount of $112,385,000 upon the terms and conditions set forth or referred to in this Loan Agreement. This Loan Agreement shall constitute a general obligation of the Institution. To provide funds to finance the loan to the Institution, the Authority agrees to use its best efforts to issue the Bonds in accordance with the Indenture. The Institution agrees that the proceeds of the Bonds to be made available to finance the loan to the Institution shall be deposited with the Trustee and the Authority and applied as provided in the Indenture. The Institution acknowledges and agrees that it shall have no interest in the proceeds of the Bonds equal to or greater than that of the Bondowners who shall have a first and prior beneficial interest in such money until it is applied in accordance herewith and with the Indenture.

2.2. Payment Obligations.

(a) **General**. Notwithstanding any provision of this Loan Agreement or any other Institution Documents, as and for repayment of the loan made to the Institution by the Authority pursuant to Section 2.1 hereof, the Institution shall pay to the Trustee for the account of the Authority the amounts, including without limitation the amounts described in subsections (b) and (c) below, required at all times for the payment of the principal of, and premium if any, and interest on the Bonds when due, whether at maturity, upon redemption, by acceleration or otherwise, and including the Purchase Price upon any tender; provided, however, that the obligation of the Institution to make any such payment hereunder shall be reduced by any amount held by the Trustee in the Debt Service Fund for such payment of the Bonds pursuant to the terms of the Indenture. All amounts received by the Trustee pursuant to subsections (a), (b) or (c) of this Section shall be deposited into the Debt Service Fund.

(b) **Principal Payments**. The Institution shall repay the principal of the loan not later than the second Business Day preceding each July 15, commencing July 15, 2033, in an amount equal to the principal or Sinking Fund Installment, as the case may be, of the Bonds becoming due on such July 15 after crediting to such amount becoming due any amount in the Principal Account or the Sinking Fund Account, as the case may be (other than any amount derived from a drawing upon a Credit Facility), prior to such July 15 available for the payment of such principal or Sinking Fund Installment. To the extent such payments on the Bonds are made with funds provided by a Credit Facility Provider pursuant to a drawing upon a Credit Facility, payments by the Institution pursuant to this paragraph shall be transferred to a Credit Facility Provider in reimbursement for any such drawing.

(c) **Interest Payments**. The Institution shall pay the interest on the loan on the second Business Day prior to each Interest Payment Date, in an amount equal to (after taking into account any available amounts, if any, on deposit in the Capitalized Interest Account of the Construction Fund) all of the interest coming due on the Bonds on such Interest Payment Date after crediting to such amount becoming due any amount in the Interest Account (other than any amount derived from a drawing upon a Credit Facility) available for the payment of such interest. To the extent such payments on the Bonds are made with funds provided by a Credit Facility Provider pursuant to a drawing upon a Credit Facility, payments by the Institution pursuant to this paragraph shall be transferred to a Credit Facility Provider in reimbursement for any such drawing.

(d) **Purchase Price.** The Institution shall pay by 2:45 p.m. on each Purchase Date the Purchase Price of any Bonds properly tendered for purchase pursuant to the Indenture, that have not been timely remarketed, as and when due, in the event that the amount drawn under a Credit Facility, if any, or a Liquidity Facility, if any, and deposited with the Trustee, together with all other amounts (including remarketing proceeds), received by the Trustee for the purchase of Bonds tendered or deemed tendered for purchase, is not sufficient to pay the Purchase Price of such Bonds on the Purchase Date therefor; provided, however, that the Institution shall have the option, but not the

obligation, to fund any such Purchase Price due (A) on a Window Rate Optional Purchase Date; (B) in connection with a Term Floater Rate Period Failed Remarketing Event; (C) on an Institution Elective Purchase Date; (D) on an FRN Rate Soft Put Mandatory Purchase Date; and (E) on a Conversion from Bonds operating in the Fixed Period; provided further that, in the event the Bonds bearing interest at a Daily Rate or a Weekly Rate are secured by a Liquidity Facility or a Credit Facility constituting a direct-pay letter of credit, as applicable, and a Liquidity Facility Provider or a Credit Facility Provider, as applicable, fails to honor a properly presented and conforming drawing under a Liquidity Facility or a Credit Facility, as applicable, to pay the Purchase Price of tendered Bonds in connection with a Purchase Date, the Institution shall pay the Trustee the Additional Funding Amount required to pay the Purchase Price of the tendered Bonds with respect to which the failure occurred within 370 days after the date on which the tendered Bonds are required to be purchased. To the extent such payments on the Bonds are made with funds provided by a Credit Facility Provider or a Liquidity Facility Provider pursuant to a drawing upon a Credit Facility or a Liquidity Facility, payments by the Institution pursuant to this paragraph shall be transferred to a Credit Facility Provider or Liquidity Facility Provider, as the case may be, in reimbursement for any such drawing.

(e) **Reimbursement of Authority**. The Institution agrees to pay to the Authority an amount equal to the sum of the following three (3) items: (i) any expenditures reasonably and necessarily incurred by the Authority for fees and expenses of auditing, and fees and expenses of the Trustee, all as required by the Indenture and not otherwise paid or provided for by the Institution; (ii) all other expenditures reasonably and necessarily incurred by the Authority with respect to the loan to the Institution and the issuance of the Bonds, including Cost of Issuance to the extent amounts on deposit in the Cost of Issuance Fund are insufficient for the payment thereof and also including interest on overdue payments at the rate or rates of interest specified in the Bonds, penalties for late payments and all expenses incurred by the Authority to compel full and punctual performance of all the provisions of this Loan Agreement, any other Institution Document, and each other document executed by the Institution in connection with the Authority's loan to the Institution or the issuance of the Bonds, in accordance with the terms hereof and thereof; and (iii) the Annual Administrative Fee. Any expenditures of the Authority made pursuant to items (i) and (ii) of this paragraph shall be billed by the Authority to the Institution in writing as soon as practicable and shall be paid or caused to be paid by the Institution within thirty (30) calendar days of each request for payment. The Institution shall pay one-half of the Annual Administrative Fee for each Bond Year on or before June 20 and December 20 of each calendar year commencing June 20, 2023; provided, however, that on June 20, 2023, the Institution shall pay the Annual Administrative Fee prorated for the period beginning with the delivery of the Bonds and ending on June 30, 2023.

(f) **Rebate Fund**. The Institution agrees to provide amounts that shall be sufficient to meet the Rebate Requirement of the Rebate Fund. The Institution agrees that this obligation of the Institution shall survive the payment in full of the Bonds or the refunding and defeasance of the Bonds pursuant to the provisions of Section 12.1 of the Indenture.

(g) **Other Obligations**. The Institution agrees to provide, at all times required under the Indenture, such additional amounts as are required to fund or make up any deficiency in the Debt Service Fund on any date on which principal of or interest on the Bonds is due or any deficiency in the Purchase Fund or any account established therein in the event and to the extent that the remarketing proceeds and moneys drawn under a Credit Facility or a Liquidity Facility are insufficient to pay the Purchase Price of Bonds tendered for purchase on a Purchase Date. In the event of any such deficiency in the Debt Service Fund or the Purchase Fund, the Trustee shall notify the Authority and the Institution of such deficiency and the Institution shall pay the amount of any such deficiency to the Trustee by no later than 2:45 p.m. on the date on which principal of, Purchase Price of, or interest on, the Bonds is due.

(h) **Manner of Payment**. The Institution agrees to pay to the Authority or to such party as the Authority shall direct in writing the payments required by this Loan Agreement from its general funds or any other moneys legally available to the Institution in the manner and at the times provided by this Loan Agreement.

(i) **Survival**. The payment obligations of the Institution pursuant to Subsections (a), (b), (c), (d), (e)(i) and (ii), (f) and (g), except to the extent paid from any defeasance escrow for the Bonds, shall survive the expiration of this Loan Agreement.

2.6. Security for Bonds.

(a) **Assignment and Pledge**. The Institution shall pay the principal and Redemption Price of and the interest on, and the Purchase Price of, the Bonds in accordance with the Indenture and the right, title and interest of the Authority in and to this Loan Agreement and the Note shall be assigned to the Trustee, subject to certain conditions and reservations, and certain payments received by or for the account of the Authority from the Institution with respect thereto shall be assigned and pledged by the Authority to the Trustee to secure the payment of the Bonds and any amounts due to a Credit Facility Provider or a Liquidity Facility Provider. All of the rights accruing to or vested in the Authority with respect to this Loan Agreement and the Note may be exercised, protected and enforced by the Trustee for or on behalf of the Bondowners and a Credit Facility Provider or a Liquidity Facility Provider in accordance with the provisions hereof, thereof, and of the Indenture.

(b) **Pledge of Gross Receivables**. In order to secure the prompt payment of the principal of, Redemption Price, if any, and interest on, and the Purchase Price of, the Bonds and the performance by the Institution of its obligations under this Loan Agreement and the performance by the members of the Obligated Group of their obligations under the Master Indenture and the Note, and to secure the performance by the Institution of its Credit Facility Provider Payment Obligations to a Credit Facility Provider under any Credit Facility Documents, and of its Liquidity Facility Provider Payment Obligations to a Liquidity Facility Provider under any Liquidity Facility Documents, the Institution and the other members of the Obligated Group, pursuant to the Master Indenture, have pledged and assigned to the Master Trustee, and have granted to the Master Trustee a security interest in, for the equal and ratable benefit of the holders from time to time of all Obligations issued under the Master Indenture, all of their Gross Receivables (as such term is defined in the Master Indenture).

(c) **Bondowners, Credit Facility Provider and Liquidity Facility Provider Beneficiaries**. This Loan Agreement is executed in part to induce the purchase by others of the Bonds and the issuance of a Credit Facility by a Credit Facility Provider and the issuance of a Liquidity Facility by a Liquidity Facility Provider, and, accordingly, all covenants and agreements on the part of the Institution and the Authority, as set forth in this Loan Agreement, are hereby declared to be for the benefit of the owners from time to time of the Bonds and any Credit Facility Provider and any Liquidity Facility Provider.

(d) **Compliance**. The Institution shall do all things within its power in order to comply with, and to enable the Authority to comply with, all requirements, and to fulfill and to enable the Authority to fulfill all covenants of, the Resolution of the Authority, the Tax Regulatory Agreement and the Indenture.

2.7. Issuance of Note. Pursuant to this Loan Agreement and in consideration of the issuance by the Authority of the Bonds and the application of the proceeds thereof as provided herein and in the Indenture, and as security for the loan referred to in Section 2.1 hereof, the Institution agrees to cause the members of the Obligated Group to issue to the Authority and to cause to be delivered to the Trustee (as assignee of the Authority) concurrently with the delivery of the Bonds to the original purchaser(s) thereof, the Note in substantially the form set forth in Schedule A to the Master Indenture, with such necessary and appropriate omissions, insertions and variations as are permitted or required by this Loan Agreement or the Master Indenture. The Authority agrees that the Note shall be assigned to the Trustee in trust as security for the Bonds.

4. INSURANCE; CONDEMNATION PROCEEDS

4.1. Insurance.

(a) The Institution shall maintain or cause to be maintained at the sole cost and expense of the Institution and the Project Users, as applicable, insurance, with financially sound and reputable insurers (which may be self-insurance with affiliates) with respect to the Property, including the Premises, of the Institution and the Project Users, the operation thereof and their business against such casualties, contingencies and risks as may customarily be carried or maintained under similar circumstances by institutions of established reputation engaged in similar businesses or in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as are customary for institutions similarly situated in the industry and as are determined to be consistent with reasonably prudent business practices, which determination shall be based upon the advice of an Independent Insurance Consultant, except to the extent that their governing body determines in good

faith that such annual advice is unreasonable and delivers an Officer's Certificate to the Authority and Trustee setting forth the reasons for such determination.

(b) The Institution shall furnish to the Authority and Trustee annually, within 150 days of each fiscal year end, an Officer's Certificate stating that the insurance coverage maintained by the Institution and the Project Users, as applicable, adequately protects the Institution, the Project Users, their property and operations and is in accordance with paragraph (a) of this section. All of the policies of commercial general liability insurance and related umbrella policies of insurance for the Project or the Premises located in the State of Connecticut shall include the Authority and Trustee as additional insureds, as their interests may appear.

(c) If the Authority shall so request in writing, the Institution shall provide to the Authority and Trustee summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Authority.

(d) The Authority, in its sole discretion, reserves the right to waive or amend any provision of this Section without the consent of the Trustee or the Bondowners.

4.2. Application of Property Insurance and Condemnation Proceeds. In case the whole or any part of the Project or the Premises is taken by eminent domain or damaged or destroyed or is otherwise rendered incapable of being used to its fullest extent for the purposes of the Institution or the Project User or to meet the Institution's obligations under this Loan Agreement and the other Institution Documents by any cause whatsoever, then and in such event, but subject to the provisions of the Master Indenture:

A. Except as provided in paragraph B, the Institution shall proceed to replace or restore or cause to be replaced or restored such part of the Project or the Premises, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible or with such changes and modifications as would not have an adverse effect on the operations of the Institution. The moneys required for such replacement or restoration shall be paid from the proceeds of insurance or any award or payment in connection with the condemnation of the Project or the Premises received by reason of such occurrence and to the extent such proceeds are not sufficient, from funds to be provided by the Institution.

B. If no decision for the restoration or replacement of all or such part of the Project or the Premises shall be reached by the Institution within 120 days after such damage or taking, or if the Institution fails to proceed with due diligence to restore or replace such part of the Project or the Premises, all respective insurance or condemnation proceeds (after giving appropriate recognition to any similar requirements with respect to any Indebtedness ranking on a parity with the Bonds) shall be paid to the Trustee for deposit in the Redemption Fund for application to the purchase or redemption of Bonds in accordance with the Indenture or used as otherwise agreed to by the Authority and the Institution.

Notwithstanding any such taking, or other injury to, or decrease in the value of the Project or the Premises, the Institution shall continue to pay interest on the principal payable hereunder and under the other Institution Documents as provided herein and therein, and to make any and all other payments required by this Loan Agreement and by the other Institution Documents. Any reduction in the principal payable under this Loan Agreement and under the other Institution Documents resulting from the application by the Authority of such award or payment to the redemption of Bonds shall be deemed to take effect only on the date of such application.

5. DUTIES OF THE INSTITUTION

5.2. Obligation Absolute. The obligation of the Institution to make payments to the Authority or on its order to the Trustee under this Loan Agreement and the Note is absolute and unconditional and shall not be subject to setoff, recoupment or counterclaim. The Institution agrees that payments required by this Loan Agreement and the Note shall be paid when due by the Institution to the Trustee for deposit in the Debt Service Fund whether or not any patient, occupant or user of the Institution is delinquent in the payment of his or her charges, rentals or other

charges owed to the Institution, whether or not any patient, user or occupant receives either partial or total reimbursement as a credit against such payment, and whether or not the Institution receives either partial or total reimbursement as a credit against such payment.

The agreements, covenants, representations and indemnifications of the Institution in this Loan Agreement and the other Institution Documents executed and delivered in connection herewith shall be a full faith and credit obligation of the Institution.

5.3. Covenant as to Rates and Charges. The Institution agrees, to the extent permitted by law, to charge rates, fees, rentals and charges which, together with its general funds and any other moneys legally available to it, shall provide moneys sufficient at all times to make all payments under this Loan Agreement and the other Institution Documents and to pay all other obligations of the Institution as the same become due and payable. The Institution covenants to maintain its rates, fees, rentals and charges to provide Operating Revenues which, together with its general funds and other moneys legally available to the Institution, shall be sufficient for the payment of (i) Operating Expenses; (ii) debt service when due on the Bonds and all other Indebtedness; and (iii) all other amounts due under this Loan Agreement.

5.5. Operation of Institution.

(a) The Institution agrees that it shall use its best efforts to operate the Institution in a prudent and efficient manner. The Institution further agrees that it shall employ, at all times, administrative personnel experienced and well qualified in the field of hospital administration.

(b) The Institution agrees to operate its facilities properly and in a sound and economical manner. The Institution agrees to maintain, preserve and keep its facilities, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and to make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Institution and its facilities may be properly and advantageously conducted.

(c) The Institution agrees that it will procure and maintain all necessary licenses and permits and maintain accreditation of its hospital facilities (other than those of a type for which accreditation is not then available) by The Joint Commission and the status of its hospital facilities (other than those not currently having such status) as a provider of health care services eligible for reimbursement under any appropriate third-party payor programs and comparable programs, including future governmental programs as long as, in the opinion of the Institution, such accreditation is in the best interests of the Institution; provided, that if the Institution shall determine that such accreditation is not in its best interests, it shall cause an independent consultant to deliver a report to the Authority indicating the likely operational and economic effect on the Institution of discontinuance of such accreditation and that such discontinuance will not have a materially adverse operational and economic effect on the Institution and the other members of the Obligated Group.

(d) The Institution covenants that it shall correct all deficiencies found by each governmental authority with jurisdiction over the operation of the Project and the Premises, including any inspection in connection with the implementation of the Project and the Premises by the Institution in accordance with the requirements of the appropriate governmental or accrediting entity.

(e) The Institution covenants that it will comply, and cause the Project Users to comply, in all material respects with the terms and conditions set forth in any certificate of need applicable to the Project, and any duly approved amendments to such terms and conditions.

5.6. Payment of Obligations, Taxes, Assessments and Charges. The Institution agrees to pay promptly all charges, judgments and other obligations incurred or imposed on the Institution. The Institution shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Institution's facilities, or upon any part thereof or upon the Revenues, when the same shall become due, and shall duly comply with all valid requirements of any municipal or governmental authority relative to any part of the Institution's facilities. The Institution shall pay or cause to be paid or cause to be discharged, or shall make

adequate provisions to satisfy and discharge, within sixty (60) days after the same shall become due and payable, all lawful claims and demands for labor, materials, equipment, supplies or other objects which, if unpaid, might by law become a lien upon the facilities of the Institution, the Premises, or the Revenues; provided, however, that, subject to the other requirements of Section 8.1(j) hereof, nothing in this Section shall require the Institution to pay or cause to be paid or cause to be discharged, any such tax, assessment, valid requirement, claim, demand, lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings by the Institution.

5.7. Tax Covenant.

(a) The Institution covenants that it and each person related to it within the meaning of Section 147(a)(2) of the Code, including, but not limited to, each Project User, will comply with each requirement of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(b) In furtherance of the covenant contained in the preceding sentence, the Institution agrees to comply, and to cause each Project User to comply, with the provisions of the Tax Regulatory Agreement.

(c) The Institution covenants that neither it nor any Project User will take any action or fail to take any action with respect to the Bonds which action or failure to act would cause such Bonds to be "arbitrage bonds," within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder, as amended from time to time.

(d) The Institution covenants that: (i) neither it nor any Project User shall perform any acts or enter into any agreements which shall cause any revocation or adverse modification of its or their status as an organization exempt from Federal income taxes pursuant to Section 501(a) of the Code; and (ii) neither it nor any Project User shall carry on or permit to be carried on any trade or business the conduct of which is not substantially related to the exercise or performance by the Institution or such Project User of the purposes or functions constituting the basis for their exemption under Section 501 of the Code if such use would result in the loss of the Institution's or any Project User's exempt status under Section 501 of the Code or would cause the interest on the Bonds to be included in gross income and subject to Federal income taxation.

(e) The Institution agrees that neither the Institution, nor any person related to it within the meaning of Section 147(a)(2) of the Code, including, but not limited to, any Project User, pursuant to an arrangement, formal or informal, shall purchase the Bonds upon their initial issuance in an amount related to the amount of the Bonds secured by this Loan Agreement.

(f) Notwithstanding any other provision of the Indenture or this Loan Agreement to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, the covenants contained in this Section shall survive the discharge and satisfaction of the Bonds (in accordance with Section 12.1 of the Indenture) and the termination of this Loan Agreement.

5.8. Premises. The Institution covenants that, except as set forth in the Hazardous Substance Agreement, the Premises will comply in all material respects with, all applicable restrictive covenants, applicable zoning and subdivision ordinances and building codes, all applicable health and environmental laws and regulations and all other applicable laws, rules and regulations.

5.9. Securities Law Compliance. The Institution covenants that it shall not perform any act or enter into any agreement which shall change the status of the Institution's representations set forth in Section 7.2 of this Loan Agreement.

5.10. General Compliance with Law. The Institution covenants that it will comply in all material respects with all federal, state and local laws, regulations and ordinances relating to its business, the Project, the Premises, and its facilities, including, but not limited to, the Employee Retirement Income Security Act of 1974, as amended, and all applicable laws and regulations relating to nondiscrimination in employment and employment opportunities, and all applicable Equal Employment and Opportunity Laws.

5.12. Master Indenture. The Institution agrees to comply with, and to cause the other members of the Obligated Group to comply with, the terms and provisions of the Master Indenture, which terms and provisions are incorporated herein by reference. No amendments to the Master Indenture may be implemented without the prior written consent of the Authority (this sentence shall not apply to supplements to the Master Indenture that do not amend any terms or provisions of the Master Indenture). The Institution shall give notice, or cause the Master Trustee to give notice, to the Authority of the issuance of any Obligations under the Master Indenture, the incurrence of any Indebtedness by a member of the Obligated Group or the entry of any Person into, or the withdrawal of any Person from, the Obligated Group.

6. INFORMATION AND REPORTING REQUIREMENTS

6.2. Financial Statements. The Institution shall furnish to the Authority, the Trustee (for the end of each Fiscal Year only), the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any) (a) within sixty (60) days after the close of each quarter of the first three quarters of each Fiscal Year, quarterly unaudited financial statements and operating data of the Obligated Group with respect to such fiscal quarter and for the portion of the Fiscal Year ending with such quarter, and (b) within 150 days after the end of each Fiscal Year, audited financial statements of CCMC Corporation and its Subsidiaries and operating data of the Obligated Group for the most recent prior Fiscal Year prepared in accordance with generally accepted accounting principles (or describing any exceptions therefrom) together with an Officer's Certificate demonstrating the calculation required by, and compliance or noncompliance with, the requirements of Section 3.13(b)(iii) of the Master Indenture. The Trustee shall not have any duty to review or analyze the financial statements, reports and information delivered pursuant to this Section 6.2 and the Trustee shall hold such financial statements solely as a repository for the benefit of the Bondowners; the Trustee shall not be deemed to have notice of any information contained therein or any Event of Default which may be disclosed therein in any manner.

6.3. Continuing Disclosure.

(a) The Institution shall furnish, in a timely manner, to the Authority, the Trustee, the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), and the Municipal Securities Rulemaking Board (the "MSRB") as provided in the Continuing Disclosure Agreement (1) if required by Rule 15c2-12 adopted by the Securities and Exchange Commission (the "Rule"), notice of any of the events described in subsection (b)(5)(i)(C) of the Rule, as such Rule may be amended from time to time, and (2) notice of the failure of the Institution to provide the financial information in the manner and as described in the next subsection of this Loan Agreement.

(b) The Institution shall furnish, and shall cause each "obligated person" as defined in the Rule to furnish to the Authority, the Trustee, the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), the MSRB and, upon request, the owners of the Bonds and such other parties as the Authority may designate, at the times required by the Continuing Disclosure Agreement, financial information (including operating data) of the Institution, of the type included in the final Official Statement for the Bonds, including but not limited to audited financial statements of the Obligated Group for the most recent prior Fiscal Year prepared in accordance with generally accepted accounting principles (or describing any exceptions therefrom) and the information set forth in the Continuing Disclosure Agreement. The Institution shall take all actions and furnish any other information necessary to comply with the Rule and the Continuing Disclosure Agreement.

6.4. Annual Accountants' Letter; Officer's Compliance Certificate; Annual Certificate as to Post Issuance Tax Compliance. (a) The Institution shall furnish or cause to be furnished annually, no later than 150 days after the end of each Fiscal Year (1) to the Authority, a letter from the independent public accountants of the Institution stating in substance that during the course of such accountants' examination in connection with preparation of the audited financial statements of the Obligated Group for such Fiscal Year, nothing came to their attention which caused them to believe that the Obligated Group failed to comply with the terms, covenants or provisions of this Loan Agreement insofar as they relate to accounting matters; and (2) to the Authority and the Trustee, a certificate signed by an Authorized Officer of the Institution, stating that under his supervision, the Institution has made a review of its activities during the preceding Fiscal Year for the purpose of determining whether or not the Obligated Group has complied with all of the terms, provisions and conditions of the Institution Documents, and to the best of such Authorized Officer's knowledge, (i) the Obligated Group has kept, observed, performed and fulfilled each and every covenant, provision and condition of the Institution Documents, on its part to be performed, and (ii) that the Obligated

Group is not in default in the performance or observance of any of the terms, covenants, provisions or conditions hereof or thereof, or if the Obligated Group shall be in default, such certificate shall specify all such defaults, the nature and status thereof and any remedial steps taken or proposed to correct such default.

(b) The Institution shall furnish to the Authority, within 150 days after the end of each Fiscal Year, a certificate signed by an Authorized Officer of the Institution stating that (i) the Institution and the Project Users have adopted written procedures or guidelines with respect to monitoring, throughout the entire period that the Bonds remain outstanding, compliance with federal tax requirements that could reasonably be expected to adversely affect the tax-exempt status of the Bonds or the Institution or the Project Users, (ii) the Institution and the Project Users have adhered to such procedures, (iii) the Institution and the Project Users have not received any correspondence or inquiry from the Internal Revenue Service as to their 501(c)(3) status under the Code or as to the tax-exempt status of the interest on the Bonds, and (iv) neither the Institution nor any Project User is aware of any violations of the Tax Regulatory Agreement or the requirements of the Code that could reasonably be expected to adversely affect the tax-exempt status of the Bonds or the 501(c)(3) status of the Institution or the Project Users under the Code.

6.7. Annual Budget. The Institution agrees that it shall submit, for each Fiscal Year of the Institution during the period when the Bonds are Outstanding, to the Credit Facility Provider (if any), the Liquidity Facility Provider (if any), the Authority and, after the occurrence of an Event of Default or if requested by the Trustee, to the Trustee, a final budget for the operations and cash flow of the Institution for each such Fiscal Year, within thirty (30) days after the beginning of each Fiscal Year with respect to the final budget approved by the Institution' governing body.

7. REPRESENTATIONS OF INSTITUTION

7.1. Tax Law Representations. The Institution represents that: (i) it and the Project User are each an organization described in Section 501(c)(3) of the Code, or corresponding provisions of prior law and that neither it nor any Project User is a "private foundation" as defined in the Code; (ii) it and the Project User have received a letter or letters from the Internal Revenue Service to such effect; (iii) such letter or letters have not been modified, limited or revoked; (iv) it and the Project User are each in compliance with all terms, conditions and limitations, if any, contained in such applicable letter; (v) the facts and circumstances which formed the basis of each such letter as represented to the Internal Revenue Service continue to substantially exist; (vi) it and the Project Users are each exempt from Federal income taxes under Section 501(a) of the Code; and (vii) the Institution and the Project Users have adopted written procedures or guidelines to ensure that the Bonds will remain in compliance with Federal tax requirements after the issuance of the Bonds.

7.2. Securities Law Representations. The Institution represents that each Member of the Obligated Group is an organization organized and operated: (i) exclusively for educational or charitable purposes; (ii) not for pecuniary profit; and (iii) no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended.

7.4. Compliance with Law. The Institution represents that each Member of the Obligated Group is in compliance in all material respects with all federal, state and local laws, regulations and ordinances relating to its business, the Project, the Premises, and its facilities including, but not limited to, the Employee Retirement Income Security Act of 1974, as amended, and all Equal Employment Opportunity Laws and other applicable laws and regulations relating to nondiscrimination in employment and employment opportunities.

7.5. Eligible Borrower. The Institution represents that each Member of the Obligated Group is a "participating qualified nonprofit organization" under the Act.

8. EVENTS OF DEFAULT; REMEDIES

8.1. Events of Default. As used herein an "Event of Default" exists if any of the following occurs and is continuing:

(a) **Principal, Interest, Premium, etc.** Failure by the Institution to make when due any payment required under subsection (a), (b), (c), (d), (e) or (f) of Section 2.2 hereof or failure by the Institution or any other members of the Obligated Group to pay in full any payment of principal of or interest on the Note when due; or

(b) **Other Payments**. Failure by the Institution to pay when due any amount required to be paid under this Loan Agreement (other than any amount referred to in subsection (a), (b), (c), (d), (e) or (f) of Section 2.2 hereof or any amount of principal of or interest due on the Note), which failure continues for a period of ten (10) days following written notice thereof by the Authority; or

(c) **Covenants, Representations, etc.** Failure by the Institution or any Member of the Obligated Group to observe and perform any covenant, condition or agreement in the Institution Documents (other than the Continuing Disclosure Agreement or under Section 6.3 hereof) on its part to be observed or performed, or failure of any representation made by the Institution in the Institution Documents (other than the Continuing Disclosure Agreement or under Section 6.3 hereof) to be correct in all material respects, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Institution by the Trustee or the Master Trustee or to the Institution, the Trustee and the Master Trustee by the Authority; provided, however, that if such performance, observation or compliance requires work to be done, action to be taken, or conditions to be remedied which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, in the sole judgment of the Authority, the Institution shall in good faith commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(d) **Bankruptcy, Insolvency, etc.** Any Member of the Obligated Group shall make an assignment for the benefit of creditors or be generally unable to pay its debts as they become due; or a decree or order appointing a receiver, custodian or trustee for any Member of the Obligated Group, for the Premises, or for substantially all of the properties of any Member of the Obligated Group shall be entered and, if entered without its consent, remain in effect for more than sixty (60) days; or Any Member of the Obligated Group shall commence a voluntary case under any law relating to bankruptcy, insolvency, reorganization or other relief of debtors or any such case of an involuntary nature is filed against it and is consented to by it or, if not consented to, is not dismissed within sixty (60) days; or

(e) **Undischarged Final Judgment.** Final judgment for the payment of money in an aggregate amount at least equal to two percent (2%) of the Obligated Group's Operating Revenues at the end of the most recent Fiscal Year, shall be rendered against any Member of the Obligated Group and at any time after thirty (30) days from the entry thereof, (a) such judgment shall not have been discharged, or (b) such Obligated Group Member shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, and have caused the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal; or

(f) **Liquidation, etc.** Any Member of the Obligated Group shall liquidate or dissolve its affairs, or dispose of or transfer all or substantially all of its assets other than as permitted by the Master Indenture; or

(g) **Default Under Other Agreements.** An event of default shall have occurred under the Master Indenture, under any Credit Facility Documents (with respect to which a Credit Facility Provider directs the acceleration of Bonds enhanced by a Credit Facility issued by such Credit Facility Provider), under any Liquidity Facility Documents (with respect to which a Liquidity Facility Provider directs the acceleration of Bonds enhanced by a Liquidity Facility issued by such Liquidity Facility Provider), or under any agreement or lease (after the expiration of any applicable grace periods) to which the Authority and any Member of the Obligated Group are parties; or

(h) **Indenture Event of Default.** An Event of Default (as defined in the Indenture) shall have occurred under the Indenture; or

(i) **Default With Respect to Other Indebtedness.** Any Member of the Obligated Group shall default in the payment of any other Indebtedness (other than the Note), whether such Indebtedness now exists or shall

hereafter be created, and any period of grace with respect thereto shall have expired, or an event of default as defined in any mortgage, indenture or instrument, under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, whether such Indebtedness now exists or shall hereafter be created, shall occur, which default in payment or event of default shall be in respect of any Indebtedness in an aggregate principal amount of at least two percent (2%) of the Obligated Group's Operating Revenues at the end of the most recent Fiscal Year, where the effect of such default is to accelerate the maturity of such Indebtedness or to permit the holders thereof (or a trustee on behalf of such holders) to cause such Indebtedness to become due prior to its stated maturity; provided, however that such default shall not constitute an Event of Default within the meaning of this Section if within the time allowed for service of a responsive pleading in any proceeding to enforce payment of such Indebtedness under the laws of Connecticut or other laws governing such proceeding (i) such Obligated Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, (ii) sufficient moneys are escrowed with a bank or trust corporation for the payment of such Indebtedness, and (iii) the Institution delivers an Officer's Certificate to the Authority and the Trustee certifying that such Obligated Group Member has complied with clauses (i) and (ii); or

(j) **Liens, etc.** Except as consented to by the Authority in writing, any lien, encumbrance or other charge (other than as permitted by the Master Indenture) is created, granted or suffered by the Institution against the Premises of the Institution, including statutory and other liens of mechanics, workers, contractors, subcontractors, suppliers, or taxing authorities; provided, however, that tax or other liens shall not constitute an Event of Default hereunder (a) if the Institution is contesting the imposition of such tax or lien in good faith and in accordance with law, and the Institution delivers an Officer's Certificate to the Authority and the Trustee so certifying; or (b) if the amounts secured by any such lien for taxes or special assessments, is not then delinquent; or

(k) **Delay or Discontinuance.** The acquisition, construction, improvement, equipping, renovation or repair of the Project is abandoned or discontinued or delayed for a length of time or in a manner which the Authority believes threatens the ability of the Obligated Group to repay the loan made hereunder or threatens the exclusion from gross income of the interest on the Bonds.

8.2. Remedies.

(a) Upon the occurrence and continuance of any Event of Default hereunder and further upon the condition that, in accordance with the terms of the Indenture, the Bonds shall have been declared to be immediately due and payable pursuant to any provision of the Indenture, the loan payments required by subsections (a), (b) and (c) of Section 2.2 hereof and, but subject to the provisions of the Master Indenture, the payments required by the Note, shall, without further action, become and be immediately due and payable. Prior to the declaration of the acceleration of the Bonds, any declaration of an Event of Default hereunder may be rescinded by the Authority and the Trustee upon a full curing of such Event of Default.

(b) Upon the occurrence and continuance of any Event of Default hereunder, the Authority may, and shall at the direction of a Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Trustee shall at the direction of the Authority, subject to the terms of the Indenture, take any action at law or in equity to collect any payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Obligated Group hereunder or to protect the interests securing the same, and the Authority may, and shall at the direction of a Credit Facility Provider but only with respect to the Bonds enhanced by a Credit Facility issued by such Credit Facility Provider, and the Trustee shall at the direction of the Authority, without limiting the generality of the foregoing, exercise any or all rights and remedies given hereby or available hereunder and may take any action at law or in equity to collect any payments then due or thereafter to become due, or to enforce performance of any obligation, agreement or covenant of the Obligated Group hereunder or under the Note.

(c) Any amounts collected from the Obligated Group pursuant to this Section 8.2 shall be applied in accordance with the Indenture.

(d) The Authority and the Institution agree that, upon the occurrence of an Event of Default, while the Authority does not have the right of foreclosure, the Authority may pursue any such remedies as are available to it hereunder and under Connecticut law.

(e) Upon the occurrence and continuance of any Event of Default hereunder, any and all amounts due hereunder may be declared by the Authority to be immediately due and payable whether or not the Bonds shall have been declared to be due and payable; provided that if the Bonds have been declared to be due and payable in accordance with the terms of the Indenture, the amounts due hereunder under subsections (a), (b) and (c) of Section 2.2 hereof shall, as provided in Section 8.2(a) above, without further action, become and be immediately due and payable.

8.3. Remedies Not Exclusive. All rights and remedies herein given or granted to the Authority are cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or be given by reason of any law, statute, ordinance or otherwise.

10. MISCELLANEOUS

10.2. Amendment. The Authority hereby reserves the right, together with the Institution, with the consent of the Trustee (given at the direction of the Authority, but the Trustee need not consent if the Trustee's duties, obligations or liabilities are affected thereby) and the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any) and to the extent permitted by Section 6.5 of the Indenture: (i) to amend or modify the terms of this Loan Agreement, and the Note in any respect consistent with the Act, (ii) to extend the term of the Loan Agreement or the Note or the time for making any payment hereunder or thereunder, or (iii) to continue to make construction advances after the initial completion date for the Project; provided, however, the Authority shall have the unilateral right to amend or modify any provision of Section 4.1 hereof. The Institution covenants and agrees to send a copy of each amendment or modification of this Loan Agreement and the Note to the Trustee, the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any). Nothing in this Section 10.2 shall be construed to require the consent of the Trustee for any amendment, waiver, consent or action by the Authority that is expressly permitted by this Loan Agreement to be at the sole discretion of the Authority.

10.4. Term of Loan Agreement. This Loan Agreement shall remain in full force and effect from the effective date of this Loan Agreement, which shall be the date of delivery of the Bonds authorized under the Indenture, until the date on which the principal of and redemption premium, if any, and interest on the Bonds and any other costs of the Authority, the Credit Facility Provider (if any), the Liquidity Facility Provider (if any) and the Trustee with respect to the Bonds shall have been fully paid or provision for the payment thereof shall have been made as provided by the Indenture, at which time the Authority shall release and cancel this Loan Agreement and the Note. The foregoing shall not affect the validity and continuing effectiveness of any of the provisions hereof which by their terms survive the expiration of this Loan Agreement.

10.8. Waivers and Consents by Authority. The Authority reserves the right to give its consent or waiver of any provision of this Loan Agreement, without the consent of the Bondowners, but with the consent of a Credit Facility Provider if such Credit Facility Provider is not in default of its obligations under a Credit Facility, and with the consent of a Liquidity Facility Provider if such Liquidity Facility Provider is not in default of its obligators under a Liquidity Facility, provided such consent or waiver does not cause the Authority to violate any of its covenants or agreements under the Indenture, and provided further that the Authority shall not waive any provision of Section 9.3 of this Loan Agreement without the prior written consent of the Trustee. Any waiver, consent, notice or request authorized to be given by the provisions of this Loan Agreement may only be given by an Authorized Officer of the Authority in writing.

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL

May 17, 2023

State of Connecticut Health and
Educational Facilities Authority
10 Columbus Boulevard
Hartford, Connecticut 06106

Re: State of Connecticut Health and Educational Facilities Authority
Revenue Bonds, Connecticut Children's Medical Center Issue, Series E

We have acted as bond counsel in connection with the issuance of $112,385,000 Revenue Bonds, Connecticut Children's Medical Center Issue, Series E (the "Bonds") of the State of Connecticut Health and Educational Facilities Authority (the "Authority"), a body politic and corporate constituting a public instrumentality of the State of Connecticut. Any defined terms used herein but not defined herein shall have the meanings set forth in the Trust Indenture (as hereinafter defined).

The Bonds are issued under and pursuant to the State of Connecticut Health and Educational Facilities Authority Act, being Chapter 187 of the General Statutes of Connecticut, Sections 10a-176 et seq., as amended (the "Act"), and under and pursuant to a bond resolution of the Authority adopted on April 19, 2023 and a Trust Indenture, dated as of May 1, 2023 (the "Trust Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the "Bond Trustee").

We have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the Authority and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents.

We have examined the Loan Agreement, dated as of May 1, 2023 (the "Loan Agreement"), by and between the Authority and Connecticut Children's Medical Center (the "Institution"). The Institution has agreed in the Loan Agreement, among other things, to make payments to the Authority in the amounts and at the times stated therein which will be applied to pay the principal of, redemption premium, if any, and interest on the Bonds when due. We have also examined an executed copy of the Master Trust Indenture, dated as of May 1, 2023 (the "Master Trust Indenture"), by and among the Institution, Connecticut Children's Foundation, Inc. and Connecticut Children's Specialty Group, Inc. (collectively, the "Obligated Group," and individually, "Members of the Obligated Group") and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), as amended and supplemented from time to time, including, but not limited to, by First Supplemental Master Trust Indenture, dated as of May 1, 2023 (the "First Supplemental Master Indenture"), by and between the Institution, on behalf of itself and as Credit Group Representative (as that term is defined in the Master Trust Indenture) and the Master Trustee (the Master Trust Indenture and the First Supplemental Master Indenture shall be collectively referred to as the

"Master Indenture"), and the $112,385,000 Connecticut Children's Medical Center Obligated Group Master Indenture Obligation No. 1, dated May 17, 2023 (the "Note"), which the Obligated Group has issued to the Authority pursuant to the Master Indenture, and which the Authority has assigned to the Bond Trustee pursuant to the Trust Indenture, to secure the Obligated Group's payment obligations under the Loan Agreement.

We also have examined the opinions of Carmody Torrance Sandak & Hennessey LLP as to certain matters concerning the Authority, of Hinckley, Allen & Snyder LLP as to certain matters concerning the Obligated Group, of Orrick, Herrington & Sutcliffe, LLP as to certain matters concerning the Underwriters, and of Paparone Law PLLC as to certain matters concerning the Bond Trustee and the Master Trustee

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the certified proceedings of the Authority, the Trust Indenture, the Loan Agreement and the Tax Regulatory Agreement (as hereinafter defined), the record of proceedings and other certifications received from the Authority, the Members of the Obligated Group, the Bond Trustee and the Master Trustee without undertaking to verify the same by independent investigation. In rendering this opinion, we have assumed the power to enter into and perform, and the due authorization, execution and delivery of, by all parties other than the Authority, the agreements to which the Authority is a party.

We are of the opinion that:

1. The Authority is duly created and validly existing under the provisions of the Act and has good right and lawful authority to issue the Bonds and loan the proceeds of the Bonds to the Obligated Group and to receive and pledge the repayments of such loan and other amounts therefrom, in accordance with the terms of the Loan Agreement and as provided in the Trust Indenture.

2. The Authority has the right and power pursuant to the Act to enter into the Loan Agreement and the Trust Indenture. The Loan Agreement and the Trust Indenture have each been duly authorized, executed and delivered, are in full force and effect, and constitute valid and binding agreements of the Authority enforceable in accordance with their terms, except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or application of principles of equity.

3. The Bonds have been duly authorized and issued by the Authority in accordance with law and the terms of the Trust Indenture and are valid and binding special obligations of the Authority payable solely out of the revenues and other receipts, funds or moneys of the Authority pledged therefor pursuant to the Trust Indenture, and from any amounts otherwise available under the Trust Indenture for the payment thereof. The Bonds are enforceable in accordance with their terms and the terms of the Trust Indenture and are entitled to the benefit of the Act and the Trust Indenture, except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or application of principles of equity.

4. The Trust Indenture creates the valid pledge and assignment which it purports to create of all of the Authority's right, title and interest in the Revenues under and pursuant to the Loan Agreement and the Note (except the rights specifically reserved thereunder) and all moneys and securities held by the Bond Trustee under the Trust Indenture (except for moneys and securities held in the Rebate Fund created thereunder), subject only to the provisions of the Trust Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth therein.

5. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for federal

income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the Obligated Group and others in connection with the Bonds, and we have assumed compliance by the Authority and the Obligated Group with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of Bond proceeds, restrictions on the investment of Bond proceeds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the Authority and the Obligated Group will execute a Tax Regulatory Agreement (the "Tax Regulatory Agreement") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Regulatory Agreement, the Authority and the Obligated Group covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 5 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the Bonds, and (ii) compliance by the Obligated Group with the procedures and covenants set forth in the Tax Regulatory Agreement as to such tax matters.

6. Under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the Bonds.

In rendering our opinion, we have relied on the opinion of Hinckley, Allen & Snyder, LLP, counsel to the Obligated Group, regarding, among other matters, the current qualification of each Member of the Obligated Group as organizations described in Section 501(c)(3) of the Code. We note that the opinion of counsel to the Obligated Group is subject to a number of qualifications and limitations. Failure of a Member

of the Obligated Group to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of such Member's status as an organization described in Section 501(c)(3) 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.

Very truly yours,

PULLMAN & COMLEY, LLC

APPENDIX H

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is dated as of May 1, 2023 and is executed and delivered by Connecticut Children's Medical Center (the "Corporation"), on behalf of itself and as authorized representative (the "Credit Group Representative") for Connecticut Children's Foundation, Inc. and Connecticut Children's Specialty Group, Inc. (collectively, the "Obligated Group," and individually "Members of the Obligated Group") and Digital Assurance Certification, L.L.C. (the "Dissemination Agent") in connection with the issuance of $112,385,000 State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Connecticut Children's Medical Center Issue, Series E (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of May 1, 2023 (the "Indenture"), between the State of Connecticut Health and Educational Facilities Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Trustee"). The proceeds of the Bonds are being loaned by the Authority to the Corporation pursuant to a Loan Agreement, dated as of May 1, 2023, between the Authority and the Corporation (the "Loan Agreement"). Pursuant to a Master Trust Indenture, dated as of May 1, 2023, as supplemented (the "Master Trust Indenture"), by and among the Obligated Group and The Bank of New York Mellon Trust Company, N.A., as master trustee, the Obligated Group has executed and delivered the First Supplemental Master Trust Indenture, dated as of May 1, 2023 in connection with the issuance of the Bonds. For valuable consideration, the receipt of which is acknowledged, the Dissemination Agent and the Credit Group Representative covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Credit Group Representative and the Dissemination Agent for the benefit of the Bondholders (defined below) and the beneficial owners of the Bonds, and in order to assist the Participating Underwriter (defined below) in complying with the Rule (defined below). The Credit Group Representative and the Dissemination Agent acknowledge that the Authority has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures.

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

"Annual Report" shall mean any Annual Report provided by the Obligated Group pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Bondholder" or the term "Holder", when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Bond and any beneficial owner thereof.

"Disclosure Representative" shall mean the Chief Financial Officer of the Credit Group Representative or his or her designee, or such other person as the Credit Group Representative shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean the initial Dissemination Agent hereunder, which is Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the Credit Group Representative and acceptable to the Authority and which has filed with the existing Dissemination Agent a written acceptance of such designation.

"EMMA" shall mean the MSRB's Electronic Municipal Markets Access System, the current internet web address of which is www.emma.msrb.org, or its successors as designated by the MSRB.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement.

"Participating Underwriter" shall mean any or all of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Quarterly Report" shall mean any Quarterly Report provided by the Obligated Group pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports and Quarterly Reports.

a) The Credit Group Representative, commencing with the Fiscal Year ending September 30, 2023, shall, or shall cause the Dissemination Agent to, not later than 150 days after the end of the Obligated Group's fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Five (5) Business Days prior to any such filing date, such Annual Report shall be provided by the Credit Group Representative to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB and certifying the report provided constitutes the Annual Report required to be provided hereunder, or (ii) a certificate stating that the Obligated Group has provided the Annual Report to the MSRB and the date on which such Annual Report was provided. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements may be submitted separately from the balance of the Annual Report; and provided further that audited financial statements shall be submitted as soon as practicable after the audited financial statements become available. The Credit Group Representative shall promptly notify the Dissemination Agent of any change in the Obligated Group's fiscal year and cause such notice to be filed with the MSRB.

b) If by 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Credit Group Representative to request a report regarding compliance with the provisions governing the Annual Report.

c) If the Dissemination Agent has not received either (i) the Annual Report accompanied by a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB

and certifying the report provided constitutes the Annual Report required to be provided hereunder, or (ii) a certificate stating that the Obligated Group has provided the Annual Report to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a reminder notice to the Credit Group Representative and the Authority and shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

d) The Dissemination Agent shall file a report with the Credit Group Representative, the Authority and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Obligated Group has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Disclosure Agreement and stating the date it was provided (if such report was provided).

e) The Credit Group Representative shall, or shall cause the Dissemination Agent to, not later than 60 days after the end of each of the Obligated Group's first three fiscal quarters, commencing with the fiscal quarter ending June 30, 2023, provide to the MSRB a Quarterly Report. On or prior to said filing date (except that in the event the Credit Group Representative elects to have the Dissemination Agent file such Quarterly Report, five (5) Business Days prior to such date) such Quarterly Report shall be provided by the Obligated Group to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Quarterly Report with the MSRB and certifying the report provided constitutes the Quarterly Report required to be provided hereunder, or (ii) a certificate stating that the Obligated Group has provided the Quarterly Report to the MSRB and the date on which such Quarterly Report was provided. In each case, the Quarterly Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement. The Obligated Group shall not be required to provide a Quarterly Report for the fourth fiscal quarter of any fiscal year.

SECTION 4. Content of Annual Reports and Quarterly Reports. The Annual Report shall contain or incorporate by reference the following:

a) audited financial statements (including footnotes) of CCMC Corporation and Subsidiaries with consolidating exhibits showing each Obligated Group Member, which financial statements may be individual, combined or consolidated, prepared in accordance with generally accepted accounting/auditing principles as in effect from time to time, consistently applied unless otherwise explained in footnotes to the financial statements provided, consisting of:

(i) consolidated balance sheet (with comparative totals for the immediately preceding fiscal year) and an unaudited consolidating balance sheet of CCMC Corporation and Subsidiaries as of the close of the most recent fiscal year;

(ii) consolidated statement of operations and changes in net assets (with comparative totals for the immediately preceding fiscal year) and an unaudited consolidating statement of operations of CCMC Corporation and Subsidiaries for the most recent fiscal year; and

(iii) consolidated statement of cash flows (with comparative totals for the immediately preceding fiscal year) of CCMC Corporation and Subsidiaries for the most recent fiscal year; and

b) To the extent not included in the audited financial statements of CCMC Corporation and Subsidiaries (including footnotes), the Annual Report shall also contain operating data of the Obligated Group for such preceding fiscal year, substantially similar in type and scope contained in each of the following tables set forth in Appendix A of the Official Statement:

(i) the table set forth under the caption "OPERATIONS-Historical Utilization;"

(ii) the table entitled, "Sources of Gross Patient Service Revenue" under the caption "OPERATIONS—Sources of Revenue;"

(iii) the table entitled "Obligated Group Pro Forma Maximum Debt Service Coverage" set forth under the caption "FINANCIAL INFORMATION – Debt Service Coverage-Obligated Group"; provided, however, beginning in Fiscal Year ending September 30, 2023, the Obligated Group shall calculate the Debt Service Coverage Ratio based upon actual Annual Debt Service Coverage as set forth in the Master Trust Indenture;

(iv) the table entitled "Obligated Group Cash on Hand" set forth under the caption "FINANCIAL INFORMATION – Liquidity-Obligated Group" and

(v) the table entitled "Obligated Group Debt and Capitalization" set forth under the caption "FINANCIAL INFORMATION – Capitalization – Obligated Group.

together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the Obligated Group and the financial and operating condition of the Obligated Group; provided, however, that the references above to specific section headings of Appendix A of the final Official Statement used in connection with the Bonds as a means of identification shall not prevent the Obligated Group from reorganizing such material in subsequent official statements and Annual Reports.

(c) The Quarterly Report shall contain quarterly unaudited financial statements of CCMC Corporation and Subsidiaries (including balance sheet and statement of revenues and expenses), with consolidating exhibits showing each Obligated Group Member, and quarterly operating data of the Obligated Group of the type described in Appendix A to the Official Statement under the headings "FINANCIAL INFORMATION – Liquidity-Obligated Group".

(d) The Credit Group Representative shall also provide to the MSRB any additional information required to be filed pursuant to the provisions of Section 3.13 of the Master Trust Indenture at the times and in the manners set forth in the Master Trust Indenture

(e) Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under (a) above, the original Official Statement for the Bonds, or other official statements of debt issues with respect to which any Member of the Obligated Group is an "obligated person" (as defined by the Rule), which have been (i) made available to the public on EMMA, or (ii) filed with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Credit Group Representative shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

a) The Credit Group Representative shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the following Listed Events relating to the Bonds to the MSRB

in a timely manner not later than ten (10) Business Days after the occurrence of any of such Listed Events:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determination with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to the rights of holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers (other than mandatory sinking fund redemptions)

(9) Bond defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of any Member of the Obligated Group;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the any Obligated Group Member in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of an Obligated Group Member, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of an Obligated Group Member.

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

(14) appointment of a successor or additional trustee or the change of the name of the trustee, if material;

(15) incurrence of a financial obligation by any Obligated Group Member, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of any Obligated Group Member, any of which reflect financial difficulties.

Note to clauses (15) and (16): For the purposes of the events identified in clauses (15) and (16), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence or possible occurrence of any of the Listed Events set forth in subsection (a) above, contact the Disclosure Representative and inform such person of the event. "Actual knowledge" for purposes of this subsection (b) shall mean actual knowledge of an officer of the Dissemination Agent.

(c) Whenever the Credit Group Representative obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (7), (8) (relating to Bond calls only), (10), (13), (14), (15) or (16) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Credit Group Representative shall as soon as possible determine if such event would constitute material information for Bondholders, and if such event is determined by the Credit Group Representative to be material, the Credit Group Representative shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the Credit Group Representative elects to have the Dissemination Agent file notice of any Listed Event, the Credit Group Representative will provide the notice to the Dissemination Agent within five (5) Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 6. Termination of Reporting Obligation.

a) The Obligated Group's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Corporation's obligations under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Obligated Group. The original Obligated Group shall have no further responsibility hereunder only to the extent that the Obligated Group Member ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

b) In addition, the Obligated Group's obligations under the provisions of this Disclosure Agreement shall terminate (in whole or in part, as the case may be) in the event that (1) the Obligated Group delivers to the Dissemination Agent, the Trustee, and the Authority an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Dissemination Agent, the Trustee and the Authority, to the effect that those portions of the Rule which

require the provisions of this Disclosure Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion (but such termination of the Obligated Group's obligations shall be effective only to the extent specifically addressed by such opinion), and (2) the Dissemination Agent delivers copies of such opinion to (i) the MSRB, (ii) the Authority, (iii) the Trustee (if other than the Dissemination Agent), and (iv) all Participating Underwriters. The Dissemination Agent shall so deliver such opinion promptly.

(c) The Dissemination Agent shall be fully discharged of its duties hereunder at the time of termination of this Disclosure Agreement.

SECTION 7. Dissemination Agent.

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

b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Authority, the Credit Group Representative and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the date a successor shall have been appointed by the Credit Group Representative or by a court upon the application of the Dissemination Agent.

c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the Credit Group Representative shall forthwith appoint a Dissemination Agent to act. The Credit Group Representative shall give or cause to be given written notice of any such appointment to the Owners (as such term is defined in the Loan Agreement), the Trustee (if the Trustee is not the Dissemination Agent), and the Authority.

d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Credit Group Representative and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Obligated Group or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any

amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Credit Group Representative shall have delivered an opinion of counsel, addressed to the Authority, the Credit Group Representative, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Credit Group Representative shall have delivered to the Authority, the Trustee and the Dissemination Agent an opinion of counsel unaffiliated with the Obligated Group (such as bond counsel) and acceptable to the Credit Group Representative, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Holders of the Bonds consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Holders of the Bonds pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the Credit Group Representative shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Group from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligated Group chooses to include any information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Obligated Group shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent the Dissemination Agent from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in relating to the Bonds.

SECTION 10. Default. In the event of a failure of the Obligated Group or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any of the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds who have provided security and indemnity deemed acceptable to the Trustee, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing fifteen (15) days written notice to the Credit Group Representative to give the Obligated Group opportunity to comply within such fifteen-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Obligated Group to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or under the Loan Agreement, and the sole remedy available to the Trustee, any beneficial owners of the Bonds or the Bondholders under this Disclosure Agreement in the event of any failure of the Obligated Group or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the Credit Group Representative in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the Credit Group Representative. The Obligated Group agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination

Agent's gross negligence or willful misconduct. The obligations of the Obligated Group under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

b) Unless otherwise provided by contract with the Dissemination Agent, the Obligated Group shall pay or cause to be paid to the Dissemination Agent after reasonable notice to the Credit Group Representative in light of the reimbursement sought to be received, reasonable reimbursement for its reasonable expenses, charges, counsel fees and expenses and other disbursements and those of its attorneys, agents, and employees, incurred in and about the performance of its powers and duties hereunder. The Obligated Group shall indemnify and save the Dissemination Agent harmless against any expenses and liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or default. None of the provisions contained in this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The obligations of the Obligated Group under this Section to compensate the Dissemination Agent, to pay or reimburse the Dissemination Agent for expenses, disbursements, charges and counsel fees and to indemnify and hold harmless the Dissemination Agent shall survive the termination of this Disclosure Agreement.

(c) In no event shall the Dissemination Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to, lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

(d) The Dissemination Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with and member of the Obligated Group apart from the relationship created by the Rule shall not be construed to mean that the Dissemination Agent has actual knowledge of any Listed Event or condition except as may be provided by written notice from the Credit Group Representative.

(e) Nothing in this Disclosure Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information made public. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the Credit Group Representative for response.

(f) The Dissemination Agent shall have no duty to review, and shall not be responsible in any manner for, the content of any notice or report prepared by the Obligated Group pursuant to this Disclosure Agreement.

(g) The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Obligated Group, any Bondholder or any other party.

(h) The Dissemination Agent shall have no responsibility for the Obligated Group's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Group has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the Credit Group Representative at all times.

(i) The Dissemination Agent has no power to enforce nonperformance hereunder by the Obligated Group.

(j) To the extent the Dissemination Agent is provided with information required to be disclosed under the terms of this Disclosure Agreement, the Dissemination Agent shall post such information to EMMA as soon as practicable after receipt. It being understood that any information received on a day other than a Business Day or after noon (central daylight time) on any Business Day is not required to be posted on the date of receipt.

SECTION 12. Transmission of Notices, Documents and Information. a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be filed on EMMA.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Obligated Group, the Trustee, the Dissemination Agent, the Participating Underwriters, parties who can establish beneficial ownership of the Bonds and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Loan Agreement or the Indenture.

SECTION 16. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State of Connecticut, and by applicable federal laws.

Dated as of May 1, 2023

OBLIGATED GROUP:

CONNECTICUT CHILDREN'S MEDICAL CENTER,
as authorized representative for the Obligated Group

By: _____
Name: _____
Title: _____

DISSEMINATION AGENT:

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

By: _____
Name: _____
Title: _____

AGREED AND ACCEPTED (solely
with respect to Section 10)

The Bank of New York Mellon Trust Company, N.A., as Trustee

By: _____
Name: _____
Title: _____

[Signature Page to Continuing Disclosure Agreement - CHEFA/CCMC ISSUE, 2023 Series E]

EXHIBIT A
To Continuing Disclosure Agreement

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Authority: State of Connecticut Health and Educational Facilities Authority (the "Authority").

Name of Bond Issue: $112,385,000 State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Connecticut Children's Medical Center Issue, Series E

Name of Obligated Group: Connecticut Children's Medical Center, Connecticut Children's Foundation, Inc. and Connecticut Children's Specialty Group, Inc.

Date of Issuance: May 17, 2023.

NOTICE IS HEREBY GIVEN that the Obligated Group has not yet provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement by and between Connecticut Children's Medical Center, as authorized representative of the Obligated Group (the "Credit Group Representative"), and Digital Assurance Certification, L.L.C. (the "Dissemination Agent") dated as of May 1, 2023. The Credit Group Representative has informed the Dissemination Agent that the Annual Report will be filed with the Dissemination Agent by _____.

Dated:_____

Digital Assurance Certification, L.L.C.,
as Dissemination Agent

By:_____
Name:_____
Title:_____

cc: Credit Group Representative
Authority

APPENDIX I

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Obligated Group and the Authority believe to be reliable, but the Obligated Group and the Authority take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the Obligated Group and to the Authority which the Obligated Group and the Authority believe to be reliable, but the Obligated Group, the Authority and the Underwriters do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, 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 will be issued for each annual maturity of each Series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC 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 a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 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 Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other 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 redemption, 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 registrar 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 within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor 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).

Redemption proceeds, distributions, and dividend 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 payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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 Bond Holder shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, 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 Trustee. 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 Trustee's DTC account.

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

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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