

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 9, 2024

**NEW ISSUE – BOOK-ENTRY ONLY**

**Rating: S&P: “A+” (stable outlook)**  
**See “RATING” herein.**

*In the opinion of McCarter & English LLP, Bond Counsel to the Borrower, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. However, interest on the Bonds is taken into account in determining “adjusted financial statement income” for purposes of computing the alternative minimum tax imposed on “applicable corporations.” Under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX EXEMPTION” herein.*

**\$43,760,000\***

**MASSACHUSETTS DEVELOPMENT FINANCE AGENCY**

**Revenue Bonds**

**Middlesex School Issue, Series 2024**



**Dated:** Date of Delivery

**Due:** As shown on the inside cover hereof

The Massachusetts Development Finance Agency (the “Issuer”) is issuing its Revenue Bonds, Middlesex School Issue, Series 2024 (the “Bonds”). The Bonds will be issued only as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in denominations of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., and shall not mean the Beneficial Owners (as hereinafter defined) of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein.

The Bank of New York Mellon Trust Company, N.A. will act as trustee for the Bonds (the “Trustee”). The Bonds will bear interest at the fixed rates and mature on the dates and in the principal amounts shown on the inside cover hereof. Interest on the Bonds will accrue from their date of delivery and will be payable semiannually on each January 1 and July 1, commencing January 1, 2025. So long as DTC or its nominee, Cede & Co. is the Bondowner, payments of principal and interest on the Bonds will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants, all as more fully described herein. **The Bonds are subject to optional, special optional and extraordinary redemption under certain circumstances prior to maturity as described herein.**

The Bonds shall be special obligations of the Issuer, payable solely from and secured by payments to be made to the Trustee for the account of the Issuer by Middlesex School (the “Borrower”) and from such other funds as may be available therefor under the Agreement (as defined below). The Bonds will be issued pursuant to a Loan and Trust Agreement dated as of August 1, 2024 (the “Agreement”) among the Issuer, the Borrower and the Trustee. The Issuer will loan the proceeds of the Bonds to the Borrower. This Official Statement references pertinent security provisions of the Bonds.

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER OR OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE AGREEMENT. THE ISSUER HAS NO TAXING POWER UNDER THE ACT.

This cover contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Bonds. Investors should read this entire Official Statement, including the appendices, to obtain information essential to the making of an informed decision.

The Bonds will be offered, when, as and if issued and accepted by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and opinions as to legality and certain other matters by McCarter & English LLP, Boston, Massachusetts, Bond Counsel to the Borrower. Certain legal matters will be passed upon for the Underwriter by its counsel, Locke Lord LLP, Boston, Massachusetts. The Bonds are expected to be available for delivery to DTC in New York, New York, or its custodial agent, on or about \_\_\_\_\_, 2024.

**STIFEL**

August \_\_, 2024

\* Preliminary, subject to change.

**\$43,760,000\***  
**MASSACHUSETTS DEVELOPMENT FINANCE AGENCY**  
**Revenue Bonds**  
**Middlesex School Issue, Series 2024**

**Maturities, Amounts, Rates, Prices/Yields and CUSIP<sup>†</sup> Numbers**

\$43,760,000\* Serial Bonds

<u>Due July 1*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP Number<sup>†</sup></u>
2034	\$25,945,000			
2054	17,815,000			

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\* Preliminary, subject to change.

<sup>†</sup> "CUSIP" is a copyright of American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the Bonds and none of the Issuer, the Borrower or the Underwriter makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesman or other person has been authorized by the Issuer, the Underwriter or the Borrower to give any information or to make any representations other than as contained in this Official Statement and the Appendices hereto in connection with the offering described herein, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than those identified on the cover page or an offer to sell or a solicitation of an offer to buy such securities in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The Issuer neither has nor assumes any responsibility as to the accuracy or completeness of the information contained in this Official Statement, other than that appearing under the captions "The Issuer" and "Litigation" (but only insofar as it relates to the Issuer).

Certain information contained in this Official Statement has been obtained from the Borrower, DTC and other sources that are believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information and nothing contained in this Official Statement is, or may be relied on as, a promise or representation by the Issuer or the Underwriter. The information herein relating to the Borrower and its affairs and condition has been provided by the Borrower, and neither the Issuer nor the Underwriter makes any representation with respect to or warrants the accuracy of such information. This Official Statement is submitted in connection with the sale of securities referred to herein and may not be used, in whole or in part, for any other purpose. The information and expression of opinions set forth herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

**The Bonds have not been registered under the Securities Act of 1933, as amended, and the Agreement has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. In addition, the Bonds have not been registered under any state securities laws.**

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT AFFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Issuer and the Borrower. These forward-looking statements speak only as of the date of this Official Statement. The Issuer and the Borrower disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's or the Borrower's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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## **OFFICIAL STATEMENT**

**Relating to**

**\$43,760,000\***

### **Massachusetts Development Finance Agency Revenue Bonds, Middlesex School Issue, Series 2024**

#### **INTRODUCTORY STATEMENT**

This Official Statement, including the cover, the inside cover and the Appendices hereto, sets forth certain information in connection with the issuance and sale of the \$43,760,000\* Massachusetts Development Finance Agency Revenue Bonds, Middlesex School Issue, Series 2024 (the “Bonds”) of the Massachusetts Development Finance Agency (the “Issuer”), a body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”). The Issuer is authorized under Chapter 23G and, to the extent incorporated therein, Chapter 40D of the Massachusetts General Laws (said Chapters, collectively and as amended, the “Act”), and pursuant to a resolution of the Issuer adopted on July 11, 2024 (the “Resolution”) to issue the Bonds. The Bonds will be issued under a Loan and Trust Agreement, dated as of August 1, 2024 (the “Agreement”) by and among the Issuer, Middlesex School (the “Borrower”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee” or “Paying Agent”). The information contained in this Official Statement is provided for use in connection with the initial sale of the Bonds.

Pursuant to the Agreement, the Issuer will loan the proceeds of the Bonds to the Borrower for the purpose of: (i) financing or reimbursing the construction and renovation of various campus projects; and (ii) paying the costs of issuance of the Bonds. See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Borrower will covenant to repay the loan of proceeds of the Bonds issued under the Agreement from the Issuer through payment to the Trustee of all amounts necessary to pay the principal or redemption price of and interest on the Bonds issued by the Issuer. The Borrower’s obligation to make payments under the Agreement is a general obligation of the Borrower to which the full faith and credit of the Borrower is pledged. See “SECURITY FOR THE BONDS.” The Issuer is obligated to pay the principal or redemption price of and interest on the Bonds solely from the revenues and funds pledged therefor as provided in the Agreement.

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER OR OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE AGREEMENT. THE ISSUER HAS NO TAXING POWER UNDER THE ACT.

The Bonds are subject to redemption prior to maturity, including optional redemption, special optional redemption and extraordinary redemption under certain circumstances. See “THE BONDS” herein.

The Borrower has other unsecured bank indebtedness outstanding under loan documents (the “Prior Indebtedness”) containing certain covenants that will not be included in the Agreement. The Bonds and the Prior Indebtedness are cross-defaulted. As of June 30, 2024, the outstanding principal amount of the long-term indebtedness of the Borrower totaled approximately \$17.5 million. For additional information regarding the outstanding indebtedness of the Borrower, see “DEBT SERVICE REQUIREMENTS,” APPENDIX A – “CERTAIN

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\* Preliminary, subject to change.

**INFORMATION REGARDING MIDDLESEX SCHOOL – Financial Matters – Existing Debt” and APPENDIX B – “FINANCIAL STATEMENTS OF THE BORROWER.”**

The summaries contained herein are not comprehensive or definitive. All references to the Agreement and the Bonds are qualified in their entirety by the definitive forms thereof. A summary of certain provisions of the Agreement is attached hereto as Appendix D. Copies of the Agreement in definitive form will be available for inspection at the principal corporate office of the Trustee.

Capitalized terms used in this Official Statement and not otherwise defined shall have the meanings specified in the Agreement. See APPENDIX C – “DEFINITIONS OF CERTAIN TERMS.”

**THE ISSUER**

The Issuer is authorized and empowered under the laws of Massachusetts, including the Act, to issue the Bonds for the purposes described herein and to enter into the Agreement and other agreements and instruments necessary to issue and secure the Bonds.

Except for the information contained herein under the captions “THE ISSUER” and “LITIGATION,” insofar as it relates to the Issuer, the Issuer has not provided any of the information contained in this Official Statement. The Issuer is not responsible for and does not certify as to the accuracy or sufficiency of the disclosures made herein or any other information provided by the Borrower, the Underwriter or any other person.

**THE BORROWER**

For certain information about the Borrower, see APPENDIX A hereto.

**SOURCES OF PAYMENT FOR THE BONDS**

The Bonds are special obligations of the Issuer payable solely from, and to the extent of, loan payments made by the Borrower pursuant to the Agreement and any other funds held under the Agreement for such purpose.

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Pursuant to the Agreement, the Borrower agrees to make loan payments sufficient to pay in full the principal or redemption price of and interest on the Bonds. The Borrower also will be obligated under the Agreement to pay certain fees and expenses (consisting generally of fees, charges and expenses of the Trustee and the Issuer) associated with the Bonds. Loan payment obligations are a general obligation of the Borrower to which the full faith and credit of the Borrower is pledged. See “SECURITY FOR THE BONDS.”

Under the Agreement, the Issuer assigns and pledges to the Trustee in trust upon the terms of the Agreement (a) all revenues to be received from the Borrower or derived from any security provided thereunder, (b) all rights to receive such revenues and the proceeds of such rights, (c) all funds and investments held from time to time in the funds established under the Agreement and (d) all of the Issuer’s right, title and interest in the Agreement, including enforcement rights and remedies but excluding certain rights of indemnification and to reimbursement of certain expenses as set forth therein. The assignment and pledge does not include the rights of the Issuer pursuant to provisions for consent, concurrence, approval or other action by the Issuer, notice to the Issuer or the filing of reports, certificates or other documents with the Issuer or the right of the Issuer to certain payments or reimbursements under the Agreement or the powers of the Issuer to enforce the provisions thereof.

## SECURITY FOR THE BONDS

The Borrower's obligation to make payments under the Agreement is a general obligation of the Borrower to which the full faith and credit of the Borrower is pledged. Although the Bonds are not secured by a mortgage lien or security interest in any real property of the Borrower, the Borrower covenants in the Agreement that for so long as the Prior Indebtedness is outstanding, the Borrower will not dispose of or create or allow to exist any lien on the core campus of the Borrower (defined more specifically in the Agreement as the "Negative Pledge Property"), except for certain limited purposes. See APPENDIX C – "DEFINITIONS OF CERTAIN TERMS" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT – Negative Pledge." The Prior Indebtedness is scheduled to mature on October 1, 2043 and is subject to prepayment at par at any time. The Agreement does not limit the Borrower's ability to incur additional indebtedness or to place liens on the Borrower's property, other than the real property constituting the Negative Pledge Property, to secure such indebtedness. The loan documents for the Prior Indebtedness, however, contain certain restrictions on the incurrence of additional debt by the Borrower, as well as certain financial and other covenants, including minimum liquidity and total investments requirements. Such covenants are solely for the benefit of the lender of the Prior Indebtedness, will be effective only as long as the Prior Indebtedness is outstanding, and will not be contained in the Agreement.

The Trustee may declare all of the Bonds due and payable by the Borrower upon the occurrence of an Event of Default under the Agreement. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT" under the heading "Remedies for Events of Default."

## THE BONDS

*Set forth below is a narrative description of certain provisions relating to the Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Agreement, copies of which are on file with the Trustee. See also "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT" for a more complete description of certain provisions of the Agreement and the Bonds.*

### General

The Bonds will be issued pursuant to the Agreement. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's Book-Entry Only System. See "THE DEPOSITORY TRUST COMPANY."

### Description of the Bonds

The Bonds will be dated their date of delivery, and will bear interest from such date (payable January 1, 2025 and on each July 1 and January 1 thereafter) at the fixed rates, and will mature at the times and in the aggregate principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Bonds will be payable by check or draft mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of such Bonds, by wire or bank transfer within the United States upon direction satisfactory to the Trustee prior to the record date. If the Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and redemption price of such Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of the Paying Agent.

## **Optional Redemption**

The Bonds maturing on July 1, 2054\* are redeemable prior to maturity beginning on July 1, 2034\*, at the option of the Borrower by the written notification and direction of the Borrower to the Issuer and the Trustee, as a whole or in part at any time (provided that, if less than all of the Bonds outstanding shall be called for redemption, the Bonds to be so redeemed shall be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee) at the redemption price of 100% of the principal amount plus accrued interest to the redemption date.

## **Special Optional Redemption\***

The Bonds are subject to special optional redemption on any date on or after September 1, 2026\*, from Campaign Receipts deposited into the Redemption Fund (provided that any such redemption must be in Authorized Denominations) at a Redemption Price of 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis, as calculated by an independent accounting firm, investment banking firm or financial advisor selected by the Borrower. Such special optional redemption shall be exercised upon the deposit by the Borrower of Campaign Receipts into the Redemption Fund at least thirty-five (35) days prior to the date fixed for redemption and upon notice to the Trustee.

## **Extraordinary Redemption\***

The Bonds are subject to extraordinary redemption, at the option of the Borrower, within one (1) year in the event of: (i) excess proceeds in the Project Fund at the Completion of the Project are transferred to the Redemption Fund; or (ii) damage to or destruction or taking of the Project that produces proceeds of insurance or condemnation awards, and in the case of a casualty or taking producing proceeds of insurance or eminent domain proceeds, only to the extent the proceeds exceed the lesser of ten percent (10%) of the fully insurable value of the Project prior to the time of such casualty or taking as determined by the Trustee (who may rely on the advice of a consultant in making such determination) or twenty percent (20%) of the Outstanding principal amount of the Bonds; except to the extent such moneys were previously used to purchase Bonds or transferred to the Debt Service Fund pursuant to the Agreement. The Bonds are subject to redemption thereby as a whole or in part at any time, in such order of maturity as directed by the Borrower (provided that, if less than all of the Bonds outstanding of any maturity shall be called for redemption, the Bonds to be so redeemed shall be selected by the Trustee by lot or in any customary manner of selection as determined by the Trustee), at their principal amounts plus accrued interest to the redemption date. If the amount available in the Redemption Fund to redeem Bonds at any time is less than \$50,000, the Trustee may, and upon written direction of the Borrower shall, transfer it to the Debt Service Fund for credit against deposits otherwise required to be made therein with respect to principal instead of calling Bonds for redemption.

## **Purchase in Lieu of Redemption**

The Borrower may purchase Bonds of any maturity and credit them against the principal payment for such maturity at the principal amount or applicable redemption price, as the case may be, by delivering them to the Trustee for cancellation at least sixty (60) days before the principal payment date.

## **Selection of Bonds to be Redeemed**

If less than all of the Outstanding Bonds of any maturity are to be called for redemption, the Bonds of that maturity (or portions thereof) to be redeemed will be selected by the Trustee by lot or in any customary manner as determined by the Trustee, provided that for so long as CEDE & CO., as nominee of DTC, is the REGISTERED OWNER, the particular Bonds or portions thereof to be redeemed within a maturity shall be selected by DTC, in such manner as DTC may determine.

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\* Preliminary, subject to change.



## **Notice of Redemption**

Notice of redemption of all or a portion of the Bonds will be mailed to the holders thereof no more than forty-five (45) nor less than twenty (20) days prior to the redemption date, which notice shall be conditioned on there being on deposit in the Redemption Fund on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed. Failure to mail notice to the owner of any other Bond or any defect in the notice to such an owner shall not affect the redemption of the redeemed Bonds.

## **Effect of Redemption**

Notice of redemption having been duly mailed, subject to the conditionality of such notice, the Bonds, or the portion thereof called for redemption, will become due and payable on the redemption date at the applicable redemption price and, moneys for the redemption having been deposited with the Paying Agent, from and after the date fixed for redemption interest on such Bonds will no longer accrue.

## **THE DEPOSITORY TRUST COMPANY**

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 certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, 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](http://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 certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other 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 the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the 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 the notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 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 Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT ARE BELIEVED TO BE RELIABLE, BUT NONE OF THE ISSUER, THE BORROWER, THE TRUSTEE NOR THE UNDERWRITER TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

NONE OF THE ISSUER, THE BORROWER, THE TRUSTEE OR THE UNDERWRITER SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANT, ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE BONDS UNDER OR THROUGH DTC OR ANY PARTICIPANT, OR ANY OTHER PERSON WHO IS NOT SHOWN IN THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING AN OWNER, WITH RESPECT TO: THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PRICE, IF ANY, OR INTEREST ON THE

BONDS; ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS UNDER THE AGREEMENT; THE SELECTION BY DTC OR ANY PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

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

### **DEBT SERVICE REQUIREMENTS**

The following table sets forth, for each year ending June 30, the amounts required to be made available by the Borrower in such year for payment of the principal of and interest on the Bonds, debt service on other outstanding long-term indebtedness of the Borrower and the total debt service in such year. See APPENDIX A – “CERTAIN INFORMATION REGARDING MIDDLESEX SCHOOL – Financial Matters – Existing Debt.”

<u>Year Ending June 30</u>	<u>Series 2024 Principal</u>	<u>Series 2024 Interest</u>	<u>Debt Service on Other Long-Term Indebtedness</u>	<u>Total Debt Service on Long-Term Indebtedness</u>
2025			\$ 461,319	
2026			461,319	
2027			461,319	
2028			462,583	
2029			461,319	
2030			461,319	
2031			461,319	
2032			462,583	
2033			461,319	
2034			461,319	
2035			461,319	
2036			462,583	
2037			461,319	
2038			461,319	
2039			461,319	
2040			462,583	
2041			461,319	
2042			461,319	
2043			461,319	
2044			17,845,042	
2045			--	
2046			--	
2047			--	
2048			--	
2049			--	
2050			--	
2051			--	
2052			--	
2053			--	
2054			--	
2055			--	
<b>Total</b>			<b>\$26,153,847</b>	

Totals may not add due to rounding.

## PLAN OF FINANCING

A portion of the proceeds of the Bonds will be used to fund all or a portion of the following projects on the Borrower's campus, subject to receipt of necessary approvals: (i) the demolition of an existing building on the site of the new field house and the construction of a new field house, which will house an athletic practice facility; (ii) resurfacing and restoration of two turf fields; (iii) envelope, structural and interior work on various campus buildings, including the Athletics Facility, Hallowell House (dormitory), Peabody House (dormitory), Kravis House (dormitory), and the Bass Arts Pavilion; (iv) structural work on the smokestack and envelope of the Rachel Carson Center; (v) envelope work and replacement of windows and doors in Bryant-Paine House (dormitory); (vi) construction of welcome stations and gates at entrances to the campus and security and lighting system installation and related construction costs; (vii) the restorative work/potential rebuild of the waste water treatment plant and the underground lines leading to the plant; and (viii) other deferred maintenance projects and other capital improvement projects located on the campus and utility system. See Appendix A – "CERTAIN INFORMATION REGARDING MIDDLESEX SCHOOL – Project" hereto for a further description of the project to be financed with proceeds of the Bonds. The remaining proceeds of the Bonds will be used to finance costs of issuance of the Bonds.

## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows, rounded to the nearest dollar:

### Sources of Funds:

Principal amount of Bonds	\$
[Net] Original Issue Premium/Discount	
<b>TOTAL SOURCES</b>	<b>\$</b>

### Uses of Funds:

Deposit to Project Fund	\$
Costs of Issuance*	
<b>TOTAL USES</b>	<b>\$</b>

\* Includes legal fees, Underwriter's discount, Issuer's fee and other costs associated with the issuance of the Bonds.

## CONTINUING DISCLOSURE

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

The Borrower has covenanted for the benefit of the Bondowners and beneficial owners in the Continuing Disclosure Agreement ("Continuing Disclosure Agreement") between the Borrower and Digital Assurance Certification, LLC, as disclosure agent (the "Dissemination Agent"), to provide or cause to be provided certain financial information and operating data relating to the Borrower no later than 180 days following the end of each of the Borrower's fiscal years (the "Annual Report"), and to provide or cause to be provided notices of the occurrence of certain enumerated events. The Annual Report will be filed on behalf of the Borrower by the Dissemination Agent with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. The events notices will be filed by the Borrower or by the Dissemination Agent on behalf of the Borrower with the MSRB through its EMMA system. The specific nature of the information to be included in the Annual Report or the event notices is summarized in APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission. Failure to comply with these covenants is not a default or an Event of Default under the Agreement.

## LITIGATION

There is no litigation pending against the Issuer or, to the knowledge of the officers of the Issuer, threatened against the Issuer seeking to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting the existence or powers of the Issuer relating to the issuance of the Bonds. There is no litigation now pending against the Borrower or, to the knowledge of its officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceeding of the Borrower concerning the issuance or sale thereof or the security provided for the payment of the Bonds.

## TAX EXEMPTION

In the opinion of McCarter & English, LLP, Bond Counsel to the Borrower (“Bond Counsel”), under existing law and assuming, among other matters, compliance with certain covenants, (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) (the “Federal Gross Income Exclusion”), (ii) interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax, and (iii) interest on the Bonds is taken into account in determining “adjusted financial statement income” for purposes of computing the alternative minimum tax imposed on “applicable corporations”. Other than as expressly stated herein, Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

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

Prospective Beneficial Owners should be aware that certain requirements and procedures contained or referred to in the Agreement or other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds (each said action taken (or not taken) or event occurring (or not occurring) constituting a “Post-Issuance Circumstance”, such as the enactment into law of federal tax legislation (a “Tax Law Legislative Enactment”). For example, and without limitation to the preceding discussion, it is possible that if one or more Post-Issuance Circumstances cause the Bonds to be deemed to be currently refunded for federal income tax purposes (a “Reissuance”), a Tax Law Legislative Enactment could cause interest on the Bonds to lose the Federal Gross Income Exclusion on and after the date of the Reissuance.

Interest paid on tax-exempt obligations such as the Bonds is now generally required to be reported by payors to the IRS and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to “backup withholding” if the owner of such Bond fails to provide the information required in IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified said owner as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds from gross income for federal tax purposes.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and that the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds. Prospective Beneficial Owners of the Bonds should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than

Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E – “FORM OF BOND COUNSEL OPINION” hereto.

[To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds, which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.]

[Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Beneficial Owner’s basis in Premium Bonds will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.]

Any federal, state or local legislation, administrative pronouncement or court decision (any such legislation, administrative pronouncement or court decision constituting a “Governmental Action”) may affect (i) the tax status (whether or not discussed herein or addressed in the opinion of Bond Counsel) of the Bonds (including without limitation any exemption under applicable federal, state or local law from otherwise applicable taxes with respect to the (a) interest on the Bonds, (b) gain from the sale or other disposition of the Bonds, or (c) value of the Bonds), or (ii) the market price or marketability of the Bonds. The impact of any Governmental Action, including without limitation a Tax Law Legislative Enactment, cannot be predicted. Beneficial Owners of the Bonds are encouraged to consult their personal or institutional tax and financial advisors with respect to the tax and financial aspects of ownership of the Bonds.

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

## **BONDOWNERS’ RISKS**

### **General**

Purchase of the Bonds involves certain investment risks. In order to identify risk factors and make an informed investment decision, potential purchasers should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment. Certain of the risks associated with the purchase of the Bonds are described below. The following list, while not setting forth all the factors that must be considered, contains some of the factors that should be considered prior to purchasing the Bonds. This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.

## **Limited Obligations**

The Bonds and the interest thereon are limited obligations of the Issuer payable solely from the revenues and other amounts pledged therefor pursuant to the Agreement. The Bonds are not an indebtedness of the Issuer, The Commonwealth of Massachusetts or any political subdivision thereof. None of the Issuer, The Commonwealth of Massachusetts, any political subdivision thereof, the directors, officers, employees and agents of the Issuer or any person executing the Bonds shall be liable on the Bonds, nor shall the Bonds be payable out of any funds or properties other than as set forth in the Agreement. The Bonds shall not constitute indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. The Issuer has no taxing power under the Act.

## **Payment of Debt Service**

The Bonds are limited obligations of the Issuer and are payable by the Issuer solely from payments to be made by the Borrower pursuant to the Agreement and from certain funds held by the Trustee under the Agreement. No representation or assurance can be given that the Borrower will realize revenues in amounts sufficient to make such payments under the Agreement. The realization of future revenues is dependent upon, among other things, the demand for the Borrower's educational services, the ability of the Borrower to provide the required educational services, management capabilities, economic trends and events, the Borrower's ability to control expenses, competition, costs, legislation, governmental regulation and developments affecting the federal or state tax-exempt status of non-profit organizations and future changes in other conditions that are unpredictable. Unanticipated events and circumstances may occur which cause variations from the Borrower's expectations. The risk factors discussed below should be considered in evaluating the ability of the Borrower to make such payments in a timely manner.

## **Financial Status of the Borrower**

Certain information with respect to the Borrower is included as Appendix A. The financial success of the Borrower may affect the risk of an acceleration of the Bonds prior to maturity.

## **Bonds Not Secured by Real Property or Other Lien**

Although the Agreement limits the Borrower's ability to create liens on the Negative Pledge Property, except under limited circumstances, the Bonds are not secured by a mortgage lien or security interest in any real property or other property of the Borrower or any other party. See "SECURITY FOR THE BONDS" and APPENDIX C – "DEFINITIONS OF CERTAIN TERMS" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT – Negative Pledge."

## **Enforceability of Remedies**

The remedies available to the Trustee, the Issuer and the Bondowners upon an Event of Default under the Agreement 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 Title 11 of the United States Code (the Federal Bankruptcy Code), a particular remedy specified by the Agreement 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.

## **No Redemption Upon Loss of Tax Exemption of Bonds**

As described under "TAX EXEMPTION" herein, non-compliance with certain requirements of the Code could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds are not required to be redeemed and are not subject to mandatory acceleration, and the interest rates on the Bonds will not be changed, in the event interest thereon is determined to be includable in gross income for federal income tax purposes. No provision has been made to compensate owners of the

Bonds for federal income taxes, interest and or penalties that may be assessed in connection with any such tax liability or such determination or for any other loss or any diminution of gain that may occur.

### **Early Redemption**

Pursuant to the terms of the Agreement, certain of the Bonds are subject to redemption prior to maturity at the option of the Borrower and the Bonds are subject to acceleration upon the occurrence of an Event of Default under the Agreement. See “THE BONDS” and “SECURITY FOR THE BONDS” herein.

### **Enforceability of Remedies**

The realization of any rights upon a default by the Borrower will depend upon the exercise of various remedies specified in the Agreement. Certain remedies may require judicial action which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Agreement may not be readily available or may be limited. For example, a court may decide not to order the specific performance of the covenants contained in the Agreement. Accordingly, the Issuer’s or the Trustee’s ability to exercise its remedies under the Agreement upon a default by the Borrower could be impaired by the need for judicial approval.

The enforceability of the obligations of the Borrower under the Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or by equitable principles affecting the enforcement of creditors’ rights generally.

### **Secondary Market for the Bonds**

There can be no guarantee there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

The financial condition of the Borrower as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Borrower’s control. There can be no assurance that an adverse event will not occur which might affect the market price of and the market for the Bonds. If a significant event should occur in the affairs of the Borrower, the market for and the market value of the Bonds could be adversely affected.

### **Risk of Audit by Internal Revenue Service**

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the IRS will commence an audit of the Bonds or the outcome of any such audit.

### **Cybersecurity Risks**

Despite the implementation of network security measures by the Borrower, its information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. Such events or issues could lead to the inadvertent disclosure of protected student information, as applicable, or other confidential information or could have an adverse effect on the ability of the Borrower to provide its services.

### **Factors Generally Affecting Educational Institutions**

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



1. Reduced demand for private school education or other services arising from change in demographics, or from adverse or declining economic conditions in the areas from which the Borrower draws a significant portion of its enrollment.

2. Cost increases without corresponding increases in revenues could result from, among other factors, increases in the salaries, wages, and fringe benefits of education employees and inflation.

3. Future legislation and regulations affecting private schools, their tax-exempt status, and educational institutions and nonprofit organizations in general.

4. Competition from private schools located elsewhere in Massachusetts, some of which may enjoy public subsidies permitting lower tuition and fees than those which the Borrower is required to charge, and from alternative or substitute educational programs, that may decrease enrollment of the Borrower and may constrain the ability of the Borrower to increase tuition and other fees, thereby constraining growth.

5. The Internal Revenue Code of 1986, as amended, places certain limitations on the ability of educational institutions to finance certain projects, invest bond proceeds and advance refund prior tax-exempt bond issues. These limitations may increase the interest costs and restrict the use of tax-exempt bonds for future borrowing by the Borrower.

### **Miscellaneous**

The Borrower may be impacted by the cost and the limited availability and sufficiency of insurance for risks such as property damage and general liability.

The occurrence of natural disasters may damage the facilities of the Borrower, interrupt utility service to the facilities, or otherwise impair the operations of the Borrower. The facilities of the Borrower are covered by general property insurance in an amount which the Borrower considers to be sufficient to provide for the replacement of such facilities in the event of a natural disaster.

### **RATING**

The Bonds have been rated “A+” with a stable outlook by S&P Global Ratings.

Such rating reflects only the views of such organization, and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect upon the market price of the Bonds.

### **LEGALITY OF BONDS FOR INVESTMENT AND DEPOSIT**

The Act provides that the Bonds are legal investments in which all public officers and public bodies of The Commonwealth of Massachusetts, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations, all banks, banking associations, trust companies, savings banks and savings associations, including cooperative banks, building and loan associations, investment companies and other fiduciaries may properly and legally invest funds in their control or belonging to them. The Act also provides that the Bonds are securities which may properly and legally be deposited with and received by all public officers and bodies of The Commonwealth of Massachusetts or any agency or political subdivision thereof and all municipalities and public corporations for any purposes for which the deposit of bonds or other obligations of The Commonwealth of Massachusetts is now or may hereafter be authorized by law.

## **COMMONWEALTH NOT LIABLE ON THE BONDS**

The Bonds are not a general obligation of the Issuer and shall not be deemed to constitute a debt or liability of the Commonwealth or any political subdivision thereof, or a pledge of the faith and credit of the Issuer or the Commonwealth or any such political subdivision, but shall be payable solely from and to the extent of the payments made by the Borrower pursuant to the Agreement and any other funds held under the Agreement for such purpose. Neither the faith and credit of the Issuer or the Commonwealth nor the taxing power of the Commonwealth or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The Act does not in any way create a so-called moral obligation of the Commonwealth or of any political subdivision thereof to pay debt service on the Bonds in the event of default by the Borrower. The Issuer has no taxing power under the Act.

## **UNDERWRITING**

The Bonds will be purchased for reoffering by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), pursuant to the terms of a purchase contract by and among the Issuer, the Borrower and the Underwriter. The Underwriter will agree, subject to the conditions set forth in the purchase contract, to purchase the Bonds at a purchase price equal to \$\_\_\_\_\_ (representing the principal amount of the Bonds, plus [net] original issue premium/discount of \$\_\_\_\_\_, less an underwriter's discount of \$\_\_\_\_\_). The Underwriter will agree to reoffer the Bonds at the initial reoffering prices or yields set forth on the inside cover page hereof. The purchase contract will provide that the Underwriter will purchase all of the Bonds if any are purchased, and that the Borrower will indemnify the Underwriter and the Borrower and certain other parties against losses, claims, damages and liabilities arising out of any incorrect statements of information, including the omission of material facts, contained in this Official Statement pertaining to the Borrower and other specified matters. The public offering prices or yields set forth on the inside cover page of this Official Statement may be changed after the initial offering by the Underwriter without any requirement of prior notice.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and certain of its affiliates have provided, and may in the future provide, a variety of these services to the Borrower, and to persons and entities with relationships with the Borrower, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter, its affiliates, and their respective officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Borrower. The Underwriter and its 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 Issuer are subject to approval of McCarter & English LLP, Boston, Massachusetts, Bond Counsel to the Borrower, whose opinion approving the legality and tax-exempt status of the Bonds will be delivered with such Bonds. A copy of the proposed form of opinion is attached hereto as Appendix E. Certain legal matters will be passed upon for the Borrower by its special counsel, McCarter & English LLP, Boston, Massachusetts, and for the Underwriter by its counsel, Locke Lord LLP, Boston, Massachusetts.

## MISCELLANEOUS

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

Information relating to DTC and the book-entry only system described herein under the heading “THE DEPOSITORY TRUST COMPANY – Book-Entry Only System” has been furnished by DTC and is believed to be reliable, but none of the Issuer, the Borrower or the Underwriter makes any representations or warranties whatsoever with respect to any such information.

APPENDIX A – “CERTAIN INFORMATION REGARDING MIDDLESEX SCHOOL” contains certain information relating to the Borrower.

APPENDIX B – “FINANCIAL STATEMENTS OF THE BORROWER” to this Official Statement contains the audited financial statements of the Borrower together with the report of its independent accountants, RSM US LLP. RSM US LLP has not been engaged to perform and has not performed, since the date of its report included in Appendix B, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to the Official Statement.

APPENDIX C – “DEFINITIONS OF CERTAIN TERMS” and APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT” have been prepared by McCarter & English LLP, Bond Counsel to the Borrower. The proposed form of legal opinion contained in APPENDIX E has been prepared by McCarter & English LLP, Bond Counsel to the Borrower.

APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT” has been prepared by Locke Lord LLP, counsel to the Underwriter.

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

The Borrower has reviewed the portions of this Official Statement as it relates to the Borrower and the plan of financing under the headings “INTRODUCTORY STATEMENT,” “THE BORROWER,” “SOURCES OF PAYMENT FOR THE BONDS,” “DEBT SERVICE REQUIREMENTS,” “ESTIMATED SOURCES AND USES OF FUNDS,” “PLAN OF FINANCING,” “CONTINUING DISCLOSURE,” “LITIGATION,” “BONDOWNERS’ RISKS,” “RATING,” “MISCELLANEOUS” (with respect to the Borrower’s financial statements) and APPENDIX B, and has furnished APPENDIX A to this Official Statement, and has approved all such information for use with this Official Statement. At the closing, the Borrower will certify that such portions of this Official Statement, except for any projections and opinions contained in such portions, do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

The Issuer has consented to the use of this Official Statement. The Issuer is responsible only for the statements contained under the caption “THE ISSUER” and the information pertaining to the Issuer under the caption “LITIGATION”, and the Issuer makes no representation as to the accuracy, completeness or sufficiency of any other information contained herein. Except as otherwise stated herein, neither the Issuer nor the Underwriter makes any representations or warranties whatsoever with respect to the information contained herein.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyper link solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of SEC Rule 15c2-12.

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**APPENDIX A**

**CERTAIN INFORMATION REGARDING MIDDLESEX SCHOOL**

**MIDDLESEX SCHOOL**  
**APPENDIX A**  
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## INTRODUCTION

Middlesex School (“Middlesex” or the “School”) is an independent, co-educational day and boarding school for students in grades 9-12. Founded in 1901, Middlesex is located on a 350-acre campus in Concord, Massachusetts, 20 miles outside of Boston. The School is organized as a non-profit corporation and is an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The School’s Board of Trustees, administration and faculty believe that the following characteristics distinguish the School:

Market Position and Quality of Academic Program. The School’s challenging college-preparatory curriculum, diverse campus community and attention to the student’s individual growth and development combine to form a high-quality educational experience for each of the School’s students. The strength of the School’s program is evident in its stable enrollment, strong admission data, success of students beyond graduation and highly successful alumni fundraising efforts.

During the 2023-24 academic year, the School had 418 students enrolled and anticipates enrollment of 426 students (142 day and 284 boarding) for the upcoming academic year. Over the upcoming and past four years, Middlesex has averaged 416 students. Demand for the School is strong with an 18% five year acceptance rate and 50% five year matriculation rate. The School has a diverse student base. Students attend Middlesex from approximately 30 different states with the top states represented by boarding students being Massachusetts, New York, California, Connecticut and Rhode Island. 12% of the student population is international, which represents 22 countries. Middlesex students matriculate to top colleges and universities with the top five over the last five years being University of Chicago, Boston College, Harvard, Trinity College and Georgetown University.

The Project and Fundraising. The Bonds will (a) partially fund construction of the School’s Field House project, (b) fund deferred maintenance projects on the School’s campus and utility system (collectively “a” and “b” comprise the “Project”), and (c) finance costs of issuance of the Bonds. See “PROJECT” herein. The chart below shows anticipated sources and uses of project funds. As compared to its peers, Middlesex has less indoor athletic space per athlete than its peer schools, putting the School at a competitive disadvantage. Construction of the Field House will bring the school ahead of the peer school average for indoor athletic space per athlete.

The estimated project cost of the Field House is \$51.3 million, which the School expects to fully fundraise. To date the School has fundraised \$29.6 million towards the project and \$9.7 million to establish an endowment to support Field House operating costs. The fundraising has been accomplished through a silent campaign and the solicitation of strategic donors.

Balance Sheet Strength and Sound Financial Performance. Middlesex has demonstrated strong historical financial performance, as displayed by balance sheet strength and growth. The School’s total net assets have grown from \$311.7 million to \$353.7 million over the past five years, an increase of approximately 13%. Of the School’s \$353.7 million of total net assets, \$108.1 million, or approximately 31%, are unrestricted. As of June 30, 2023, total cash and investments amounted to \$219.2 million.

Further bolstering Middlesex’s balance sheet are planned gift assets in the form of charitable remainder trusts, valued at \$130.4 million at June 30, 2023. In the near to intermediate term, Middlesex expects the cash receipt of an estimated \$58 million of these assets (at which point a significant associated liability is expected to be eliminated), of which approximately 50% will be unrestricted and 50% will be restricted.

Middlesex's operational performance in recent years has generated an operating surplus available for debt service averaging approximately \$5.2 million over the past five fiscal years. The School's consistently strong operating performance has been driven by its stable enrollment, consistent annual giving, disciplined expense management and the strength and experience of the School's leadership team. Tuition (net) revenues were \$19.3 million for fiscal year 2023, representing 52% of total operating revenues. Financial aid has represented a five year average of 27% of tuition revenues. Support for the annual fund has averaged \$3.5 million over the past five years. During the same time, the School's total fundraising receipts have averaged \$7.8 million, highlighted by \$10.9 million in FYE 2020. Additionally, the School's operating surpluses are the product of disciplined expense management with operating expenses increasing annually at no more than 2% over the last four years with the exception of a 9% increase in the fiscal year ending June 30, 2022 that was one time relating to wages, benefits and outside services.

## **HISTORY AND MISSION**

Middlesex was founded in 1901 by Mr. Frederick Winsor, a native of Massachusetts who had previously served as the founding headmaster of Gilman School in Baltimore. He was backed by a coterie of influential Bostonians, including his brother Robert (the managing partner of the Kidder, Peabody investment bank), Francis Cabot Lowell, Norwood Penrose Hallowell, William Cameron Forbes, Henry Lee Higginson, and Charles Jackson Paine, the latter of whom donated the land for the school's campus. Middlesex masters trained by Winsor went on to establish Belmont Hill School, Boston Country Day School (a predecessor of Rivers School), and Fenn School – three private day schools in Greater Boston. In addition, Winsor's sister Mary founded the Winsor School, an all-girls day school in Boston.

A former financial aid student at Harvard College, Winsor introduced a regional scholarship program in 1935, which waived up to two-thirds of tuition and fees for students across the country. The scholarships were explicitly modeled on the scholarship program introduced at Harvard the previous year, and sought to broaden the geographic reach of the student body. Eventually, one-sixth of Middlesex students were recruited through this scholarship program. Middlesex admitted its first black students in 1964 and its first female students in 1974.

The campus was designed by the sons of Frederick Law Olmsted, the renowned landscape architect who also designed New York's Central Park, Boston's Emerald Necklace and Stanford University. Most of the campus buildings are located around The Circle, a grassy field at the center of campus. Much of the campus was largely built by 1925 by Boston-based Peabody and Stearns.

The School's mission statement is as follows:

Middlesex School is an independent, non-denominational, residential, college-preparatory school that, for over one hundred years, has been committed to excellence in the intellectual, ethical, creative, and physical development of young people. We honor the ideal, articulated by our founding Headmaster, of "finding the promise" in every student, and we work together in an atmosphere of mutual trust and shared responsibility to help students bring their talents to fruition as knowledgeable, capable, responsible and moral citizens of the world. As a community, we respect the individual interests, strengths, and needs of each student. We also value the rich diversity of belief and experience each of us brings to the School. We expect that each student will bring his or her best efforts to the shared endeavor of learning and that the School, through its faculty, will engage and encourage each student's growth, happiness, and well-being. We aspire for all Middlesex students to develop personal integrity, intellectual vitality and discipline, and respect for themselves and for others. We expect each student to engage energetically and



cooperatively in the life of the School, and we seek to inspire in all students the desire to seek understanding of themselves and the larger world, both now and in their futures.

## GOVERNANCE

The Board of Trustees (the “Board”) serves as the governing body of the School. The School’s Board is comprised of 32 trustees, as well as 5 Emeritus Trustees and the Head of School, who serves as an ex-officio member. According to the School’s by-laws, the Board shall include a minimum of 9 and a maximum of 32 Trustees and 3 Pro Tem Trustees (the Head of School, the Chair of the Middlesex Parents’ Committee and the President of the Middlesex Alumni Association). Trustees shall serve a three-year term; however, such term shall be extended for as long as the Trustee is serving as an officer or a committee chair. A Trustee shall be eligible for re-election as a Trustee until a maximum of three consecutive three-year terms have been served. Upon the completion of the third three-year term, Trustees shall not be eligible to serve on the Board until the time of the Annual Meeting for the following year.

Current members and officers of the Board of Trustees, the year of their initial election to the Board, the year their term ends, and their principal business or professional affiliations are listed below:

### Board of Trustees (2023-24)

<u>Name of Board Member</u>	<u>Year of Initial Election</u>	<u>Year Term Ends</u>	<u>Principal Affiliation</u>
Jason Robart ’83, P’11, ’13 <i>Chair</i>	2022	-	<i>Co-Founder and Managing Partner, Seae Ventures</i>
Anne T. Bass P’93 <i>Vice Chair</i>	1990	-	<i>Board Chair, Texas Ballet Theater</i>
Robert M. Bass P’93 <i>Vice Chair</i>	1990	-	<i>President, Keystone Group; Founder, Oak Hill Capital</i>
Allen J. Model ’63 <i>Vice Chair</i>	1984	-	<i>Co-Founder and Managing Director, Overseas Strategic Consulting, Ltd.</i>
Andrew J. Pitts ’84 <i>Treasurer</i>	2011	-	<i>Partner and N.A. Capital Markets Chair, Cravath, Swaine &amp; Moore LLP</i>
Sarah Leary ’88 <i>Secretary</i>	1999	-	<i>Co-Founder, Nextdoor</i>
Bessie Speers <i>Head of School</i>	2024	Pro Tem	<i>Head of School, Middlesex School</i>
Alexander C. Banker	2005	2026	<i>Director of Investments, Yale University</i>
Mary Lou Boutwell W’73 P’02, ’06	2007	2025	<i>Former Real Estate Investment Executive</i>
Johanna Boynton P’20, ’23	2022	2027	<i>Residential Construction Company Owner</i>
Joy Connolly ’87	2027	2025	<i>President, American Council of Learned Societies</i>
Caroline C. Counselman P’25	2023	Pro Tem	<i>President, Womanade of the South Shore</i>
James F. Curtis III ’62	2010	2025	<i>President/CEO, The International Skydiving Museum &amp; Hall of Fame</i>
Madeline I. Demoulas ’08	2021	2026	<i>Executive Operations Team Member, Demoulas Supermarkets, Inc.</i>
Abigail Marr Doft	2005	2026	<i>Member, 37 Angels</i>
Samantha Du	2022	2027	<i>Director, CEO, and Board Chair, Zai Lab</i>
Jennifer Burnes Fulton	2020	2025	<i>Executive Vice President, Bain and Co.</i>
William J. Ho ’86 P’23	2024	2026	<i>Angel Investor</i>
Robert W. Iuliano ’79	2022	2027	<i>President, Gettysburg College</i>
Charles N. Maddock ’00	2021	2026	<i>Co-Founder and CEO, INO</i>
Patricia Melton ’77	2019	2026	<i>President, New Haven Promise</i>

### Board of Trustees (2023-24)

<u>Name of Board Member</u>	<u>Year of Initial Election</u>	<u>Year Term Ends</u>	<u>Principal Affiliation</u>
Afua Ofosu-Barko '98	2025	2027	<i>Program Operations Director for Health Systems Strengthening Accelerator Project, Results for Development</i>
Freddie Pantoja '85	2024	2026	<i>Director of Program and Alliance Management, Immunovant</i>
Courtney Portlock P'20, '22	2023	2025	<i>Assistant Head of School, Oxbridge Academy</i>
Mary Pryshlak P'18	2024	2026	<i>Senior M.D., Partner, and Head of Investment Research, Wellington Asset Management</i>
Jasmine N. Richards '98	2023	2025	<i>Head of Diverse Manager Investing, Cambridge Associates</i>
Alexandra Hanken Russell '08	2023	Pro Tem	<i>Strategic Innovation Director, Salesforce Ignite</i>
Juan Sabateur P'26	2025	2027	<i>Partner and Co-President, Valor Equity Partners</i>
Bret L. Stephens '91 P'22, '27	2020	2025	<i>Op-Ed Columnist and Associate Editor, New York Times</i>
Cass R. Sunstein '72 P'09, '27	2020	2025	<i>Robert Walmsley University Professor, Harvard University</i>
Stanoy Tassev '95 P'21, '24	2021	2026	<i>Founder, Brimstone Capital; CEO, Bridgeview Capital</i>
Dune Thorne P'24 '26	2025	2027	<i>Partner and Chief Strategy Officer, Brown Advisory</i>
Robert Trumbull '00	2023	2025	<i>Partner, Fagan, Boshart &amp; Trumbull Wealth Management</i>

#### **Trustees Emeriti**

Richard M. Burnes Jr., '59 P'85	1992	-	<i>Partner Emeritus, Charles River Ventures</i>
Deirdre A. Ling	2003	-	<i>Former Head of School, Middlesex School</i>
James M. Oates '65 P'98	2007	-	<i>Retired Banking Executive</i>
Austin P. Olney '66 P'00, '00	2015	-	<i>Retired Partner, Holland &amp; Knight LLP</i>
Royall Victor III '57 P'88	2004	-	<i>Retired Banking Executive</i>

*Source: Internal School Records*

Middlesex School Board of Trustees 2024-25 standing and ad hoc committee chair assignments are as follows:

#### **Committee:**

Alumni and Development  
Audit  
Buildings and Grounds  
Committee Chairs / Long Range Planning  
Compensation  
DEI  
Finance and Budget  
Gift Acceptance Committee  
Investment  
Learning, Teaching, and Community  
Marketing & Communications  
Officers  
Pension Investment Fiduciary  
Trustees and Governance

*Source: Internal School Records*

#### **Chair:**

Johanna Boynton & Curt Curtis  
Robert Iuliano  
Mary Lou Boutwell  
Jason Robart  
Jason Robart  
Patricia Melton  
Andrew Pitts  
Jason Robart  
Alexander Banker  
Joy Connolly  
Sarah Leary  
Jason Robart  
Cass Sunstein  
Abigail Doft

## ADMINISTRATION

The Board of Trustees delegates the daily operation of the School to the Head of School. The Head of School is assisted by a group of administrators (the “Administration”). A summary of the backgrounds of selected Middlesex administrators follows:

**Bessie Speers, *Head of School*.** Ms. Speers was announced as Middlesex’s Head of School beginning July, 2023. Ms. Speers comes to Middlesex with over three decades of experience in independent school education, including 15 years as a Head of School. Serving in her previous role as Head of the Tower Hill School in Delaware, Ms. Speers distinguished herself as a visionary leader whose steadfast commitment to intellectual, ethical, and inclusive education cemented Tower Hill as a nationally renowned K-12 program. Before joining Tower Hill in 2015, Ms. Speers had served eight years as Head of School at The Ethel Walker School in Connecticut, where she oversaw the rejuvenation of the campus through several transformational building projects and the development and implementation of a 10-year financial plan that materially improved the school’s financial strength. Throughout her career Ms. Speers has been a fierce advocate for students, faculty, and staff as she has sought to deliver an exceptional educational and professional experience for all concerned.

**Karlyn McNall, *Associate Head of School*.** Ms. McNall joined the Middlesex faculty in 1994 from New Hampton School, where she chaired the history department, headed a dorm, and coached girls’ varsity soccer and basketball. In the years since, she has continued to teach history, also coaching girls’ varsity soccer and basketball for many seasons and leading LeBaron Briggs House and Higginson House for more than 20 years. Moving into a more administrative role in 2003, Ms. McNall first served as the director of studies before becoming the dean of academic affairs in 2005. She was named the assistant head for faculty and academic affairs in 2016 and became the assistant head of school in 2020. A past recipient of the Harrison S. Kravis Memorial Chair and the David F. and Judith W. Sheldon Chair, Ms. McNall now serves as Associate Head of School. She is a graduate of Williams College, where she captained the basketball team and received honors in history and psychology, and later earned her M.Ed. at Harvard. She lives on campus with her family.

**Therese Cunningham, *Chief Financial Officer*.** Ms. Cunningham joined the Middlesex Business Office as the School’s Controller in 1995 after becoming acquainted with the School through her work as a senior account manager and C.P.A. for Coopers and Lybrand. In 2001, she was promoted to the Director of Finance and was then named CFO in 2008. She earned a degree in business administration and accounting at the University of Notre Dame. In addition to her work in the business office, Ms. Cunningham has served as the faculty advisor to many student clubs, including Invest in Girls, a program that strives to teach financial literacy to young women. She spent 20 years living in Higginson Dormitory as an Assistant Head of House and continues to live on campus. Her children are graduates of Middlesex.

**Doug Price, *Dean of Admissions and Financial Aid*.** A graduate of Phillips Academy, Mr. Price earned a B.A. in history from Middlebury College, an M.B.A. in marketing from Northeastern University, and an M.A. in educational administration from Columbia University. For seven years, he served as the director of admissions at Episcopal High School in Alexandria, Virginia. Previously, Mr. Price was senior associate director of admissions and director of financial aid at Choate Rosemary Hall for five years and, prior to that, was director of annual giving at St. Andrew’s School in Delaware. Mr. Price has served on the boards of the Enrollment Management Association, the Emerging Scholars Program, and the selection committees of the Jack Kent Cook and Caroline D. Bradley Foundations.

**George Noble, *Chief Advancement Officer*.** Since joining the faculty in 2005, Mr. Noble has traveled extensively for the School, both domestically and internationally, raising funds for capital and annual fund initiatives. Prior to joining the Middlesex faculty, he served as director of international & auxiliary

programming and the director of athletics at the Fay School. Previously, Mr. Noble served as a head teacher, coach, and admissions associate at the Fessenden School and founded various Boston inner city youth programs as a Director at Hill House. Mr. Noble began his career as a teacher and counselor at the Franciscan Hospital for Children in Boston. A graduate of Pomfret School, he earned a B.A. in psychology at Rollins College, an M.Ed. at Lesley University, and an Ed.M. in policy planning and administration at Boston University. He is also a Middlesex parent, as his son Ryan '23 and daughter Milly '25 both attend the School.

**Heather Parker, Chief Advancement Officer.** Ms. Parker joined the faculty in 2002 as the director of planned giving, moved into the role of director of capital projects, and, since 2011, has been the director of development. She serves as a member of the Middlesex Administrative Team, an advisor to students, and faculty advisor to the school yearbook; she is also the parent of two graduates: Hadley '16 and Camden '18. Ms. Parker is a veteran fundraiser, starting her planned giving career at Harvard College and then spending 13 years at ALSAC/St. Jude Children's Research Hospital as the northeast regional director of planned giving. She graduated from Ohio Wesleyan University with a B.A. in political science.

## CURRICULUM

The classroom journey at Middlesex begins with a comprehensive progression through the academic divisions, departments, and disciplines. This core, along with signature programs like its Writing Workshop and the 4-course rotation in the fine arts, is designed to provide students with the confidence, creativity, and capacity to experience the academic program to its fullest: from over 20 AP (Advanced Placement) classes to dozens of electives.

The academic departments are grouped into divisions that represent four major areas of liberal arts education: Humanities, STEM, Social Sciences, and Arts. The Humanities Division includes English and foreign language (Mandarin Chinese, French, Greek, Latin, and Spanish); the Mathematics and Sciences Division includes mathematics, science, and computer science; the Social Science Division includes history, economics, psychology, political science, and religious studies; and the Arts Division includes visual and performing arts. Students are expected to meet requirements set within the four divisions, as well as meet specific requirements by academic departments. Departmental requirements consist of specific courses that aim to develop in all students such fundamental skills as insightful reading, critical thinking, careful analysis, coherent writing, and accurate computing – skills that will enable students to do sophisticated work at Middlesex and beyond.

English. The English Department aims to accomplish two main goals: to cultivate students' understandings of and pleasure in literature and to develop their ability to express their ideas fully, accurately, and convincingly in writing. Students are challenged to read a wide range of texts from different genres and to write frequently throughout their time at Middlesex, moving from shorter to longer writing assignments as the students mature. Students also engage in active roundtable discussions during all four years.

To achieve these goals, the Department has established a three-year foundational series in which all students follow the same curriculum. The freshman year curriculum emphasizes literature in different genres, short writing assignments, and fundamentals of grammar and style. The sophomore curriculum, with its Writing Workshop, is the core of the program: In this year students master the essential skills of cogent, persuasive analytical writing. The junior year provides students with a chance to further develop their analytical skills, and polish their critical writing prior to the mandatory AP English Literature & Composition and the AP English Language and Composition Examinations at the end of the year. The English curriculum for the senior year allows students to pursue areas of particular intellectual interest through a variety of semester-long elective courses.

**Writing Workshop:** The School has developed a unique writing program in which all students participate during their sophomore year. The heart of this program, taught by the English department and integrated into all English courses, is a year-long, weekly workshop aimed at mastery of expository writing. With emphasis on skills such as abstraction, argument, purposeful punctuation, and accurate diction, the Writing Workshop program aims to provide students with the necessary tools to transfer complex ideas from mind to paper. Middlesex introduces these skills to freshman, reinforces them most rigorously in sophomore year, and capitalizes on them through junior and senior years.

*Foreign Languages.* All students must study a single foreign language through the third-year level or continue the study of a single foreign language through the conclusion of their senior year; most students exceed those requirements, and many students study two languages. Students may meet their language requirement by studying a classical or a modern language.

**Classics:** Middlesex School offers courses in Latin and Greek. The Classics Department aspires to make the long and rich tradition of classical scholarship useful and appealing to students of all backgrounds. These subjects are naturally interdisciplinary, intersecting vitally with the study of history, philosophy, literature, rhetoric, art, mathematics and science. Students acquire an understanding of the history and culture of the ancient Mediterranean and its influence through subsequent centuries. Courses in the Department equip students for further classical study in college, foster curiosity, critical thinking, and self-confidence.

**Modern Languages:** Middlesex School offers courses in Mandarin Chinese, French and Spanish. All classes are conducted primarily in the language studied. The skills of listening, speaking, reading, and writing are taught simultaneously. Courses use a full range of materials: texts, periodicals, literature, recordings, films, videos, and the language laboratory. Throughout his or her career every student is called upon to demonstrate listening, speaking, reading, and writing competence. A variety of techniques are employed to encourage advanced students to approach the competence of a native speaker of the same age: extensive vocabulary study, thorough grammatical review, readings in modern literature and periodicals, tape recordings, films, and guests. Advanced Placement courses are offered in Mandarin Chinese, French, and Spanish. The School encourages its students to participate in foreign travel and family-stay experiences. Departments offer trips during spring break and summer vacation when there are enough interested students and teachers.

*STEM.* The Science, Technology, Engineering and Math (STEM) Division is made up of the Mathematics, Science, and Computer Science departments. These departments have in common an approach to the solution of problems through mathematical analysis and an emphasis on the scientific method, i.e., empirical observation leading to the formulation of general mathematical laws which can be used to predict new observations. In the classroom, STEM courses at Middlesex emphasize not only subject-specific knowledge, but also critical thinking, problem solving, and effective communication of scientific and mathematical ideas. Hands-on activities and laboratory investigations illustrate both the concepts and process of problem solving. Students use technology to see principles in action and to learn to make conclusions about the world based on evidence.

The STEM Division is committed to developing students' abilities to investigate and solve twenty-first century problems. Students may earn a certificate for completing an Experience with Problem-solving, Reasoning, and Technology (ExPRT) through designated ExPRT courses in the Division or through approved extra-curricular projects or contests. Each ExPRT consists of open-ended problems that require the equivalent of several course periods of work. These problems require students to perform research and analyze data, and they provide students with a variety of opportunities to incorporate technology. Each ExPRT requires collaboration and culminates with students presenting their solutions in both oral and written form.

**Mathematics:** The Mathematics Department aspires to lead students to greater understanding of and appreciation for the power of mathematics. Through traditional offerings in algebra, geometry, calculus, and statistics as well as through advanced topics courses, students are encouraged to think in a quantitative fashion in order to model aspects of their experience and the world around them. All students study mathematics through the pre-calculus level, with the vast majority of students pursuing math work through statistics and the varying levels of calculus and post-calculus courses, including the Advanced Placement courses in statistics and calculus.

**Computer Science:** The Middlesex Computer Science Department aims to educate students about the principles of computer science and advance the problem solving abilities of its students through courses that emphasize the development and implementation of creative algorithms. While instruction in the higher level programming courses primarily focuses on Java, students will develop an intuitive understanding of programming language structure and object-oriented programming, which allows them to learn new languages with ease. The department recognizes that students' interests in computer science will vary widely, and thus the department attempts to meet these varying interests by providing multiple entry-points into the computer science curriculum at Middlesex.

**Science:** The Science Department cultivates in all students an understanding of the natural world and equips them with the skills required to engage in scientific inquiry. The Department seeks to foster future scientists, engineers, and medical professionals for the next phase of their training through a curriculum that includes coursework in ecology, engineering, astronomy, and neuroscience. In the classroom, science at Middlesex emphasizes not only subject-specific knowledge but also critical thinking, problem solving, and effective communication of scientific ideas. Hands-on activities and laboratory experiments illustrate both the concepts and process of science. Students use technology to see principles of science in action and to learn to make conclusions about the world based on evidence.

**Social Science.** The Social Science Division provides a forum for students to investigate a wide range of ideas in history, religion, psychology, art, government, and economics. Throughout the Division, faculty members share the goal of developing the skills of critical thinking, efficient research, and effective analysis. During classes, students engage in discussions, exchange knowledge, make observations, and ask questions, so that over time, they develop and articulate their own views and philosophies. To that end, the department offers courses in economics, history, political science, psychology, and religious studies. Advanced Placement courses in economics, history and political science are available to eligible students.

**Arts.** The Arts Division aims to expand students' self-confidence, self-awareness, and self-discipline through their creative works and performances. The Division promotes an appreciation of art and the humanities, equipping students with the vocabulary and context necessary to articulately critique both modern and historic works. The Division includes three departments: Art, Music, and Theatre. All students take a four-semester sequence of foundational courses in drawing, art history, music, and drama, and all students take an additional semester of art as a graduation requirement. The Division sponsors art exhibits, visiting artists, concerts, assembly presentations, and other dance and theatre presentations both by students and professionals. In addition to other requirements, students in their final year are required to design and carve a plaque for permanent display at the School.

## **FACULTY AND STAFF**

Middlesex employed 51 full-time teaching faculty and 13 part-time teaching faculty for the 2023-24 academic year. Fifty of the School's faculty members hold advanced degrees. The School prides itself on the outstanding quality of its faculty.

The following table depicts the number of full-time and part-time teaching faculty employed by the School for the 2020-21 through the 2023-24 academic years and the anticipated breakdown for the 2024-25 academic year:

<b>Teaching Faculty Composition</b>					
<u>Positions</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Full-time:	53	51	53	51	51
Part-time:	14	16	15	13	14
Total Faculty	67	67	67	64	65
Faculty with advanced degrees	53	55	55	50	49
Faculty Retention*	91.1%	89.6%	89.6%	87.5%	93.6%

*\*Represents percentage of full-time faculty retained from prior academic year*

*Source: Internal School Records*

The School also employs approximately 30 full-time administrative faculty that work closely with students to support students in residential life activities.

The following table depicts the teaching experience of Middlesex full-time teachers for the 2023-24 academic year.

#### **2023-24 Full-Time Teaching Faculty Experience**

<u>Years of Teaching Experience</u>	<u># of Full-Time Teachers</u>
0-5 years	23
6-10 years	14
11-15 years	4
16-20 years	8
21+ years	<u>2</u>
<b>Total</b>	51

*Source: Internal School Records*

Faculty compensation compares favorably to national averages for independent schools, thus assuring that Middlesex can retain highly-qualified faculty. Faculty members do not receive tenure. Reappointment is contingent upon performance as determined by the School's faculty evaluation program. The faculty and staff of the School are not currently represented by a collective bargaining unit, and to the best of the School's knowledge no union organizing activity is currently occurring. The School believes it maintains a sound relationship with its employees.

### **ENROLLMENT AND ADMISSIONS**

Middlesex draws its students from more than 30 states and 22 countries. The top five states represented by boarding students are Massachusetts, New York, California, Connecticut and Rhode Island. The student population is made up of families of diverse experiences, backgrounds and cultures. Over the last five years, the School has accepted an average of 18% of applicants and 50% of students accepted have elected to enroll. The competitive acceptance rate and strong matriculation rate demonstrate the demand for the School's offerings and that Middlesex is a top choice for families.

The following table illustrates the number of applications, acceptances and matriculants for the upcoming and prior four academic years.

### **Applications, Acceptances, and Matriculants**

Academic <u>Year</u>	<u>Applications</u>	<u>Acceptances</u>	Acceptance <u>Rate</u>	<u>Matriculants</u>	Matriculation <u>Rate</u>	Total <u>Enrollment</u>
2020-21	1,245	231	19%	124	54%	423
2021-22	1,466	211	14%	99	47%	406
2022-23	1,372	260	19%	122	47%	406
2023-24	1,429	267	19%	135	51%	418
2024-25	1,227	215	18%	114	53%	426

*Source: Internal School Records*

The School's enrollment has remained relatively stable over the last five years. The School's target enrollment is 412 students.

The majority of the students are boarding, representing approximately 63% to 70% of the student population. The following table shows the number of boarding applications, acceptances and matriculants over the last four academic years and upcoming 2024-25 academic year.

### **Boarding Admissions**

Academic <u>Year</u>	<u>Applications</u>	<u>Acceptances</u>	Acceptance <u>Rate</u>	<u>Matriculants</u>	Matriculation <u>Rate</u>	Boarding <u>Enrollment</u>
2020-21	1,018	171	17%	87	51%	269
2021-22	1,171	165	14%	71	43%	279
2022-23	1,098	188	17%	83	44%	283
2023-24	1,124	190	17%	100	53%	291
2024-25	967	162	17%	78	48%	284

*Source: Internal School Records*

The following table shows the number of day applications, acceptances and matriculants over the last four academic years and upcoming 2024-25 academic year.

### **Day Admissions**

Academic <u>Year</u>	<u>Applications</u>	<u>Acceptances</u>	Acceptance <u>Rate</u>	<u>Matriculants</u>	Matriculation <u>Rate</u>	Day <u>Enrollment</u>
2020-21	227	60	26%	37	61%	154
2021-22	295	46	16%	28	61%	127
2022-23	274	72	26%	39	54%	123
2023-24	305	77	25%	35	45%	127
2024-25	260	53	20%	36	68%	142

*Source: Internal School Records*



Maintaining a diverse student population is of importance to Middlesex's community. For the 2023-24 academic year, 38% of the population were students of color. The following table outlines the breakdown of students of color per academic year.

#### **Breakdown of Students of Color**

Academic <u>Year</u>	African <u>American</u>	Latino/ <u>Hispanic</u>	Asian <u>American</u>	Other / <u>Multi-Racial</u>	<u>Total</u>	% of Total <u>Enrollment</u>
2019-20	35	10	72	11	128	31%
2020-21	32	12	68	10	122	29%
2021-22	27	12	59	13	111	27%
2022-23	26	20	66	28	140	34%
2023-24	33	18	79	28	158	38%

*Source: Internal School Records*

Attrition occurs when students decide not to re-enroll at Middlesex, which could include a variety of reasons including finances, students seeking a different or specialized academic program at an alternative school or relocation. Over the recent five year history, Middlesex's average attrition rate is less than 4.5%. The following table illustrates historical attrition. Please note that attrition in a given year illustrates the number of students who were eligible to re-enroll from the prior year but elected not to do so, e.g. attrition for 2023-24 represents the number of students who at the end of the 2022-23 academic year were eligible to re-enroll but did not do so.

#### **Five Year History of Attrition Trends**

Academic <u>Year</u>	Students <u>Departing</u>	Percentage of <u>Enrollment</u>
2019-20	14	5%
2020-21	7	2%
2021-22	12	3%
2022-23	20	7%
2023-24	9	4%

*Source: Internal School Records*

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## STUDENT OUTCOMES

Middlesex has historically matriculated graduating students to highly competitive colleges and universities throughout the United States. Over the past five years Middlesex students have most frequently matriculated to University of Chicago, Boston College, Harvard University, Trinity College, and Georgetown University. The table below displays those colleges and universities to which four or more Middlesex students have matriculated over the past five academic years.

### College Matriculation of Middlesex Graduates (Classes of 2019 - 2023)

<u>Institution</u>	<u>Matriculants</u>	<u>Institution</u>	<u>Matriculants</u>
University of Chicago	22	Union College (NY)	7
Boston College	21	University of Pennsylvania	7
Harvard University	18	Wake Forest University	7
Trinity College	16	Wesleyan University	7
Georgetown University	14	Colorado College	6
Colby College	13	Connecticut College	6
Bowdoin College	12	Southern Methodist University	6
Brown University	12	University of Southern California	6
Tufts University	12	Bates College	5
University of Richmond	12	Cornell University	5
New York University	11	St. Lawrence University	5
Hamilton College	10	Yale University	5
Dartmouth College	10	Boston University	4
Columbia University	9	Bucknell University	4
Middlebury University	9	Chapman University	4
Syracuse University	9	Denison University	4
Lafayette College	8	Dickinson College	4
Northeastern University	8	Princeton University	4
Tulane University	8	The George Washington University	4
University of St. Andrews	8	University of Michigan-Ann Arbor	4
University of Virginia	8	University of Notre Dame	4
College of the Holy Cross	7		

*Source: Internal School Records*

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Students at Middlesex take the SAT and ACT standardized tests. For the past five academic years, students at Middlesex have recorded a mean composite SAT score of 1414, 135% of the national average and a mean composite ACT score of 31, 155% of the national average. The following table shows the School's mean SAT and ACT scores compared to the national averages over the past 5 years.

### Mean SAT & ACT Scores

	<u>Class of '19</u>	<u>Class of '20</u>	<u>Class of '21</u>	<u>Class of '22</u>	<u>Class of '23</u>
<u>SAT Scores</u>					
Evidence-Based Reading & Writing (ERW)	700	700	700	690	730
Math	<u>710</u>	<u>700</u>	<u>710</u>	<u>690</u>	<u>740</u>
Composite	1410	1400	1410	1380	1470
National Average	1059	1051	1060	1050	1028
% National Average	133%	133%	133%	131%	143%
<u>ACT Scores</u>					
ACT Composite Score	32	31	31	30	32
National Average	21	21	21	20	20
% National Average	152%	148%	155%	150%	168%

Source: College Board College-Bound Seniors Total Group Profile Report and Internal School Records

\*Standardized test data for the class of 2023 reflects the test scores of the students who submitted testing to their colleges of matriculation. 51 of 109 students submitted SATs. 34 out of 109 students did not submit test scores to any college and 24 submitted ACTs.

Since the 2018-19 academic year, 70% of advanced placement exams taken by Middlesex students yielded a score of "4" or higher. The following table outlines the number of AP exams taken by Middlesex students, as well as the performance of Middlesex students on AP exams over the past five academic years.

### Advanced Placement Examination Scores

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Number of Exams taken	582	615	554	680	695
Number of scores 3 or higher	532	557	495	615	637
Percent of scores 3 or higher	91%	91%	89%	90%	92%
Number of scores 4 or higher	417	430	377	495	481
Percent of scores 4 or higher	72%	70%	68%	73%	69%

Source: Internal School Records

### TUITION & FINANCIAL AID

The following table shows the School's tuition rates for the current and prior four academic years for each day and boarding. Boarding students represent between 63% and 70% of the total student body over this time period.

#### Historic Tuition Levels

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Day Tuition	\$52,760	\$54,340	\$55,970	\$58,350	\$61,270
% Growth	3.0%	3.0%	3.0%	4.3%	5.0%
Boarding Tuition	\$65,940	\$67,920	\$69,280	\$72,050	\$75,475
% Growth	3.0%	3.0%	2.0%	4.0%	4.8%

Source: Internal School Records

The School benchmarks its tuition against other area and regional independent day schools. Middlesex's tuition level is competitive in the market of independent schools against which the School benchmarks

itself. The following table depicts the 2024-25 academic year tuition rates for Middlesex and schools with which the School compares itself and competes for students.

### **Comparative 2024-25 Tuition**

<b><u>School</u></b>	<b><u>Day</u></b>	<b><u>Boarding</u></b>
Lawrenceville School (Lawrenceville, NJ)	\$65,420	\$79,500
Milton Academy (Milton, MA)	65,980	75,980
Middlesex School (Concord, MA)	61,270	75,475
Taft School (Watertown, CT)	55,500	75,250
Phillips Academy Andover (Andover, MA)	57,190	73,780
Hotchkiss School (Lakeville, CT)	60,490	71,170
Loomis Chaffee School (Windsor, CT)	54,180	70,480
Choate Rosemary Hall (Wallingford, CT)	53,410	69,370
Deerfield Academy (Deerfield, MA)	48,950	68,230
St. Paul's School (Concord, NH)	-	68,353
Phillips Exeter Academy (Exeter, NH)	52,577	67,315

*Source: Internal School Records and publicly available tuition rates*

Since its founding, the School has aspired to make its educational opportunities available to students without regard to the financial resources of the student's family. The School believes financial aid brings both talent and diversity to its student body. Financial aid at Middlesex supports the enrollment of an economically diverse student body, assisting those students with a demonstrated financial aid.

All applicants are offered information on financial aid, which the School awards only on the basis of demonstrated need (applicants demonstrate need through the financial aid application process, which runs concurrently with the admission process). Once a student has applied, financial aid is determined on the basis of the student's demonstrated need and the School's available financial aid resources. Like most schools, Middlesex has more aggregate need than available financial resources for admissible students; consequently, the Admission Office's goal is to use financial aid to enroll students demonstrating a range of talents and from a variety of backgrounds.

During the 2023-24 academic year, \$7.4 million in financial aid was awarded to 132 students, which represents 32% of the student body. The following table shows the financial aid awarded to students over the last five academic years.

### **Financial Aid Assistance**

<b><u>Fiscal</u></b>		<b><u>% of</u></b>		<b><u>Average</u></b>	
<b><u>Year</u></b>	<b><u>Recipients</u></b>	<b><u>Student Body</u></b>	<b><u>% of Tuition</u></b>	<b><u>Grant</u></b>	<b><u>Total Grants</u></b>
		<b><u>Receiving Aid</u></b>	<b><u>Revenue</u></b>		
2019-20	134	34%	28%	\$49,298	\$6,605,902
2020-21	131	32%	25%	\$50,142	\$6,568,624
2021-22	132	34%	27%	\$52,876	\$6,979,575
2022-23	133	34%	27%	\$54,418	\$7,237,526
2023-24	132	32%	27%	\$56,389	\$7,443,310

*Source: Internal School Records*

## ADVANCEMENT

The annual fund is a vital part of the annual operating budget, contributing to every part of the School's operation and comprised of unrestricted gifts to the School made on a yearly basis. Support for the annual fund has averaged \$3.5 million over the past five years. During the same time, the School's total fundraising receipts have averaged \$7.8 million, highlighted by \$10.9 million in FYE 2020. The following table outlines Middlesex's total philanthropic support, from all sources, over the past five years.

### Total Philanthropic Support (Cash), by Fundraising Category

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Annual Fund	\$ 3,264,003	\$ 3,549,813	\$ 3,319,750	\$ 3,703,458	\$3,489,547
Auction/Gala	-	-	-	20,000	-
Capital	4,982,790	4,047,251	1,718,091	2,134,239	1,672,459
Endowment	1,594,784	925,649	1,511,821	534,420	606,820
Bequests	1,049,574	50,000	-	500,000	290,815
Other	-	25,965	47,796	46,145	300
Total	\$10,891,150	\$8,598,679	\$6,597,458	\$6,938,263	\$6,059,941

*Source: Internal School Records*

### Current Capital Campaign

Middlesex launched its current *Campaign for the Student Experience* in 2019 with a goal of \$61 million. The campaign was temporarily put on hold due to COVID and leadership transition. As of August 2024, the campaign has not been publicly announced and solicitations thus far have focused on strategic donors. The campaign is broken out into two components: (i) \$51 million for the construction and outfitting of the Field House project; and (ii) \$10 million to fund the endowment for the operating costs and maintenance of the Field House. As of April 17, 2024, \$39.3 million has been raised of which \$29.6 million is designated for the Field House project costs and \$9.7 million for endowment.

The School will be celebrating its 125<sup>th</sup> anniversary in May 2026. Middlesex is determining how the current campaign may roll into the 125<sup>th</sup> anniversary celebrations.

### Previous Capital Campaigns

The School has a successful history of capital campaigns. The most recent campaign, *Mx2: The Campaign for Middlesex*, ran from 2005 through 2017 and significantly exceeded its \$150 million fundraising goal by raising \$228 million. The campaign fundraised \$80 million for campus projects including a new dormitory and dormitory renovations, a new boathouse, turf fields, renovation and relocation of the music building, renovation of the theater arts building and three new faculty housing units. The remaining fundraising was dedicated to the endowment in support of financial aid, faculty and unrestricted.

## PROJECT

The Series 2024 Bonds will (a) partially fund construction of the School's Field House project, (b) fund deferred maintenance projects on the School's campus, and (c) finance costs of issuance of the Bonds.

The Field House project includes (i) the demolition of an existing building on the site of the new field house and the construction of a new field house, which will house an athletic practice facility. The deferred maintenance projects may include (ii) resurfacing and restoration of two turf fields; (iii) envelope, structural and interior work on various campus buildings, including the Athletics Facility, Hallowell House (dormitory), Peabody House (dormitory), Kravis House (dormitory), and the Bass Arts Pavilion; (iv)

structural work on the smokestack and envelope of the Rachel Carson Center; (v) envelope work and replacement of windows and doors in Bryant-Paine House (dormitory); (vi) construction of welcome stations and gates at entrances to the campus and security and lighting system installation and related construction costs; (vii) the restorative work/potential rebuild of the waste water treatment plant and the underground lines leading to the plant; and (viii) other deferred maintenance projects and other capital improvement projects located on the campus and utility system. Collectively, the Field House project and deferred maintenance projects comprise the “Project”.

The chart below shows anticipated sources and uses of project funds.

#### Series 2024 Sources & Uses of Funds

	COI / Deferred Maintenance	Field House	Total
Series 2024 Bonds*	\$ 17,000,000	\$ 30,000,000	\$ 47,000,000
Cash Fundraising Proceeds**	-	21,300,000	21,300,000
<b>Total Project Costs</b>	<b>\$ 17,000,000</b>	<b>\$ 51,300,000</b>	<b>\$ 68,300,000</b>

\*\$8.5 million to be repaid from existing fundraising.

\*\*Fundraising to be received in cash through construction period. Excludes amount raised for endowment to operate/maintain the Field House.

A portion of the Series 2024 Bonds will fund construction of a Field House on the School’s campus. As compared to its peers, Middlesex has less indoor athletic space per athlete than its peer schools, putting the School at a competitive disadvantage. Construction of the Field House will bring the school ahead of the peer school average for indoor athletic space per athlete. Renderings and indoor athletic space for peer schools are shown below.



The School has engaged Childs Bertman Tseckares, Inc. as architect and Commercial Construction Consulting as construction manager for the Field House project. Middlesex anticipates that groundbreaking will occur in September 2024, with a 17 month construction timeline.

### FINANCIAL MATTERS

The following summaries and discussions of financial matters should be read in conjunction with the School’s audited financial statements and notes for the fiscal year 2023, which have been audited by RSM US LLP and are included in this Official Statement as Appendix B. The financial statements have been prepared on an accrual basis in accordance with the U.S. Generally Accepted Accounting Principles (U.S. GAAP) for educational institutions. The table on the following page summarizes the Unrestricted Statement of Activities for the fiscal years ended June 30, 2019 – 2023. The information presented in these tables has been extracted from the School’s audited financial statements for the respective years.

**Statement of Unrestricted Activities**  
(Fiscal Years Ended June 30)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues:</b>					
Student tuition and fees	\$ 23,400,049	\$ 23,956,550	\$ 25,428,892	\$ 25,902,224	\$ 26,556,442
Less financial aid*	(7,064,410)	(6,605,902)	(6,565,683)	(6,979,574)	(7,234,138)
Net student tuition and fees	\$ 16,335,639	\$ 23,956,550	\$ 18,863,209	\$ 18,922,650	\$ 19,322,304
Contributions	2,584,947	2,487,235	3,115,600	3,015,581	2,845,698
Auxiliary	801,794	809,863	175,635	252,426	213,865
Interest income	52,014	27,113	521	5,160	251,528
Other	953,549	682,348	520,321	658,077	1,082,953
Net assets released from restriction	576,577	289,583	312,305	277,853	1,983,769
Total Revenues	\$ 21,304,520	\$ 21,646,790	\$ 22,987,591	\$ 23,131,747	\$ 25,700,117
<b>Expenses:</b>					
Program expenses	\$ 25,946,589	\$ 26,465,519	\$ 27,189,386	\$ 26,368,576	\$ 27,834,339
General and administrative	5,348,974	4,940,453	4,902,013	8,320,856	7,120,414
Capital development	2,294,651	1,957,781	1,900,718	2,468,243	2,682,281
Total expenses	\$ 33,590,214	\$ 33,363,753	\$ 33,992,117	\$ 37,157,675	\$ 37,637,034
Endowment draw - operating	6,190,627	8,392,911	9,069,876	11,413,333	11,410,700
<b>Change in Net Assets from operations</b>	\$ (6,095,067)	\$ (3,324,052)	\$ (1,934,650)	\$ (2,612,595)	\$ (526,217)
<b>Other Changes in Net Assets</b>					
Investment return, net of fees	\$ 1,750,125	\$ 1,710,535	\$ 9,871,159	\$ (2,690,014)	\$ (739,774)
Appropriation of endowment earnings	(1,069,309)	(1,913,019)	(1,016,087)	(2,672,770)	(1,321,289)
Releases to purchase property/equipment	11,139,153	2,665,245	3,302,604	170,038	194,485
Contributions	2,099,754	2,314,792	628,989	46,608	2,314,894
Endowment draw to cover pension contribution	1,274,030	-	-	-	-
Pension related changes	(3,941,582)	639,472	-	-	-
Other net periodic benefit cost	(1,207,133)	(740,181)	-	-	-
(Loss) / gain on disposal of property	(124,945)	-	(82,696)	(10,195)	31,491
Capital campaign expenses	-	(112,328)	-	-	-
Total other change in net assets	\$ 9,920,093	\$ 4,564,516	\$ 12,703,969	\$ (5,156,333)	\$ 479,807
<b>Change in Net Assets</b>	\$ 3,825,026	\$ 1,240,464	\$ 10,769,319	\$ (7,768,928)	\$ (46,410)
<b>Net Assets</b>					
Beginning of year	\$ 100,095,019	\$ 103,920,045	\$ 105,160,509	\$ 115,929,828	\$ 108,160,900
End of year	\$ 103,920,045	\$ 105,160,509	\$ 115,929,828	\$ 108,160,900	\$ 108,114,490

\*For fiscal year 2019, tuition remission is included in financial aid. For fiscal years 2020 – 2023, tuition remission is not included in financial aid and is instead included in expenses.

The following table page depicts the School's total net asset position, classified by the level of restriction, for the past five fiscal years.

<b>Total Net Assets</b> (Fiscal Years Ended June 30)					
	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>
Unrestricted	\$103,920,045	\$105,160,509	\$115,929,828	\$108,160,900	\$108,114,490
Temporarily restricted	88,107,370	121,682,999	158,608,941	124,063,054	113,690,854
Permanently restricted	<u>\$119,663,825</u>	<u>93,434,337</u>	<u>134,173,088</u>	<u>125,519,394</u>	<u>131,877,363</u>
Total net assets	<u>\$311,691,240</u>	<u>\$320,277,845</u>	<u>\$408,711,859</u>	<u>\$357,743,348</u>	<u>\$353,682,707</u>

Source: Audited financial statements for fiscal years ended June 30, 2019 through 2023

### **Budget Process**

The Finance Committee meets an average of three times in the fall to review and discuss the financial tenets and assumptions outlined in the Schools long-range planning model. This discussion provides the framework for the full Board's decision on tuition increases, salary increases, financial aid budget, and deferred maintenance during the Winter Board Meeting. During the Spring Meeting, the Finance and Budget Committee presents the remainder of the budget to the full board for a vote. Throughout the process, careful attention is given to the School's operating budget and projected operating surplus.

### **Management Discussion of Financial Performance**

Balance Sheet and Liquidity. Middlesex has a solid balance sheet with ample liquidity. Total net assets have grown from \$311.7 million to \$353.7 million over the past five years, an increase of approximately 13%. Of the School's \$353.7 million of total net assets, \$108 million, or approximately 31%, are unrestricted.

As of June 30, 2023, total cash and investments amounted to \$219.2 million. The School's endowment has grown \$38.1 million, from \$171.8 million to \$209.9 million, or approximately 22%, over the last five years. Further bolstering the School's balance sheet are planned gift assets in the form of charitable remainder trusts, valued at \$130.4 million at June 30, 2023. A portion of these assets are managed by the School, with the balance of these assets being managed by Harvard University. In the near to intermediate term, Middlesex expects the cash receipt of an estimated \$58 million of these assets, of which approximately 50% will be unrestricted and 50% will be restricted.

During the year ended June 30, 2020, the School took out loans totaling \$17.2 million from the Board-Designated endowment to fund the termination of the School's defined benefit pension plan. The School is repaying the loan in annual payments of \$1.7 million principal and interest. These payments take the form of an incremental appropriation taken from the board-designated and restricted endowment, which are then re-deposited in the board-designated endowment

Financial Operating Performance. The School's consistently strong operating performance has been driven by its stable enrollment, consistent annual giving and the strength and experience of the School's leadership team. Middlesex's operational performance has generated net cash flow available to service debt of \$8.0



million for fiscal year ending June 30, 2023 and averaging \$5.2 million over the past five fiscal years, shown in the chart below:

**Cash Flow Available for Debt Service**  
(Fiscal Years Ended June 30)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Change in Net Assets from Operations	\$ (6,095,067)	\$ (3,324,054)	\$ (1,934,650)	\$ (2,612,595)	\$ (526,217)
Plus: Depreciation	6,191,255	6,259,233	6,194,144	6,098,832	5,749,251
Plus: Interest	603,264	569,528	471,260	423,403	462,151
Plus: Unrestricted Gifts	2,099,754	2,314,792	628,989	46,608	2,314,894
Total Cash Flow Available for DS	<u>\$ 2,799,206</u>	<u>\$ 5,819,501</u>	<u>\$ 5,359,743</u>	<u>\$ 3,956,248</u>	<u>\$ 8,000,079</u>

Source: Audited financial statements for fiscal years ended June 30, 2019 through 2023

Tuition (net) revenues were \$19.3 million for fiscal year 2023, representing 52% of total operating revenues. Financial aid has represented a five year average of 27% of tuition revenues. Net tuition revenue has increased steadily over the recent five fiscal years further emphasizing the strong demand for the School and leadership's operating management.

Support for the annual fund has averaged \$3.5 million over the past five years. During the same time, the School's total fundraising receipts have averaged \$7.8 million, highlighted by \$10.9 million in FYE 2020.

Additionally, the School's operating surpluses are the product of disciplined expense management with operating expenses increasing annually at no more than 2% over the last four years with the exception of a 9% increase in the fiscal year ending June 30, 2022 that was one time relating to wages, benefits and outside services.

**Investments and Endowment**

The following table displays the School's total cash and investments over the past five fiscal years.

**Investment Allocation**  
(Fiscal Years ended June 30)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Cash and cash equivalents	\$ 8,084,330	\$ 11,464,651	\$ 14,549,035	\$ 16,721,369	\$ 10,976,649
Restricted cash	57,973	159,422	168,126	186,256	216,978
Investments	178,236,375	168,557,785	240,553,700	211,157,896	208,256,594
Total investments	<u>\$ 186,378,678</u>	<u>\$ 180,181,858</u>	<u>\$ 255,270,861</u>	<u>\$ 228,065,521</u>	<u>\$ 219,450,221</u>

The School's spending policy is to distribute an amount no greater than 4.5% to 5.0% of the average market value from the preceding 12 quarters looking retrospectively from June 30 of the prior fiscal year. The Board has approved drawing in excess of the target draw to address the defined benefit loan from endowment and COVID expenses. The School had an operating draw of 4.22% and 4.73% for the years ended June 30, 2023 and 2022. Including the draw to cover the defined benefit pension plan, the draw totaled 5.09% for the years ended June 30, 2023 and 2022.

The following table displays the endowment's net asset composition by level of restriction for the past five fiscal years.

<b>Endowment Composition</b> (Fiscal Years ended June 30)					
	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>
Without donor restrictions	\$ 25,828,685	\$ 26,820,436	\$ 35,667,707	\$ 30,628,127	\$ 30,080,507
With donor restrictions	<u>145,932,056</u>	<u>152,857,674</u>	<u>216,660,265</u>	<u>189,844,658</u>	<u>179,851,271</u>
Total investments	<u>\$ 171,760,741</u>	<u>\$ 179,678,110</u>	<u>\$ 252,327,972</u>	<u>\$ 220,472,785</u>	<u>\$ 209,931,778</u>

### **Existing Debt**

On October 15, 2013, the School entered into a new 30-year bond agreement (the "Note") in a private placement of \$17.5 million. As of June 30, 2023, the outstanding balance of the Note was \$17.5 million. Principal is due at maturity on October 1, 2043 bearing an annual fixed rate of 2.60%. The Note is unsecured with a negative pledge held on the campus. Under the terms of the Note, the School must maintain Total Investments of \$65 million, tested semi-annually and maintain Unrestricted Liquidity of \$5 million, tested semi-annually. Upon the issuance of additional indebtedness, the Total Investments requirement will increase to \$70 million.

The Bonds will be issued on parity with the Series 2013 Note.

On March 27, 2024, the School entered into a line of credit agreement with JP Morgan Chase Bank for \$5 million that can be renewed annually. The current line expires on January 31, 2025. Interest is payable at the National Prime rate rounded upward to the nearest one-eighth of one percentage point, or 5.75% per annum, whichever is greater. Commencing on April 10, 2024, the School pays an annual fee equal to 0.125% of the average unused portion of the line. There was no balance outstanding at June 30, 2024. The line of credit agreement is unsecured with a negative pledge held on the campus.

## **GEOGRAPHIC AREA AND FACILITIES**

Middlesex is located on 350 acres in Concord, Massachusetts, approximately 20 miles northwest of Boston, Massachusetts. The campus was designed by John Olmsted and Frederick Olmsted, Jr., the sons of the eminent landscape architect Frederick Olmsted. Most of the campus buildings are located around The Circle, a grassy field at the center of the school. The following table identifies the School's buildings, the year they were constructed, the year of the most recent renovation, and the approximate square footage of each facility:

### **Existing Campus Facilities**

<u>Existing Buildings</u>	<u>Year of Construction</u>	<u>Year of Last Renovation</u>	<u>Square Footage</u>
Eliot Hall	1911	1978/1985	40,000
Orr Gymnasium	1916	1988/2014	31,000
Atkins Cage	1903	1993	17,300
Atkins Dormitory	2000	-	18,000
Bass Arts Pavilion	2019	-	50,000
Big Red Barn	1900	2014	6,000
Bryant Paine Dormitory	1901	1998 / 2023	18,000
Clay Dormitory	1968	2015	17,500

## Existing Campus Facilities

<u>Existing Buildings</u>	<u>Year of Construction</u>	<u>Year of Last Renovation</u>	<u>Square Footage</u>
Cottage Faculty Housing	Multiple	1940 – 2023	63,500
Facilities Offices	2014	-	1,800
Farm House	1900	1992	5,400
Wellness Center	2020	-	4,800
Hallowell Dormitory	1907	1998	15,000
Head's House	2002	-	7,000
Higginson Dormitory	1902	2001	20,000
Kravis Dormitory	1993	-	18,000
LeBaron Briggs Dormitory	1917	2014	14,000
Landry Center and Squash Courts	1994	-	3,000
Landry Hockey Rink	1962	1990 / 2002	28,000
Warburg Library	1970	1997/2017	20,000
Landry Dormitory	2016	-	19,300
Locke Boat House	1951	-	2,000
Paumgarten Boat House	2011	-	3,500
Memorial Chapel	1924	2002	15,000
Peabody Dormitory	1903	2017	13,000
Rachel Carson Center	2017	-	20,000
Robert Winsor Dormitory	1930	1974 / 2014	15,000
Clay Centennial Center	2003	-	26,000
Ware Hall	1903	1995	30,000
Wastewater Treatment Plant	1967	2004	2,500
<b>Total Square Footage</b>			<b>544,600</b>

*Source: Internal School Records*

## ACCREDITATION AND MEMBERSHIPS

Middlesex is fully accredited by the New England Association of Schools and Colleges. The School is a member of the National Association of Independent Schools and the Independent School League.

## RETIREMENT PLANS

The School sponsors a defined contribution retirement plan (“DC Plan”) for all eligible employees (employees working in excess of 1,000 hours). During the years ended June 30, 2023 and 2022, the School made contributions of \$1,176,390 and \$1,121,596, respectively, to the DC Plan. Contributions are based on a percentage of eligible wages.

## INSURANCE

The School carries standard industry insurance policies, including but not limited to auto, commercial fire, crime, cybersecurity, general liability, umbrella, directors & officers liability, employment practice liability, trustee and fiduciary liability, business interruption, and workers compensation.

On July 19, 2024, the School experienced a cybersecurity incident affecting certain computer systems on its network. On July 19, 2024, in order to protect its systems, the School took certain systems offline. The

School has retained consultants and has engaged its legal counsel in connection with its investigation. The School's investigation is ongoing. The School has restored access to its offline systems and does not believe that this incident had or will have a material impact on the operations of the School.

The School maintains insurance, including coverage for certain cyber-related losses subject to certain deductibles and policy limitations, in an amount that the School believes is reasonable and prudent for a school its size. Given the ongoing investigation, and the inherent uncertainties in the matter of this type, the full scope of the costs and related impacts of this matter, including the extent to which these costs will be offset by the School's applicable insurance, has not yet been determined.

## **LITIGATION**

The School is not aware of any litigation pending or threatened wherein an unfavorable decision would have a materially adverse effect on the financial condition, property, or operations of the School.

## **APPENDIX B**

### **FINANCIAL STATEMENTS OF THE BORROWER**

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# Middlesex School

Financial Report  
June 30, 2023

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## **Independent Auditor's Report**

Board of Trustees  
Middlesex School

### **Opinion**

We have audited the financial statements of Middlesex School (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 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 School'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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.

*RSM VS LLP*

Boston, Massachusetts  
December 15, 2023

**Middlesex School**

**Statements of Financial Position  
June 30, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 10,976,649	\$ 16,721,369
Restricted cash	216,978	186,256
Accounts receivable, net	12,141,171	11,044,673
Prepaid expenses and other assets	3,017,110	605,313
Contributions receivable, net	511,194	629,927
Investments	208,256,594	211,157,896
Beneficial interest in charitable remainder trusts	97,731,235	91,559,284
Operating right-of-use assets, net	406,373	-
Property and equipment, net	101,030,852	102,693,739
<b>Total assets</b>	<b>\$ 434,288,156</b>	<b>\$ 434,598,457</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 4,307,018	\$ 3,268,732
Deferred revenue	20,229,833	18,719,694
Operating lease liability	383,919	-
Liability on charitable remainder trusts	38,337,571	37,527,079
Bonds and notes payable, net	17,347,108	17,339,604
<b>Total liabilities</b>	<b>80,605,449</b>	<b>76,855,109</b>
Commitments and contingencies (Note 7)		
Net assets:		
Without donor restrictions	108,114,490	108,160,900
With donor restrictions	245,568,217	249,582,448
<b>Total net assets</b>	<b>353,682,707</b>	<b>357,743,348</b>
<b>Total liabilities and net assets</b>	<b>\$ 434,288,156</b>	<b>\$ 434,598,457</b>

See notes to financial statements.

# Middlesex School

## Statement of Activities Year Ended June 30, 2023 (With Comparative Totals for Year Ended June 30, 2022)

	June 30, 2023			June 30, 2022
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
Revenues:				
Tuition, net of financial aid (2023—\$7,234,138; 2022—\$6,979,574)	\$ 19,322,304	\$ -	\$ 19,322,304	\$ 18,922,650
<b>Net tuition revenue</b>	<b>19,322,304</b>	<b>-</b>	<b>19,322,304</b>	<b>18,922,650</b>
Auxiliary revenue	213,865	-	213,865	252,426
Contributions—annual fund	2,845,698	837,975	3,683,673	3,285,256
Other revenue	1,082,953	-	1,082,953	658,077
Interest income	251,528	-	251,528	5,464
Net assets released from restriction—operating activities	1,983,769	(1,983,769)	-	-
<b>Total revenues</b>	<b>25,700,117</b>	<b>(1,145,794)</b>	<b>24,554,323</b>	<b>23,123,873</b>
Operating expenses:				
Program expenses	27,834,339	-	27,834,339	26,368,576
General and administrative	7,120,414	-	7,120,414	8,320,856
Capital development	2,682,281	-	2,682,281	2,468,243
<b>Total operating expenses</b>	<b>37,637,034</b>	<b>-</b>	<b>37,637,034</b>	<b>37,157,675</b>
<b>Change in net assets from operations before endowment draw</b>	<b>(11,936,917)</b>	<b>(1,145,794)</b>	<b>(13,082,711)</b>	<b>(14,033,802)</b>
Operating endowment draw	11,410,700	-	11,410,700	11,413,333
<b>Change in net assets from operations</b>	<b>(526,217)</b>	<b>(1,145,794)</b>	<b>(1,672,011)</b>	<b>(2,620,469)</b>
Other changes in net assets:				
Investment loss, net of fees	(739,774)	(1,940,833)	(2,680,607)	(22,982,790)
Contributions	2,314,894	2,605,685	4,920,579	2,989,528
Change in value—charitable remainder trusts	-	6,750,607	6,750,607	(16,931,252)
Appropriation of endowment used for operations	(1,321,289)	(10,089,411)	(11,410,700)	(11,413,333)
Releases to purchase property and equipment	194,485	(194,485)	-	-
Gain (loss) on disposal of property and equipment	31,491	-	31,491	(10,195)
<b>Total other changes in net assets</b>	<b>479,807</b>	<b>(2,868,437)</b>	<b>(2,388,630)</b>	<b>(48,348,042)</b>
<b>Change in net assets</b>	<b>(46,410)</b>	<b>(4,014,231)</b>	<b>(4,060,641)</b>	<b>(50,968,511)</b>
Net assets at beginning of year	108,160,900	249,582,448	357,743,348	408,711,859
Net assets at end of year	<b>\$ 108,114,490</b>	<b>\$ 245,568,217</b>	<b>\$ 353,682,707</b>	<b>\$ 357,743,348</b>

See notes to financial statements.

## Middlesex School

### Statement of Activities Year Ended June 30, 2022

	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues:			
Tuition, net of financial aid (2022—\$6,979,574)	\$ 18,922,650	\$ -	\$ 18,922,650
Net tuition revenue	18,922,650	-	18,922,650
Auxiliary revenue	252,426	-	252,426
Contributions—annual fund	3,015,581	269,675	3,285,256
Other revenue	658,077	-	658,077
Interest income	5,160	304	5,464
Net assets released from restriction—operating activities	277,853	(277,853)	-
Total revenues	23,131,747	(7,874)	23,123,873
Operating expenses:			
Program expenses	26,368,576	-	26,368,576
General and administrative	8,320,856	-	8,320,856
Capital development	2,468,243	-	2,468,243
Total operating expenses	37,157,675	-	37,157,675
Change in net assets from operations before endowment draw	(14,025,928)	(7,874)	(14,033,802)
Operating endowment draw	11,413,333	-	11,413,333
Change in net assets from operations	(2,612,595)	(7,874)	(2,620,469)
Other changes in net assets:			
Investment loss, net of fees	(2,690,014)	(20,292,776)	(22,982,790)
Contributions	46,608	2,942,920	2,989,528
Change in value—charitable remainder trusts	-	(16,931,252)	(16,931,252)
Appropriation of endowment used for operations	(2,672,770)	(8,740,563)	(11,413,333)
Releases to purchase property and equipment	170,038	(170,038)	-
Loss on disposal of property and equipment	(10,195)	-	(10,195)
Total other changes in net assets	(5,156,333)	(43,191,709)	(48,348,042)
Change in net assets	(7,768,928)	(43,199,583)	(50,968,511)
Net assets at beginning of year	115,929,828	292,782,031	408,711,859
Net assets at end of year	\$ 108,160,900	\$ 249,582,448	\$ 357,743,348

See notes to financial statements.

# Middlesex School

## Statements of Cash Flows Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (4,060,641)	\$ (50,968,511)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	5,749,251	6,098,832
Amortization of debt discount	7,504	7,504
(Gain) loss on disposal of property and equipment	(31,491)	10,195
Amortization of right-of-use assets	(22,454)	-
Net realized and unrealized loss on investments	2,143,420	22,609,328
Change in value of charitable remainder trusts	(6,750,607)	16,931,252
Proceeds from terminated charitable remainder trusts	1,389,148	-
Donated securities	(1,313,434)	(354,306)
Proceeds from sales of donated securities	121,912	108,164
Contributions restricted for long-term purposes	(2,605,685)	(3,463,437)
Change in accounts receivable	(1,096,498)	(266,861)
Change in contributions receivable	118,733	797,782
Change in prepaid expenses and other assets	(2,411,797)	(75,775)
Change in accounts payable and accrued expenses	(306,775)	756,600
Change in deferred revenue	1,510,139	696,184
<b>Total adjustments</b>	<b>(3,498,634)</b>	<b>43,855,462</b>
<b>Net cash used in operating activities</b>	<b>(7,559,275)</b>	<b>(7,113,049)</b>
Cash flows provided by investing activities:		
Purchase of investments	(18,464,450)	(12,195,426)
Purchase of property and equipment	(2,741,302)	(1,192,542)
Proceeds from sale of investments	19,726,215	18,981,902
Proceeds from sale of property and equipment	31,491	-
<b>Net cash (used in) provided by investing activities</b>	<b>(1,448,046)</b>	<b>5,593,934</b>
Cash flows provided by financing activities:		
Proceeds from contributions for long-term investments	2,179,355	2,296,666
Proceeds from contributions received for purchase of property and equipment	426,330	1,166,771
Proceeds from sale of donated securities	687,638	246,142
<b>Net cash provided by financing activities</b>	<b>3,293,323</b>	<b>3,709,579</b>
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>(5,713,998)</b>	<b>2,190,464</b>
Cash, cash equivalents and restricted cash:		
Beginning of year	16,907,625	14,717,161
End of year	\$ 11,193,627	\$ 16,907,625
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 462,151	\$ 423,403
Property, plant and equipment included in accounts payable and accrued expenses	\$ 1,390,605	\$ 45,543
Cash paid for amounts included in measurement of lease liabilities		
Operating cash outflows - payments on operating leases	\$ 42,986	\$ -
Right-of-use assets obtained in exchange for new lease obligations	\$ 421,515	\$ -
Operating leases		

See notes to financial statements.

## Middlesex School

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Middlesex School (the School) is a nonprofit organization located in Concord, Massachusetts. The School is a private independent boarding and day college preparatory school providing co-educational services to students in grades nine through twelve.

A summary of the School's significant accounting policies follows:

**Classification and reporting of net assets:** The School follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Financial Statements of Not-For-Profit Organizations. This standard provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management Institutional Funds Act (UPMIFA).

A description of the two net asset classes follows:

**Without donor restrictions:** These net assets are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees (the Board) or may otherwise be limited by contractual agreements with outside parties.

**With donor restrictions:** These net assets are those whose use by the School is subject to donor-imposed stipulations that can be fulfilled by actions of the School pursuant to those stipulations or that expire by the passage of time. These also include net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the School, with investment return available for designated purposes. Net assets with donor restrictions also include, under Massachusetts law, funds not yet appropriated by the Board, generally representing cumulative investment earnings and appreciation on endowment funds restricted in perpetuity.

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

**Cash and cash equivalents:** The School defines cash equivalents as highly liquid investments with initial maturities of 90 days or less when purchased. The School maintains its cash in bank deposit accounts and short-term investment accounts, the majority of which are invested either in short-term U.S. treasuries or insured accounts. The School maintains its cash in institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, the School's cash and cash equivalent balances may be in amounts that exceed the FDIC insurance limits. The School has not experienced any losses in such accounts. The School believes it is not exposed to any significant credit risk on cash and cash equivalents. Cash and cash equivalents do not include invested cash held in investment accounts.

## Middlesex School

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as of June 30:

	2023	2022
Cash and cash equivalents	\$ 10,976,649	\$ 16,721,369
Restricted cash	216,978	186,256
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 11,193,627</u>	<u>\$ 16,907,625</u>

Restricted cash mainly represents funds required to be segregated for self-insurance funding.

**Accounts receivable:** Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by evaluating individual student receivables while considering the student's financial situation and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. Amounts are considered past due when they have been outstanding for 60 days. The allowance for doubtful accounts was \$36,809 and \$17,994 for the years ended June 30, 2023 and 2022, respectively.

**Investments:** Investments are carried at fair value. Purchases and sales of securities are recorded on trade dates, and realized gains and losses are determined on the basis of the average cost of securities sold. Investment income, realized and unrealized gains and losses and investment fees are reflected in the statements of activities as investment return (loss), net in the applicable net asset category.

The School utilizes a per unit basis of managing its pooled investment portfolio.

**Fair value measurements:** Under the FASB's authoritative guidance on fair value measurements, fair value is 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. In determining fair value, the School uses various methods including market, income and cost approaches. In addition, the School reports certain investments using the net asset value (NAV) per share as determined by the investment managers as a practical expedient for fair value. Based on these approaches, the School often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The School utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the School is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.



## Middlesex School

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, the inputs are based on the lowest level of input that is significant to the fair value measurement.

The School has various processes and controls in place to ensure that fair value is reasonably estimated.

While the School 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.

The following is a description of the valuation methodologies used for instruments measured at fair value:

**Cash equivalents:** Cash equivalents, managed by external investment managers as part of their long-term strategies, are carried at market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

**Domestic fixed income, domestic equity securities and international equity securities:** The fair value of fixed income securities and equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

**Direct investment in private companies:** Certain investments for which prices are not observable include a private investment in the equity of an operating company and investments in real assets companies, which do not qualify for reporting NAV as the practical expedient. The fair value of these investments is based on Level 3 inputs and is determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available. The School's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Since no public market exists for the School's investments of this nature, the School's valuation at any measurement date is determined by inputs related to valuations observed in relevant private transactions, valuations for comparable public companies, or discounted cash flow analysis. The School assesses the significance of particular inputs based on the School's judgment, and considers factors specific to the investment.

## Middlesex School

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Interests in charitable remainder trusts held by School:** The fair value of interests in charitable remainder trusts where the School is the trustee is based on quoted market prices of underlying investments.

**Interest in charitable remainder trusts held by third-party trustees:** The fair value of the interests in charitable remainder trusts—held by third-party trustees are based on the fair value of underlying investments, estimated rate of return, and present value techniques including life expectancy.

**Liability on charitable remainder trusts:** The fair value of the liability on charitable remainder trust is based on present value techniques and assumptions including life expectancy and estimated rate of return. The School initially measures these liabilities at fair value and they are considered to be Level 2 within the fair value hierarchy at that time.

**Real assets:** Real assets are valued by fund managers using a discounted cash flow approach using leasing and operational activities. Additionally, the fund managers review sales transactions as means of benchmarking value achieved and all assets owned for more than two years are appraised every other year by a Member Appraisal Institute (MAI) appraiser.

During the years ended June 30, 2023 and 2022, there were no changes to the School's valuation techniques that had, or are expected to have, a material impact on its financial position or statements of activities.

**Charitable remainder trusts:** The School is the beneficiary of a number of charitable remainder trusts whereby it received an immediate contribution as well as a remainder interest in the underlying investment from which a specified percentage of the fair value of the trusts' assets each year is currently being paid to the donors.

Actuarial methods are used to calculate that portion of the investment representing the present value of the liability to the donor and that portion representing the contribution. The discount rates used for the actuarial calculations are based upon the estimated long-term rate-of-return on the related trust assets.

For agreements and trust assets maintained by an unrelated third-party trustee, the School includes in beneficial interest in charitable remainder trusts the value of the estimated future benefits to be received when the assets are distributed. Adjustments to reflect the changes in the fair value of the investments, revaluation of the present value of the estimated future payments to the donors and or secondary beneficiaries, and changes in actuarial assumptions during the term of the trust are made to the beneficial interest in charitable remainder trusts account and are recognized as changes in the value of charitable remainder trusts in their respective net asset classes.

For agreements and trust assets where the School is the trustee, the assets held in trust, generally investments, are recorded at fair value, and the liabilities to the donors are recorded, at the present value of the estimated future payments to be distributed over the life of the donor and/or donor's beneficiary, on the date of the gift. The amount of the contribution is the difference between these amounts. Adjustments to the asset and liability accounts, as noted above, are reflected as changes in the value of charitable remainder trusts in the statements of activities. Contribution revenue in connection with these agreements is recorded as net assets with donor restrictions relative to donor stipulation.

## Middlesex School

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Distributions to the beneficiaries are made each year from investment gains in accordance with the trust and annuity agreements. A liability is calculated based on the present value of the stream of payments over the life expectancy of the beneficiaries. The net change in the value of the assets and liabilities is recorded as change in value—charitable remainder trusts on the statements of activities. This change amounted to \$6,750,607 and \$(16,931,252) for the years ended June 30, 2023 and 2022, respectively.

**Property and equipment:** Property and equipment is recorded at cost and are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and building renovations	20-40
Building improvements	10-20
Furniture and equipment	5-10
Computers and software	3-5
Vehicles	3-5

Expenditures for major improvements are capitalized and depreciated over their estimated useful lives. Expenditures for repairs and maintenance are charged to expense as incurred.

Costs incurred in connection with construction projects are accumulated in construction in progress until the project is complete and placed into service, at which time the cost is transferred to the appropriate asset class and depreciation begins.

**Impairment of long-lived assets:** Long-lived assets, which consist primarily of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, the School compares the carrying amounts of the assets to the undiscounted expected future cash flows over the remaining life of the asset. If this comparison indicates that there may be impairment, the amount of impairment is calculated as the difference between the carrying value and fair value. During the fiscal years ended June 30, 2023 and 2022, no impairment indicators were identified.

**Collections:** The School's collections, which include artwork, books and artifacts of historical significance, have been acquired through contributions since the School's inception and are not recognized as assets on the statements of financial position. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset class. The collections are not subject to a policy that requires proceeds from their deaccessions or insurance recoveries to be used to acquire other items for collections.

**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Contributions:** All annual fund contributions are considered to be without donor restrictions unless otherwise stated and reported as in support for operations. Restricted annual fund gifts are released as the gift's purpose has been met. Contributions specifically restricted by the donor or that have inherent time restrictions are recorded as nonoperating contributions. Contributions, including unconditional promises to give, are initially recognized as revenue at fair value in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. There were no conditional promises to give as of June 30, 2023 or 2022. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues with donor restrictions. A reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions. Contributions received where the donor has not yet determined the restriction are recorded in net assets with donor restrictions until designation, at which time reclassification—change in donor intent—is recorded, as appropriate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fundraising activity.

**Leases:** In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right of use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The School adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the School has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the School's historical accounting treatment under ASC Topic 840, Leases.

The School elected the package of practical expedients under the transition guidance within Topic 842, in which the School does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The School has not elected to adopt the hindsight practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

The School determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the School obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The School also considers whether its service arrangements include the right to control the use of an asset. The School made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the School made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The School has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the School, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the School's operating leases of approximately \$421,515, in February 2023. The adoption of the new lease standard did not materially impact change in net assets or cash flows.

**Revenue recognition:** The School recognizes revenue in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as performance obligations are satisfied.

For each revenue source, the School recognizes revenue within the fiscal year in which the performance obligation is satisfied. The timing of the satisfaction of the performance obligation is not subject to significant judgment. Tuition and student fee revenue is recognized ratably over the academic year.

## Middlesex School

### Notes to Financial Statements

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#### **Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

Deposits or tuition prepayments for subsequent academic years received prior to the applicable academic year are deferred and recorded as a liability. Student contracts are cancelable prior to May 31 of the preceding school year; however, if canceled after May 31 of the preceding school year, there is an obligation

to pay 100% of the tuition due. As such, as of June 30, 2023 and 2022, there are tuition receivables and contract liabilities recorded, equal to 100% of the tuition of enrolled students, totaling \$12,068,887 and \$11,009,993, respectively, reported in accounts receivable, with an offsetting contract liability reported in deferred revenue.

The School has identified performance obligations associated with providing education in a boarding school environment for boarding and day students, which includes educational instruction, athletic instruction and room and board, and uses the output measure for recognition as the period of time over which the services are provided. The School defers recognition of registration and tuition revenue to the period in which the related educational instruction is performed, and the related expenses are incurred. Financial aid awarded to students reduce the amount of revenue recognized. Tuition remission is recorded as a benefit expense. Students are responsible for paying all charges in full or making pay arrangements in line with the payment plans offered and published by the School. Payments received prior to the start of a school year are recorded as deferred revenue, to be recognized as revenue as performance obligations are satisfied over the academic period services are rendered, typically within one year.

Auxiliary revenue represents summer program revenue, facility rentals and other related income and is recognized as the related programs are held. Advance payments for the subsequent year are recorded as deferred revenue.

Substantially all of the deferred revenue and deposits balance of \$18,719,694 and \$18,023,510 as of June 30, 2022 and 2021, was recognized as tuition or auxiliary revenue during the years ended June 30, 2023 and 2022, respectively. Substantially all of the balance of deferred revenue and deposits of \$20,229,833 as of June 30, 2023, will be recognized during the next academic year as services are rendered.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restriction unless their use is restricted by explicit donor stipulation or by interpretation of law. Expirations of restrictions on net assets by fulfillment of the donor stipulated purpose, or by passage of the stipulated time period, are reported as reclassifications between applicable classes of net assets.

**Operating and nonoperating activities:** The statements of activities include all of the School's revenues and expenses as part of operating activities, including investment income appropriated under the endowment spending policy.

Items included in nonoperating activities represent investment return (loss), net derived from the School's pooled endowment investments and non-endowment investments, changes in value of charitable remainder trusts, appropriation from endowment used for operations, certain contributions for long-term purposes, releases to purchase property, plant and equipment, and gains/(losses) on disposal of fixed assets.

## Middlesex School

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Income tax status:** The School is qualified under section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The School is subject to federal and state income taxes on unrelated business income.

The School follows FASB ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. The School recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities. Management evaluated the School's tax positions and concluded that the School has no material uncertainties in income taxes. The School is generally exempt from income tax examinations by the U.S. federal, state or local tax authorities for three years from the filing date.

**Deferred financing costs:** The costs incurred in securing long-term financing are capitalized and are being amortized to interest expense over the term of the loan. These costs are included as a debt discount within the statements of financial position. Amortization of deferred financing costs was \$7,504 for each of the years ended June 30, 2023 and 2022.

**Advertising:** The School expenses advertising costs as incurred.

**Functional expense allocation:** Certain expenses are attributable to more than one program or supporting function. These expenses are allocated consistently on the following bases:

- Depreciation, interest and occupancy costs are allocated based on square-footage used by each function.
- Salaries and benefits are allocated based on estimates of time and effort.

**Recently adopted accounting pronouncements:** In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The School is currently evaluating the impact of the pending adoption of the new standard on its financial statements and disclosures.

**Reclassifications:** Certain reclassifications, with no impact on the change in net assets, have been made to the 2022 financial statements in order to conform to the 2023 presentation.

## Middlesex School

### Notes to Financial Statements

#### Note 2. Contributions Receivable

Contributions receivable consist of the following at June 30:

	2023	2022
Unconditional promises to be collected in:		
Less than one year	\$ 355,545	\$ 319,535
One year to five years	231,000	340,441
	<u>586,545</u>	<u>659,976</u>
Less:		
Allowance for uncollectible contributions receivable	(59,449)	(18,495)
Discount for present value (at rates ranging from 1.72%-5.40%)	(15,902)	(11,554)
	<u>(75,351)</u>	<u>(30,049)</u>
	<u>\$ 511,194</u>	<u>\$ 629,927</u>

As of June 30, 2023 and 2022, approximately 77% and 88% of contributions receivable, respectively, were due from four individuals.

#### Note 3. Investments and Fair Value Measurements

The following table is a summary of assets and liabilities that the School measures at fair value on a recurring basis, at June 30:

	2023				
	Investments Measured at NAV (a)	Level 1	Level 2	Level 3	Total
Investments:					
Cash equivalents	\$ -	\$ 11,051,975	\$ -	\$ -	\$ 11,051,975
Domestic equity	32,544,266	-	-	-	32,544,266
International equity	32,230,502	2,834,089	-	-	35,064,591
Private equity	93,947,472	-	-	-	93,947,472
Absolute return	25,917,136	-	-	-	25,917,136
Real assets	1,352,266	-	-	2,571,058	3,923,324
Other	2,993,745	-	-	2,814,085	5,807,830
	<u>\$ 188,985,387</u>	<u>\$ 13,886,064</u>	<u>\$ -</u>	<u>\$ 5,385,143</u>	<u>\$ 208,256,594</u>
Beneficial interests in:					
Charitable remainder trusts— held by the School:					
Cash equivalents	\$ -	\$ 139,988	\$ -	\$ -	\$ 139,988
Domestic equity	-	32,094,920	-	-	32,094,920
International equity	-	5,781,310	33,286	-	5,814,596
Domestic fixed income	-	15,745,178	39,512	-	15,784,690
	-	<u>53,761,396</u>	<u>72,798</u>	-	<u>53,834,194</u>
Beneficial interest in:					
Charitable remainder trusts— held by third-party trustees	-	-	-	43,897,041	43,897,041
	<u>\$ -</u>	<u>\$ 53,761,396</u>	<u>\$ 72,798</u>	<u>\$ 43,897,041</u>	<u>\$ 97,731,235</u>
Cash and cash equivalents:					
Money market funds	\$ -	\$ 8,347,444	\$ -	\$ -	\$ 8,347,444
	<u>\$ -</u>	<u>\$ 8,347,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,347,444</u>



## Middlesex School

### Notes to Financial Statements

#### Note 3. Investments and Fair Value Measurements (Continued)

	2022				
	Investments Measured at NAV (a)	Level 1	Level 2	Level 3	Total
Investments:					
Cash equivalents	\$ -	\$ 12,067,253	\$ -	\$ -	\$ 12,067,253
Domestic equity	26,612,569	-	-	-	26,612,569
International equity	26,491,840	2,605,531	-	-	29,097,371
Private equity	106,408,621	-	-	-	106,408,621
Absolute return	24,432,244	-	-	-	24,432,244
Real assets	2,737,919	-	-	2,743,499	5,481,418
Other	3,744,934	-	-	3,313,486	7,058,420
	<u>\$ 190,428,127</u>	<u>\$ 14,672,784</u>	<u>\$ -</u>	<u>\$ 6,056,985</u>	<u>\$ 211,157,896</u>
Beneficial interests in:					
Charitable remainder trusts— held by the School:					
Cash equivalents	\$ -	\$ 854,579	\$ -	\$ -	\$ 854,579
Domestic equity	-	27,988,561	-	-	27,988,561
International equity	-	5,409,587	31,944	-	5,441,531
Domestic fixed income	-	17,607,093	110,018	-	17,717,111
	-	51,859,820	141,962	-	52,001,782
Beneficial interest in:					
Charitable remainder trusts— held by third-party trustees	-	-	-	39,557,502	39,557,502
	<u>\$ -</u>	<u>\$ 51,859,820</u>	<u>\$ 141,962</u>	<u>\$ 39,557,502</u>	<u>\$ 91,559,284</u>
Cash and cash equivalents:					
Money market funds	\$ -	\$ 1,198,385	\$ -	\$ -	\$ 1,198,385
	<u>\$ -</u>	<u>\$ 1,198,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,198,385</u>

(a) In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the NAV practical expedient 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 amounts presented in the statements of financial position.

During the years ended June 30, 2023 and 2022, the School did not make any significant transfers, purchases or sales of Level 3 investments.

Included within investments on the statements of financial position are liquid assets with and without donor restrictions segregated for acquisition of long-lived assets and other purposes totaling approximately \$9,023,000 and \$5,029,000 at June 30, 2023 and 2022, respectively.

## Middlesex School

### Notes to Financial Statements

#### Note 3. Investments and Fair Value Measurements (Continued)

The School uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company. The following tables list investments in investment companies by major category at June 30:

	2023	Unfunded	Redemption	Redemption
	NAV in Funds	Commitments	Frequency, if eligible	Notice, if eligible
Domestic equity (1)	\$ 32,544,266	\$ -	Quarterly	60 days
International equity (2)	32,230,502	1,100,000	Monthly - Every 5 years	30-90 days
Private Equity (3)	93,947,472	26,747,710	N/A - Illiquid	N/A - Illiquid
Absolute Return (4)	25,917,136	-	Annually - Every 5 years	30-60 days
Real Assets (5)	1,352,266	2,148,975	N/A - Illiquid	N/A - Illiquid
Other(6)	2,993,745	-	N/A - Illiquid	N/A - Illiquid
Total Investments	<u>\$ 188,985,387</u>	<u>\$ 29,996,685</u>		

  

	2022	Unfunded	Redemption	Redemption
	NAV in Funds	Commitments	Frequency, if eligible	Notice, if eligible
Domestic equity (1)	\$ 26,612,569	\$ -	Quarterly	60 days
International equity (2)	26,491,840	1,500,000	Monthly - Every 5 years	30-90 days
Private Equity (3)	106,408,621	25,443,239	N/A - Illiquid	N/A - Illiquid
Absolute Return (4)	24,432,244	-	Annually - Every 5 years	30-60 days
Real Assets (5)	2,737,919	2,561,918	N/A - Illiquid	N/A - Illiquid
Other(6)	3,744,934	-	N/A - Illiquid	N/A - Illiquid
Total Investments	<u>\$ 190,428,127</u>	<u>\$ 29,505,157</u>		

#### Investment strategy:

- 1) Fund divided into multiple sections investing in domestic public companies
- 2) Global funds, primarily publicly traded common stocks and fixed income
- 3) Venture and buyout, in the U.S. and international market
- 4) Fund of funds which focuses on partnerships investing in publicly traded companies
- 5) Real estate investments including offices, multifamily and retail space
- 6) Fund of funds endowment allocation focus

Commitments not called during the investment period may expire and not be funded. Certain funds are deemed illiquid because they cannot be redeemed, either due to redemption restrictions and/or lock-up provisions in existence at year-end. Included in the tables above, there is one international equity fund with a fair value of \$1,082,065 and \$524,710 at June 30, 2023 and 2022, respectively, that is not able to be redeemed. Additionally, there is one absolute return fund that has a maximum redemption percentage of 50% each year, with a fair value of \$9,296,563 and \$8,870,182 at June 30, 2023 and 2022, respectively. Alternatively, there is one private equity fund with a fair value of \$8,904,924 and \$8,517,699 at June 30, 2023 and 2022, respectively, that has a semi-annual redemption term with a 60-day notice period. Unfunded commitments for the School's Level 3 investments totaled approximately \$4,900,000 and \$2,400,000 as of June 30, 2023 and 2022, respectively.

## Middlesex School

### Notes to Financial Statements

#### Note 3. Investments and Fair Value Measurements (Continued)

The following table presents quantitative information about Level 3 fair value measurements as of June 30:

	Fair Value June 30, 2023	Valuation Technique	Level 3 Unobservable Input	Range of Inputs
Charitable remainder trusts—held by third-party trustee	\$ 43,897,041	Value of underlying assets and present value techniques	Rate of return Discount rate Life expectancy	7.3% 7.3% 11-24 years
	Fair Value June 30, 2022	Valuation Technique	Level 3 Unobservable Input	Range of Inputs
Charitable remainder trusts—held by third-party trustee	\$ 39,557,502	Value of underlying assets and present value techniques	Rate of return Discount rate Life expectancy	6.3% 6.3% 12-25 years

#### Note 4. Property and Equipment

Property and equipment consists of the following as of June 30:

	2023	2022
Buildings and building renovations	\$ 151,634,200	\$ 151,634,200
Building improvements	23,144,452	22,756,541
Construction in progress	6,655,665	3,370,815
Furniture and equipment	6,903,226	6,633,106
Computers and software	2,352,478	2,352,478
Vehicles	351,053	330,160
Land and land improvements	1,212,242	1,113,652
	192,253,316	188,190,952
Less accumulated depreciation	(91,222,464)	(85,497,213)
	<u>\$ 101,030,852</u>	<u>\$ 102,693,739</u>

Depreciation and amortization expense on property and equipment totaled \$5,749,251 and \$6,098,832 for the years ended June 30, 2023 and 2022, respectively.

The School has various projects in process in connection with campus building improvements and deferred maintenance costs at June 30, 2023 and 2022. At June 30, 2023, these projects consisted of initial costs to redesign and renovate six buildings. At June 30, 2023, the School estimates the total cost to complete these current projects to be approximately \$1,100,000. At June 30, 2022, these projects consisted of initial costs to redesign and renovate two buildings.

## Middlesex School

### Notes to Financial Statements

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#### Note 5. Line of Credit

On January 24, 2023, the School entered into a line of credit agreement with First Republic Bank for \$5,000,000 that can be renewed annually. The current line expires on January 31, 2024. Interest is payable at the National Prime Rate minus 125 basis points or 5.75% per annum, whichever is greater (5.75% and 7.00% as of June 30, 2023 and 2022, respectively). The interest rate was 7% and 3.5% for the years ended June 30, 2023 and 2022. There was no balance outstanding at June 30, 2023 or 2022. The line of credit agreement is unsecured with a negative pledge held on the campus.

#### Note 6. Bonds and Notes Payable

On October 15, 2013, the School entered into a new 30-year bond agreement (the Note) with First Republic Bank in a private placement allowing the School to borrow up to \$17,500,000. The Note is issued as one fully registered Note without coupons and is designated as Massachusetts Development Finance Agency Revenue Note, Middlesex School Issue, Series 2013, with principal due at maturity on October 1, 2043, bearing an annual fixed rate of interest of 3.4%. In addition, the Note is unsecured with a negative pledge held on the campus. On April 1, 2020, the School entered into an amendment of this note. The interest rate was reduced to 2.6%, payable from the date of the amendment. The principal remained due at maturity on October 1, 2043. The amendment reset the repayment terms on the note, which included a prepayment fee of 2% through March 31, 2023, and 1% from April 1, 2023 through March 31, 2025. The prepayment fees are only applicable on any principal payments above 25% of the outstanding balance on the note.

Interest payments commenced on November 1, 2013, and are computed based on the amount of principal that has been drawn from the Note prior to the payment date. Interest expense totaled approximately \$462,151 and \$440,575 for the years ended June 30, 2023 and 2022, respectively. The outstanding balance of the note at June 30 was:

	2023	2022
Bonds and notes payable	\$ 17,500,000	\$ 17,500,000
Bond discount	(152,892)	(160,396)
Bond and notes payable, net	<u>\$ 17,347,108</u>	<u>\$ 17,339,604</u>

#### Note 7. Commitments, Contingencies and Uncertainties

In conducting its activities, the School, from time to time, is subject to various claims and also has claims against others. In management's opinion, the ultimate resolution of such claims would not have a material effect on the financial position of the School.

## Middlesex School

### Notes to Financial Statements

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#### Note 8. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, including lapse of time, as follows at June 30:

Satisfaction of operating purpose or time restrictions:

	2023	2022
General programmatic expenses	\$ 1,953,396	\$ 180,113
Financial aid	30,373	97,740
	<u>\$ 1,983,769</u>	<u>\$ 277,853</u>

Releases related to the purchase of property and equipment placed in service totaled \$194,485 and \$170,038 during the years ended June 30, 2023 and 2022, respectively.

## Middlesex School

### Notes to Financial Statements

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#### Note 9. Composition of Net Assets

Net assets consisted of the following at June 30:

	2023	2022
Board-designated endowment assets without donor restrictions:		
Designated for general program	\$ 10,650,644	\$ 10,937,599
Designated for pension loan	10,300,556	12,017,315
Designated for faculty and staff	3,934,324	4,147,844
Designated for plant maintenance	2,710,685	1,464,884
Designated for scholarships	1,191,122	803,974
Designated for other specific purpose	1,293,176	1,256,511
Total board-designated endowments	<u>\$ 30,080,507</u>	<u>\$ 30,628,127</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Faculty and staff	\$ 369,750	\$ 730,197
Capital construction	3,236,934	2,746,799
Other specific program purpose	2,101,615	1,615,898
	<u>5,708,299</u>	<u>5,092,894</u>
Subject to the passage of time:		
Charitable remainder trusts	15,325,008	14,142,455
Subject to restriction in perpetuity:		
Charitable remainder trusts	44,068,656	39,889,746
Contributions receivable	273,710	272,545
Student loan program	341,273	340,150
	<u>44,683,639</u>	<u>40,502,441</u>
Subject to the School's spending policy and appropriations:		
Endowment returns subject to future appropriation:		
Restricted for scholarship support	39,509,672	44,864,182
Restricted for faculty and staff	8,209,807	9,236,289
Restricted for plant maintenance	2,007,270	2,243,651
Restricted for general program support	16,234,727	17,682,224
Restricted for other program support	26,696,071	30,801,359
	<u>92,657,547</u>	<u>104,827,705</u>
Endowment funds restricted in perpetuity:		
Restricted for scholarship support	38,932,174	38,751,150
Restricted for faculty and staff	8,267,366	7,055,793
Restricted for plant maintenance	1,561,302	1,493,028
Restricted for general program support	4,196,938	4,196,938
Restricted for other program support	34,235,944	33,520,044
	<u>87,193,724</u>	<u>85,016,953</u>
Total net assets with donor restrictions	<u>\$ 245,568,217</u>	<u>\$ 249,582,448</u>

## Middlesex School

### Notes to Financial Statements

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#### Note 10. Endowment Net Assets

The Board has interpreted Massachusetts General Law (MGL) as requiring realized and unrealized gains and interest and dividend income of donor-restricted endowment funds to be retained in net assets with donor restrictions until appropriated by the Board and expended, unless otherwise specified by the donor. MGL does allow spending from underwater endowment funds if deemed prudent. MGL allows the Board to appropriate for expenditure or accumulate so much of an endowment fund as the School determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. In making a determination to appropriate or accumulate, the School shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors: the duration and preservation of the endowment fund; the purposes of the School and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of the School; and the investment policy of the School.

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity or for donor-specified purposes as well as Board-designated funds. The School expects its endowment funds, over time, to provide an average rate of return that will allow the purchasing power of the endowment to be maintained. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the School 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 School targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed a policy index.

In the process of setting the School's annual operating budget, the Board sets a targeted draw from endowment funds to be appropriated for operating activities. The target is 4.5% of the average fair value of the portfolio for each of the preceding 12 quarters ending June 30 of the preceding fiscal year. In addition, at the discretion of the Board, an amount in excess of the targeted 4.5% may be appropriated for operations as well as to cover the period pension cost payment. The spending policy does not prohibit spending from underwater endowment funds if it is necessary. The School had an operating draw of 4.22% and 4.73% for the years ended June 30, 2023 and 2022. To service the School's loan related to the defined benefit plan pension buyout, there was an appropriation in addition to the 4.22% operating draw that exceeded the 4.50% in June 30, 2023 and 2022, approved by the Board. The total draw for the years ended June 30, 2023 and 2022 was 5.09%. As a result of that calculation, a portion of cumulative net realized gains and net appreciation is allocated to operations in accordance with the School's investment policies and procedures spending policy. In establishing this policy, the School considered the long-term expected return in its endowment. Accordingly, over the long term, the School expects the current spending policy to allow its endowment to grow at a level similar with inflation. This is consistent with the School's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. The actual draws for fiscal years 2023 and 2022 were \$11,410,700 and \$11,413,333, respectively.

A portion of the investments held by the School are pooled and maintained on a fair value per unit basis. Purchases and sales of pooled investments, as well as income and gains on investments are allocated to each fund on the basis of fair value per unit at the end of the previous quarter in which the transaction takes place.

# Middlesex School

## Notes to Financial Statements

### Note 10. Endowment Net Assets (Continued)

The following is a summary of endowment net asset composition by type of fund at June 30:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds	\$ -	\$ 179,851,271	\$ 179,851,271
Board-designated funds	30,080,507	-	30,080,507
Total funds	<u>\$ 30,080,507</u>	<u>\$ 179,851,271</u>	<u>\$ 209,931,778</u>
Net assets, beginning of year	\$ 30,628,127	\$ 189,844,658	\$ 220,472,785
Contributions/designations	1,477,240	2,177,319	3,654,559
Investment loss:			
Investment loss, net of fees	(703,571)	(2,081,295)	(2,784,866)
Other activity:			
Appropriation of endowment assets for expenditures	(1,321,289)	(10,089,411)	(11,410,700)
Net assets, end of year	<u>\$ 30,080,507</u>	<u>\$ 179,851,271</u>	<u>\$ 209,931,778</u>

  

	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor-restricted endowment funds	\$ -	\$ 189,844,658	\$ 189,844,658
Board-designated funds	30,628,127	-	30,628,127
Total funds	<u>\$ 30,628,127</u>	<u>\$ 189,844,658</u>	<u>\$ 220,472,785</u>
Net assets, beginning of year	\$ 35,667,707	\$ 216,660,265	\$ 252,327,972
Contributions/designations	461	2,296,666	2,297,127
Investment loss:			
Investment loss, net of fees	(2,367,271)	(20,371,710)	(22,738,981)
Other activity:			
Appropriation of endowment assets for expenditures	(2,672,770)	(8,740,563)	(11,413,333)
Net assets, end of year	<u>\$ 30,628,127</u>	<u>\$ 189,844,658</u>	<u>\$ 220,472,785</u>

During the year ended June 30, 2020, the School took out a loan from the Board-designated endowment to fund the termination of the School's defined benefit pension plan. The loan was taken in two tranches of \$14,000,000 and \$3,167,593 in August and September 2019 with a term of 10 years for each tranche with interest rates of 1.61% and 1.73% per annum, respectively, for each tranche. Semiannual principal and interest payments began on December 31, 2019. Principal payments for each tranche total \$700,000 and \$158,380, respectively, through maturity on June 30, 2029. Interest paid on the loan totaled approximately \$188,866 and \$217,000 through June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the amount outstanding on the loan totaled \$10,300,556 and \$12,017,315, respectively and is included in endowment net assets. The loan is an intercompany transaction and as such, it is eliminated in the accompanying statements of financial position. Included in cash and cash equivalents on the accompanying statements of financial position at June 30, 2023 and 2022, is \$1,031,414 and \$2,780,909, respectively in operating cash due to the endowment.



## Middlesex School

### Notes to Financial Statements

#### Note 10. Endowment Net Assets (Continued)

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 law requires the School to retain as a fund of perpetual duration.

Funds with deficiencies were reported in net assets with donor restrictions at June 30 as follows:

	2023	2022
Fair value of underwater endowment funds	\$ 3,740,160	\$ 868,537
Original endowment gift amount	4,009,907	962,814
Underwater endowment	<u>\$ 269,747</u>	<u>\$ 94,277</u>

During the years ended June 30, 2023 and 2022, \$445,399 and \$9,980, respectively, was spent from underwater endowment funds.

#### Note 11. Related-Party Transactions

Certain Trustees are partners or employees of investment companies in which the School has direct investments. Trustees disclose these relationships and abstain from any votes related to these specific investments. These direct investments represent less than 3% of the School's total investments as of June 30, 2023 and 2022. Investment fees paid to these companies totaled approximately \$23,000 and \$80,000 during the years ended June 30, 2023 and 2022, respectively.

#### Note 12. Functional Expenses

The following is a presentation of expenses on a functional basis as of June 30:

	2023					
	Educational Services	Auxiliary Services	Total Program Expenses	General and Administrative	Capital Development	Total Operating Expenses
Wages	\$ 9,267,412	\$ 14,077	\$ 9,281,489	\$ 3,193,995	\$ 1,152,497	\$ 13,627,981
Payroll taxes	638,973	971	639,944	220,221	79,463	939,628
Benefits	2,715,783	4,125	2,719,908	935,990	337,736	3,993,634
Outside services	818,749	3,540	822,289	717,026	89,833	1,629,148
Supplies and office expenses	314,343	783	315,126	111,324	57,254	483,704
Information technology	371,767	-	371,767	466,282	87,642	925,691
Occupancy	2,520,967	67,467	2,588,434	140,153	29,198	2,757,785
Travel	805,863	818	806,681	92,596	113,604	1,012,881
Depreciation	5,366,204	41,830	5,408,034	271,468	69,749	5,749,251
Interest	455,860	3,553	459,413	23,061	5,925	488,399
Insurance	158,250	1,232	159,482	222,723	2,055	384,260
Food	2,288,513	33	2,288,546	95,082	290,572	2,674,200
Other expenses	1,851,326	121,900	1,973,226	630,493	366,753	2,970,472
Total operating expenses	<u>\$ 27,574,010</u>	<u>\$ 260,329</u>	<u>\$ 27,834,339</u>	<u>\$ 7,120,414</u>	<u>\$ 2,682,281</u>	<u>\$ 37,637,034</u>

## Middlesex School

### Notes to Financial Statements

#### Note 12. Functional Expenses (Continued)

	2022					
	Educational Services	Auxiliary Services	Total Program Expenses	General and Administrative	Capital Development	Total Operating Expenses
Wages	\$ 8,822,665	\$ 42,158	\$ 8,864,823	\$ 3,601,177	\$ 1,095,800	\$ 13,561,800
Payroll taxes	587,759	2,809	590,568	239,908	73,001	903,477
Benefits	3,476,414	12,457	3,488,871	1,064,097	323,793	4,876,761
Outside services	697,226	1,140	698,366	1,463,228	76,403	2,237,997
Supplies and office expenses	306,626	74,679	381,305	331,357	40,783	753,445
Information technology	307,437	-	307,437	420,768	80,988	809,193
Occupancy	2,346,445	32,495	2,378,940	192,169	61,250	2,632,359
Travel	520,460	374	520,834	52,172	78,277	651,283
Depreciation	5,531,031	19,516	5,550,547	401,913	146,372	6,098,832
Interest	436,130	2,316	438,446	15,440	3,860	457,746
Insurance	149,356	527	149,883	182,047	3,953	335,883
Food	2,108,291	10	2,108,301	94,487	219,376	2,422,164
Other expenses	877,122	13,133	890,255	262,093	264,387	1,416,735
Total operating expenses	\$ 26,166,962	\$ 201,614	\$ 26,368,576	\$ 8,320,856	\$ 2,468,243	\$ 37,157,675

#### Note 13. Liquidity

The School regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investments of its available funds. As of June 30, 2023 and 2022, financial assets available within one year for general expenditure, such as operating expenses, and capital construction costs not financed with debt, were as follows:

	2023	2022
Cash and cash equivalents	\$ 10,976,649	\$ 16,721,369
Restricted cash	216,978	186,256
Accounts receivable	12,141,171	11,044,673
Contributions receivable due within one year	355,545	260,865
Other assets	2,317,057	-
Investments:		
Subsequent year's endowment appropriation under spending policy	12,985,871	11,747,695
Nonendowment investments	9,023,222	5,029,056
Total financial assets available within one year	<u>\$ 48,016,493</u>	<u>\$ 44,989,914</u>

The School's cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year-end. To manage liquidity, the School maintains a line of credit of \$5,000,000 that is available to be drawn down as needed during the year to manage cash flows. There was no amount outstanding under the line of credit as of June 30, 2023 and 2022, nor were there any borrowings during the years then ended.

## Middlesex School

### Notes to Financial Statements

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#### Note 13. Liquidity (Continued)

In addition, the School has available Board-designated endowment funds, net of the endowment loan more fully disclosed in Note 10, totaling \$19,779,951 and \$18,610,812 at June 30, 2023 and 2022, respectively. Although the School does not intend to spend from its Board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its Board-designated endowment could be made available if necessary.

#### Note 14. Leases

The School has obligations as a lessee for real estate property located in Billerica, Massachusetts. This is a 10-year lease that commenced on February 1, 2023. The School has classified this lease as an operating lease. In addition, the School is also responsible for paying all property taxes and insurance on the leased property. Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense incurred under this lease was \$20,533 for the year ended June 30, 2023.

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the statement of financial position as of June 30, 2023 follows:

	Operating leases
2024	\$ 44,276
2025	45,604
2026	46,972
2027	48,381
2028	49,832
Thereafter	214,735
Total lease payments	449,800
Imputed interest	(65,881)
Present value of lease liability	<u>\$ 383,919</u>

Supplemental information related to the lease is as follows as of June 30, 2023:

Operating leases:	
Operating lease right of use asset	<u>\$ 406,373</u>
Current portion of lease liabilities - operating	\$ 31,655
Lease liabilities, net of current portion - operating	352,264
Total operating lease liabilities	<u>\$ 383,919</u>

The weighted average remaining operating lease term was 9.6 years and the weighted average discount rate was 3.40%.

## **Middlesex School**

### **Notes to Financial Statements**

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#### **Note 15. Retirement Plan**

The School sponsors a defined contribution retirement plan (DC Plan) for all eligible employees (employees working in excess of 1,000 hours). During the years ended June 30, 2023 and 2022, the School made contributions of \$1,176,390 and \$1,121,596, respectively, to the DC Plan. Contributions are based on a percentage of eligible wages.

#### **Note 16. Subsequent events**

The School has evaluated subsequent events through December 15, 2023, the date the financial statements were available to be issued.

## **APPENDIX C**

### **DEFINITIONS OF CERTAIN TERMS**

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## DEFINITIONS OF CERTAIN TERMS

*The following are definitions of certain terms used in this Official Statement and in the Loan and Trust Agreement dated as of [August] 1, 2024 (the “Agreement”) by and among the Massachusetts Development Finance Agency (the “Issuer”), Middlesex School (the “Borrower”) and The Bank of New York Mellon Trust Company, as trustee (the “Trustee”).*

“Act” means Massachusetts General Laws, Chapter 23G and 40D, unless otherwise specified in the Agreement, each as amended from time to time.

“Additional Payments” means the amounts required to be paid by the Institution pursuant to the Agreement.

“Authorized Officer” means (i) in the case of the Issuer, any of the Executive Director/President and Chief Executive Officer, the Senior Executive Vice President, Executive Vice President for Operations, Deputy Director and Chief Operating Officer, the General Counsel, the Secretary, the Treasurer, Chief Financial Officer and Executive Vice President for Finance and Administration, the Executive Vice President of Finance Programs, or the Senior Vice President, Investment Banking of the Issuer, or any other official of the Issuer so designated by a resolution of the Issuer; and (ii) in the case of the Borrower, the Chair, the Treasurer, the Secretary, the Head of School, the Chief Financial Officer, and the Controller, and when used with reference to an act or document of the Borrower, also means any other person authorized to perform the act or execute the document.

“Bond Counsel” means the law firm of McCarter & English, LLP, or any other attorney at law or firm of attorneys, selected by the Borrower and satisfactory to the Issuer, of nationally recognized standing in matters pertaining to the validity of and the federal tax exemption of interest on bonds issued by states and their political subdivisions, and duly admitted to the practice of law before the highest court of any state of the United States of America.

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

“Bonds” means the \$[ ] Massachusetts Development Finance Agency Revenue Bonds, Middlesex School Issue, Series 2024, dated the date of original delivery, and any Bond or Bonds duly issued in exchange or replacement therefor.

“Borrower Tax Certificate” means the Borrower Tax Certificate executed and delivered on the date of the issuance of the Bonds by the Borrower.

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

“Campaign Receipts” means campaign contributions donated to the Borrower.

“Campus” means the main address of the Borrower, 1400 Lowell Road, Concord, Massachusetts 01742.

“Code” means the Internal Revenue Code of 1986, as from time to time amended, and any regulations promulgated thereunder, including, without limitation, any Treasury Regulations or Temporary or Proposed Regulations, as the same shall from time to time be amended, including (until modified, amended, or superseded) Treasury Regulations or Temporary or Proposed Regulations promulgated under the Internal Revenue Code of 1954, as amended.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of the date of issuance of the Bonds between the Borrower and Digital Assurance Certification, LLC, as dissemination agent (the “Dissemination Agent”), dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

## APPENDIX C

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

“Issuer Tax Certificate” means the Issuer Tax Certificate from the Issuer dated the date of original issuance of the Bonds.

“MHC” means the Massachusetts Historical Commission.

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

“Negative Pledge Property” means the land with the buildings and improvements located thereon in Concord, Middlesex County, Commonwealth of Massachusetts and being known as 1400 Lowell Road and identified as Town of Concord Tax Assessors records as Map 3F/Block 1533 and consisting of approximately 289.85 acres of land, together with all buildings, structures and other improvements now or hereafter erected or placed on the foregoing lots and all related building fixtures, as described in the Supplemental Loan Agreement and the Notice of Negative Pledge and Agreement dated as of October 1, 2013 by the Borrower in favor of First Republic Bank in its capacity as lender to the Borrower, as agent for First Republic Lending Corporation and as disbursing agent in connection with the Series 2013 Notes. JPMorgan Chase Bank, N.A. is the successor-in-interest, from the Federal Deposit Insurance Corporation as Receiver for First Republic Bank and First Republic Lending Corporation.

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

“Outstanding,” when used to modify Bonds, refers to Bonds issued under the Agreement, excluding: (i) Bonds that have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment; (ii) Bonds that have been paid; (iii) Bonds that have become due and for the payment of which moneys have been duly provided; and (iv) Bonds for which there have been irrevocably set aside in accordance with the Agreement sufficient funds, or Government or Equivalent Obligations described in clauses (i) and (ii) of the definition thereof bearing interest at such rates, and with such maturities as will provide sufficient funds, to pay or redeem them, provided, however, that if any such Bonds are to be redeemed prior to maturity, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee.

“Paying Agent” means the Paying Agent designated from time to time pursuant to the Agreement.

“Project” means the (i) the demolition of an existing building on the site of the new field house and the construction of a new 80,000 square foot field house, which will house an athletic practice facility; (ii) resurfacing and restoration of two turf fields; (iii) envelope, structural and interior work on the Campus buildings, including the Athletics Facility, Hallowell House (dormitory), Peabody House (dormitory), Kravis House (dormitory), and the Bass Arts Pavilion; (iv) structural work on the smokestack and envelope of the Rachel Carson Center; (v) envelope work and replacement of windows and doors in Bryant-Paine House (dormitory); (vi) construction of welcome stations and gates at entrances to the Campus and security and lighting system installation and related construction costs; (vii) the restorative work/potential rebuild of the waste water treatment plant and the underground lines leading to the plant (the “Waste Water Treatment Plant”); and (viii) other deferred maintenance projects and other capital improvement projects located on the Campus and utility system.



The word “Project” also refers to the facilities which result or have resulted from the foregoing activities. The scope of the Project may be increased or decreased upon certification by the Project Officer on behalf of the Borrower to the Trustee and the Issuer describing the change, estimating the resulting increase or decrease in the cost of the Project and stating: that the amendment will not cause the Project to violate any applicable building, zoning, land use, environmental protection, historical, sanitary, safety or educational laws, rules and regulations or applicable grant, reimbursement or insurance requirements or the provisions of the Agreement. The signers of the certificate may rely, as to conclusions of law, on an opinion of counsel furnished to the Issuer and referred to in the certificate. The scope of the Project may be increased only upon (i) approval by the Issuer and (ii) receipt by the Trustee and the Issuer of an Opinion of Bond Counsel regarding the increase in scope.

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

“Project Fund” means the fund established pursuant to Section 401 of the Agreement.

“Project Officer” means the Chief Financial Officer or an alternate or successor appointed by the Borrower.

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

“S&P” means S&P Global Ratings, or any successor rating agency.

“Series 2013 Revolving Loan” means the Five Million (\$5,000,000) Dollars revolving loan dated October 15, 2013 from First Republic Bank to the Borrower as evidenced by the promissory note in the original principal amount of Five Million (\$5,000,000) Dollars.

“Series 2013 Notes” means \$17,500,000 Massachusetts Development Finance Agency Revenue Note, Middlesex School Issue, Series 2013 dated October 15, 2013.

“Series 2013 Loan and Security Agreement” means the Loan and Security Agreement dated as of October 1, 2013, as amended by that certain First Amendment to Loan and Security Agreement dated as of April 1, 2020, each among the Issuer, the Borrower, First Republic Lending Corporation, as noteholder, and First Republic Bank, as disbursing agent. JPMorgan Chase Bank, N.A. is the successor-in-interest, from the Federal Deposit Insurance Corporation as Receiver for First Republic Bank and First Republic Lending Corporation.

“Supplemental Loan Agreement” means the Supplemental Loan Agreement dated as of October 1, 2013 by and among the Borrower, the Issuer, First Republic Lending Corporation, as noteholder, and First Republic Bank, as disbursing agent related to the Series 2013 Notes and the Series 2013 Revolving Loan. JPMorgan Chase Bank, N.A. is the successor-in-interest, from the Federal Deposit Insurance Corporation as Receiver for First Republic Bank and First Republic Lending Corporation.

“UCC” means the Massachusetts Uniform Commercial Code.

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

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## **APPENDIX D**

### **SUMMARY OF THE LOAN AND TRUST AGREEMENT**

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## SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT

*The following is a brief summary, prepared by McCarter & English, LLP, Bond Counsel to the Borrower, of certain provisions of the Loan and Trust Agreement dated as of [August] 1, 2024. This summary does not purport to be complete, and reference is made to the document for full and complete statements of such and all provisions.*

### The Assignment and Pledge

The Issuer assigns and pledges to the Trustee in trust upon the terms of the Agreement (a) all Revenues to be received from the Borrower or derived from any security provided under the Agreement, (b) all rights to receive such Revenues and the proceeds of such rights, (c) all funds and investments held from time to time in the funds established under the Agreement and (d) all of its right, title and interest in the Agreement, including enforcement rights and remedies but excluding certain rights of indemnification and to reimbursement of certain expenses as set forth in the Agreement. The assignment and pledge does not include: (i) the rights of the Issuer pursuant to provisions for consent, concurrence, approval or other action by the Issuer, notice to the Issuer or the filing of reports, certificates or other documents with the Issuer; (ii) the right of the Issuer to any payment or reimbursement pursuant to the Agreement; or (iii) the powers of the Issuer as stated in the Agreement to enforce the rights set forth in subclauses (i) and (ii) of this sentence. As additional security for its obligations to make payments to the Debt Service Fund, the Redemption Fund and the Project Fund and for its other payment obligations under the Agreement, the Borrower grants to the Trustee a security interest in its interest in the moneys and other investments held from time to time in the funds established under the Agreement, other than the Rebate Fund. (Section 201)

### Establishment of Funds

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

Debt Service Fund;  
Redemption Fund;  
Rebate Fund;  
Expense Fund; and  
Project Fund.

### Debt Service Fund

A Debt Service Fund is established with the Trustee and moneys shall be deposited therein as provided in the Agreement. The moneys in the Debt Service Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal, redemption premium, if any, and interest on the Bonds. Promptly after July 1 of each Bond Year, if the amount deposited by the Borrower in the Debt Service Fund during the preceding Bond Year pursuant to the Agreement was in excess of the amount required to be so deposited, the Trustee shall transfer such excess to the Borrower unless there is then an Event of Default known to the Trustee with respect to payments to the Debt Service Fund or to the Trustee, the Paying Agent or the Issuer, in which case the excess shall be applied to such payments. (Section 303)

### Redemption Fund

A Redemption Fund is established with the Trustee and moneys shall be deposited therein as provided in the Agreement. The moneys in the Redemption Fund and any investments held as a part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee on behalf of the Issuer solely to the redemption of Bonds. The Trustee may, and upon written direction of the Borrower for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date.

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If on any date the amount in the Debt Service Fund is less than the amount then required to be transferred to the Paying Agent to pay the principal and interest then due on the Bonds, or if on any date an amount in the Rebate Fund is less than the amount then required to be paid to the United States as provided in the Agreement, the Trustee shall apply the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) first, to the Rebate Fund and second, to the Debt Service Fund to the extent necessary to meet the deficiency. The Borrower shall remain liable for any sums which it has not paid into the Debt Service Fund or pursuant to the provisions in the Agreement relating to the Rebate Fund and payment of rebate and any subsequent payment thereof shall be used to restore the funds so applied. Accrued interest on the purchase of Bonds shall be paid from the Debt Service Fund.

If any moneys in the Redemption Fund are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay the redemption price of Bonds called for redemption in accordance with the Agreement, then the Borrower shall immediately supply the deficiency. (Section 304)

### Rebate Fund; Payment of Rebate

The Borrower covenants that it shall take all action necessary to comply with Section 148 of the Code, including the payment when due of all amounts payable to the United States thereunder, and shall refrain from taking any action contrary to the applicable provisions of the Code. To the extent any of the provisions in Section 305 of the Agreement are inconsistent with the Code, the Borrower shall not be required to comply with such provisions. The Trustee shall be entitled to presume that the provisions of Section 305 are not inconsistent with the Code until, and except to the extent, it is provided with a written opinion to the contrary from Bond Counsel satisfactory to the Trustee.

A Rebate Fund is established with the Trustee for the purpose of complying with Section 148 of the Code. Such fund shall be for the sole benefit of the United States of America and shall not be subject to the lien of the Agreement or to the claim of any other person, including without limitation the Bondowner and the Issuer.

The Borrower shall direct the Trustee to pay rebate or yield reduction payments from amounts available in the Rebate Fund to the United States of America not later than thirty (30) days after the close of the fifth (5th) Bond Year, and not later than thirty (30) days after the close of each fifth (5th) Bond Year thereafter, on behalf of the Issuer an amount (specified in such direction) that ensures that at least ninety percent (90%) of the Excess Earnings (as that term is defined in Section 148(f) of the Code from the date of issuance of the Bonds to the close of the period for which the payment is being made will have been paid. The Borrower shall direct the Trustee to pay from amounts available in the Rebate Fund to the United States of America no later than sixty (60) days after the Bonds have been paid in full on behalf of the Issuer one-hundred percent (100%) of the amount then required to be paid under Section 148 of the Code.

As used in the Agreement, "Bond Year" means the twelve-month (12) period beginning on [August] \_\_ and ending on [August] \_\_, provided that the initial Bond Year shall begin on the date of issuance of the Bonds and end on [August] \_\_, 2025 (resulting in an initial Bond Year of one year and one day) and the final Bond Year shall end on the date of the retirement of the last outstanding Bond. (Section 305)

### Expense Fund

An Expense Fund is established to be held by the Trustee and proceeds of the Bonds shall be deposited therein as provided in the Agreement. The moneys in the Expense Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in the Agreement, shall be applied by the Trustee at the written direction of an Authorized Officer of the Borrower solely to the payment or reimbursement of the costs of issuing the Bonds. The Trustee shall pay from the Expense Fund at the written direction of an Authorized Officer the costs of issuing the Bonds, including the reasonable fees and expenses of Bond Counsel, the reasonable fees and expenses of the Trustee incurred prior to the completion of the Project in accordance with the Agreement, any recording or similar fees and any expenses of the Borrower in connection with the issuance of the Bonds as directed by the Borrower. Earnings on the Expense Fund shall not be applied to pay costs of issuance of the Bonds, but shall be transferred to the Project Fund as provided in the Agreement. After all costs of issuing the Bonds have been paid any amounts remaining in the Expense Fund shall be transferred to the Debt Service Fund upon written direction

from the Borrower to the Trustee. To the extent the Expense Fund is insufficient to pay any of the above costs, the Borrower shall be liable for the deficiency and shall pay such deficiency as directed by the Trustee. (Section 306)

#### Application of Moneys

If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal, redemption price and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee in accordance with the Agreement and payment of any due and unpaid Additional Payments, be applied (in the order such Funds are named in this paragraph) first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due). For this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied as described in this paragraph, such moneys shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall exercise such discretion it shall fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Trustee may require presentation of the Bond for endorsement of the payment. (Section 307)

#### Payments by the Borrower

The Borrower shall pay to the Trustee for deposit in the Debt Service Fund, on or before the fifteenth day of December and June of each year, an amount equal to the interest coming due on the Bonds on the next January 1 or July 1, as the case may be, and one-half (1/2) of the principal coming due on the Bonds on the next July 1.

The payments to be made under the foregoing paragraph shall be appropriately adjusted to reflect the date of issue of Bonds, any accrued interest deposited in the Debt Service Fund, any earnings accrued and paid on or before the applicable principal or interest payment date on amounts in the Debt Service Fund, and any purchase or redemption of Bonds, so that there will be available on each payment date in the Debt Service Fund the amount necessary to pay the interest and principal or coming due on the Bonds and so that accrued interest will be applied to the installments of interest to which they are applicable.

At any time when any principal of the Bonds is overdue, the Borrower shall also have a continuing obligation to pay to the Trustee for deposit in the Debt Service Fund an amount equal to interest on the overdue principal but the installment payments required under Section 308 of the Agreement shall not otherwise bear interest. Redemption premiums shall not bear interest.

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

#### Investments

Pending their use under the Agreement, moneys in the Funds and Accounts established pursuant to the Agreement may be invested by the Trustee in Permitted Investments (as described below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Borrower if there is not then an Event of Default known to the Trustee, provided that the Borrower shall not request, authorize or permit any investment which would cause any Bonds to be classified as "arbitrage bonds" as defined in Code Section 148. Notwithstanding the foregoing, any amount of

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moneys deposited in the Project Fund pursuant to the Agreement that has not been expended within three (3) years of the date of closing shall be invested only in Permitted Investments with a yield not more than 1/8% higher than the yield on the Bonds or in Permitted Investments (as described below), unless otherwise permitted by an Opinion of Bond Counsel. Any investments pursuant to this paragraph shall be held by the Trustee as a part of the applicable Fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such Fund, subject to the notice provisions of Section 9-611 of the UCC to the extent applicable.

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

The term "Permitted Investments" means (A) Government or Equivalent Obligations; (B) "tax exempt bonds" as defined in Code Section 150(a)(6), other than "specified private activity bonds" as defined in Code Section 57(a)(5)(C), rated at least "AA" or "Aa2" by S&P and Moody's, respectively, or the equivalent by any other nationally recognized rating agency, at the time of acquisition thereof, or shares of a so-called money market or mutual fund that do not constitute "investment property" within the meaning of Code Section 148(b)(2), provided either that the fund has all of its assets invested in such "tax exempt bonds" of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated "Aam" or "Aam-G" if rated by S&P, at the time of acquisition thereof; (C) obligations of any state or political subdivision thereof rated at least "AA-" and "Aa3" by S&P and Moody's, respectively, at the time of acquisition thereof; (D) negotiable certificates of deposit maturing not more than two years after the date of purchase, and interest-bearing deposit accounts of a national association or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank, which (i) has assets of not less than \$1,000,000,000, provided that the senior debt obligations of the issuing institution are rated in the highest category by Moody's or S&P at the time of acquisition thereof, or (ii) funds are guaranteed by the Federal Deposit Insurance Corporation, or (iii) funds are fully collateralized by Government or Equivalent Obligations; (E) bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances), provided that such bankers acceptances may not exceed 180 days maturity, and provided further that the accepting bank has the highest short-term letter and numerical rating as provided by Moody's or S&P at the time of acquisition thereof; (F) Repurchase Agreements; (G) (i) the Massachusetts Development Finance Agency Short Term Asset Reserve (STAR) Fund, or any other similar fund established by, or on behalf of, the Issuer, which is rated "AAAm-G," "AAAm" or "AAM" by S&P at the time of acquisition thereof, and (ii) money market funds which have a rating of "AAAm-G," "AAAm" or "AAM" by S&P at the time of acquisition thereof, provided that the fund is registered under the Federal Investment Company Act of 1940 and whose shares are registered under the Federal Securities Act of 1933; (H) investment agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, (I) collateralized investment agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (J) forward purchase and sale agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the forward purchase and sale agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (K) senior debt obligations and participation certificates issued by an agency or instrumentality established by an act of Congress, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank System, Student Loan Marketing Association, World Bank or Federal Agricultural Mortgage Corporation ("Federal Agency Securities"), in each case rated not lower than the second highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency; (L) commercial paper that is rated at the time of purchase at least "A-1+" by S&P or "P-1" by Moody's at the time of



acquisition thereof and that matures not more than 270 days after the date of purchase; and (M) notes issued by corporate entities rated at least “AA-” and “Aa3” by S&P and Moody’s, respectively, at the time of acquisition thereof. The term “Repurchase Agreement” shall mean a written agreement under which an entity rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency sells, and agrees to repurchase from the Trustee obligations listed in (A) and (K) above; provided that the market value of such obligations is at the time of entering into the agreement at least one hundred and three percent (103%) of the repurchase price specified in the agreement and that such obligations are segregated from the unencumbered assets of such entity; and provided further shall expressly authorize the Trustee to liquidate the purchased obligations in the event of the insolvency of the party required to repurchase such obligations or the commencement against such party of a case under the federal Bankruptcy Code or the appointment of or taking possession by a trustee or custodian in a case against such party under the Bankruptcy Code. Any such investments may be purchased from or through the Trustee.

A security interest with respect to Permitted Investments, if any, shall be perfected in such manner as may be provided by law. In the case of a Repurchase Agreement, if under applicable law, including the federal Bankruptcy Code, the agreement is recognized as transferring ownership in the underlying securities to the investing party with a right to liquidate the securities and apply the proceeds against the repurchase obligation, all free and clear of the claims of creditors and transferees of the other party, the interest of the investing party shall be regarded as the equivalent of a perfected security interest for the purposes of the provisions of this paragraph. In any case, however, if the underlying securities or the securities subject to the security interest are certificated securities (as opposed to uncertificated or book-entry securities), they shall be delivered to the Trustee, or to a depository satisfactory to the Trustee, either as agent for the Trustee or as bailee with appropriate instructions and acknowledgement, at the time of or prior to the investment, or, if the security interest is perfected without delivery, delivery shall be made within three (3) Business Days. Possession by the Trustee of the security for an obligation of the Trustee shall not be deemed to satisfy the requirements described in this paragraph unless there is an opinion of counsel satisfactory to the Issuer to the effect that such possession satisfies the requirements described in this paragraph. (Section 311)

#### Paying Agent

The Trustee is designated the Paying Agent. The Borrower may discharge the Paying Agent from time to time and appoint a successor. The Borrower shall also designate a successor if the Paying Agent resigns or becomes ineligible. The Paying Agent shall be a bank or trust company having a capital and surplus of not less than \$50,000,000 and shall be registered as a transfer agent with the Securities and Exchange Commission. Upon receipt of written instructions from the Borrower, the Trustee shall give notice of the appointment of a successor Paying Agent in writing to each Bondowner. The Trustee will promptly certify to the Borrower and the Issuer that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required by the Agreement. The Paying Agent may but need not be the same person as the Trustee. The Paying Agent shall act as such and as Bond registrar and transfer agent. (Section 312)

#### Unclaimed Moneys.

Except as may otherwise be required by applicable law, in case any moneys deposited with the Paying Agent for the payment of the principal of, or interest or premium, if any, on any Bond remain unclaimed for three (3) years after such principal, interest or premium has become due and payable, the Paying Agent may and upon receipt of a written request of the Borrower shall pay over to the Borrower the amount so deposited in immediately available funds, without additional interest, and thereupon the Paying Agent and the Issuer shall be released from any further liability with respect to the payment of principal, interest or premium and the owner of such Bond shall be entitled (subject to any applicable statute of limitations) to look only to the Borrower as an unsecured creditor for the payment thereof. (Section 313)

#### Project Fund

A Project Fund is established to be held by the Trustee. The balance of the proceeds of the sale of the Bonds after distribution as set forth in the Agreement shall be promptly deposited in the Project Fund. The moneys in the Project Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise

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provided in the Agreement, shall be applied by the Trustee solely to the payment or reimbursement of Project Costs. If there is an Event of Default known to the Trustee with respect to payments to the Debt Service Fund or to the Issuer or the Trustee, the Trustee may use the Project Fund without requisition to make up the deficiency, and the Borrower shall restore the funds so used.

Disbursements from the Project Fund shall be made by the Trustee to pay directly or to reimburse the Borrower for Project Costs as directed by requisitions, in the form attached here to the Agreement, signed on behalf of the Borrower by the Project Officer. The signers of the requisition may rely, as to conclusions of law, on an opinion of counsel furnished to the Trustee and referred to in the requisition. The Trustee may waive any provision required to be contained in the requisition upon advice of counsel that the waiver does not adversely affect either the security for the Bonds or the exclusion of interest on the Bonds from gross income for federal income tax purposes.

[Notwithstanding any other provision of the Agreement, with respect to the historical rules and regulations referenced in clause (ii) above, the Borrower covenants that it will not submit any requisition for disbursement of Bond proceeds for any hard costs related to the Waste Water Treatment Plant until it has delivered to the Issuer and the Trustee written evidence in a form satisfactory to the Issuer that it has received MHC approval for the Waste Water Treatment Plant or has otherwise complied with such regulations related to the protection of properties included in the state register of historic places as codified at 950 CMR 71.00 et seq. In particular, the Trustee shall not disburse and the Borrower shall not requisition any amounts from the Project Fund for any hard costs of the Waste Water Treatment Plant unless and until it provides the Issuer and the Trustee with either (i) a written non-contingent “no adverse effect” determination from MHC acceptable to the Issuer, or (ii) a copy of a written memorandum of agreement or understanding between the Borrower and MHC acceptable to the Issuer regarding the Waste Water Treatment Plant. The parties acknowledge and agree that on or before the Closing Date, the Borrower has provided satisfactory evidence to the Issuer and the Trustee that it has received MHC approval for the remainder of the Project.]

Completion of the Project shall be evidenced by the filing with the Trustee and the Issuer of a certificate signed by the Project Officer stating that the Project has been substantially completed so as to permit efficient use in the operations of the Borrower and setting forth any Project Costs remaining to be paid from the Project Fund. Any balance in such Fund not then needed to pay Project Costs may be used to reimburse sums deposited in the Project Fund by the Borrower pursuant to Section 401 of the Agreement other than any amounts derived from gifts, grants or bequests received or expected to be received for the purposes of the Project, and the remainder thereafter shall be either (i) transferred to the Redemption Fund, or (ii) with an Opinion of Bond Counsel, transferred to the Debt Service Fund to be used to make regularly scheduled debt service payments. (Section 401)

### Carrying Out of the Project and Deposit of Borrower Funds

The Borrower shall diligently and continuously carry out the Project. No funds of the Issuer, other than the proceeds of the Bonds, shall be available to pay Project Costs. If and to the extent that the Project Fund is insufficient to complete the Project, the Borrower shall complete the Project at its own expense.

The Borrower may terminate the Project upon written notice to the Issuer, in which event unspent moneys in the Project Fund shall be applied pursuant to the Agreement. (Section 402)

### Use of Project

Compliance with Law. In the acquisition, construction, maintenance, improvement and operation of the Project, the Borrower covenants that it has complied and will comply in all material respects with all applicable building, zoning, land use, environmental protection, historical preservation, sanitary, safety and educational laws, rules and regulations, and all applicable grant, reimbursement and insurance requirements, and will not permit a nuisance thereon; but it shall not be a breach of the subsection described in this paragraph if the Borrower fails to comply with such laws, rules, regulations and requirements (other than Chapter 21E of the Massachusetts General Laws, as amended) during any period in which the Borrower is diligently and in good faith contesting the validity thereof; provided that the security created or intended to be created in the Agreement is not, in the opinion of the Trustee unreasonably jeopardized thereby.

Payment of Lawful Charges. The Borrower shall make timely payment of all taxes and assessments and other municipal or governmental charges and all claims and demands for work, labor, services, materials or other objects which, if unpaid, might by law become a lien on the Project or any part thereof; but it shall not be a breach of this subsection if the Borrower fails to pay any such item during any period in which the Borrower is diligently and in good faith contesting the validity thereof, provided that the laws applicable to contesting its validity do not require payment thereof and proceedings for a refund and that the security created or intended to be created hereby is not, in the opinion of the Trustee unreasonably jeopardized thereby.

Permitted Purposes. The Borrower agrees that the Project shall be used only for the purposes described in the Act. The Borrower acknowledges that it is fully familiar with the physical condition of the Project and that it is not relying on any representation of any kind by the Issuer or the Trustee concerning the nature or condition thereof. Neither the Issuer nor the Trustee shall be liable to the Borrower or any other person for any latent or patent defect in the Project. The Borrower further agrees that no part of the Project shall be used for any purpose which would cause the Issuer's financing and refinancing of the Project to constitute a violation of the First Amendment of the United States Constitution. In particular, the Borrower agrees that no part of the Project, so long as it is owned or controlled by the Borrower, shall be used for any sectarian instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; and any proceeds of any sale, lease, taking by eminent domain of the Project or other disposition thereof shall not be used for, or to provide a place for, such instruction, worship or program. (Section 403)

#### Repair and Current Expenses

The Borrower agrees that it will maintain and repair the Project and keep the same in good and serviceable condition and in at least as good condition and repair (reasonable wear and tear and casualty loss excepted) as it was on the date the same was placed in service. In the event of damage or destruction of all or any part of the Project from any casualty, unless the Borrower exercises its right under Section 406 of the Agreement, the Borrower shall repair, replace, restore or reconstruct the Project to the extent necessary to restore substantially its value and in a manner suitable for its continued use for the purpose for which it was provided; and this obligation shall not be limited by the amount of available insurance proceeds. The Borrower shall pay all costs of maintaining and operating the Project. (Section 404)

#### Insurance

The Borrower shall maintain insurance with insurance companies authorized to transact business in the Commonwealth of Massachusetts or otherwise not unsatisfactory to the Trustee on such of its properties, in such amounts and against such risks as is customarily maintained by private educational institutions operating in the area. (Section 405)

#### Option to Redeem Bonds Upon Casualty or Taking

The Bonds are subject to redemption in accordance with the provisions in the Agreement relating to extraordinary redemption, at the option of the Borrower, in the event that there is damage to or destruction or taking of the Project which produces proceeds of insurance or condemnation awards. In the case of a casualty or taking producing proceeds of insurance or eminent domain proceeds, the Bonds shall be subject to extraordinary redemption only to the extent such proceeds exceed the lesser of ten percent (10%) of the fully insurable value of the Project prior to the time of such casualty or taking as determined by the Borrower (who may rely on the advice of a consultant in making such determination) or twenty percent (20%) of the principal amount of Outstanding Bonds. Upon such determination and payment by the Borrower of such proceeds to the Trustee, the Trustee shall use the same to redeem Bonds. (Section 406)

#### Default by the Borrower

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

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(i) Debt Service. The Borrower shall fail to make any payment of principal or interest or redemption premium on the Bonds shall not be paid when due, whether at maturity, by acceleration, upon redemption or otherwise.

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

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

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

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

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

(vii) Breach of Other Agreements. A breach shall occur (and continue beyond any applicable grace period) with respect to the payment by the Borrower of other indebtedness of the Borrower for borrowed money with respect to loans exceeding the greater of \$1,000,000, or with respect to the performance of any agreement securing such other indebtedness or pursuant to which the same was issued or incurred, or an event shall occur with respect to provisions of any such agreement relating to matters of the character referred to under this heading, so that a holder or holders of such indebtedness or a trustee or trustees under any such agreement accelerates or is empowered to accelerate any such indebtedness; but an Event of Default shall not be deemed to be in existence or to be continuing as described under this clause (g) if (A) the Borrower is in good faith contesting the existence of such breach or event and if such acceleration is being stayed by judicial proceedings, or (B) such breach or event is remedied and the acceleration, if any, is wholly annulled. The Borrower shall notify the Issuer and the Trustee of any such breach or event immediately upon the Borrower's becoming aware of its occurrence and shall from time to time furnish such information as the Trustee may reasonably request for the purpose of determining whether a breach or event described in this clause (g) has occurred and whether such power of acceleration has been exercised or continues to be in effect.

(viii) Borrower Property. So long as the Series 2013 Notes are an "Outstanding note" as defined in the Series 2013 Loan and Security Agreement and/or the Series 2013 Revolving Loan is outstanding under the Supplemental Loan Agreement, if the Borrower shall sell, transfer, convey or encumber any of the Negative Pledge Property except as permitted by the Supplemental Loan Agreement.

(ix) Series 2013 Loan and Security Agreement and Supplemental Loan Agreement. So long as the Series 2013 Notes are an "Outstanding note" under the Series 2013 Loan and Security Agreement and/or the Series 2013 Revolving Loan is outstanding under the Supplemental Loan Agreement, an Event

of Default under the Series 2013 Loan and Security Agreement or the Supplemental Loan Agreement shall be an Event of Default under the Agreement.

If the Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Trustee may waive the default and its consequences, including any acceleration, by written notice to the Borrower, and shall do so, with the written consent of the Issuer, upon written instruction of the registered owners of at least twenty-five percent (25%) in principal amount of the Outstanding Bonds. (Section 501)

#### Remedies for Events of Default

If an Event of Default occurs and is continuing:

(a) Acceleration. The Trustee may, and shall, upon written direction of the owners of at least twenty-five percent (25%) in principal amount of the Outstanding Bonds, by written notice to the Borrower and the Issuer declare immediately due and payable the principal amount of the Outstanding Bonds and the payments to be made by the Borrower therefor, and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.

If, at any time after such declaration and before the entry of a judgment or decree for payment of the money due, all amounts payable thereunder except principal and interest on the Bonds that are due solely by reason of such declaration and acceleration shall have been paid or provided for by deposit with the Trustee and all existing Events of Default shall have been cured, then, unless otherwise directed in writing by the registered owners of Bonds representing a majority of the principal amount of the Outstanding Bonds, the Trustee shall rescind and annul such declaration and acceleration, but no such rescission shall affect any subsequent Event of Default or the consequences thereof.

(b) Rights as a Secured Party. The Trustee may exercise all of the rights and remedies of a secured party under the UCC with respect to the securities in the Project Fund, Debt Service Fund, Redemption Fund and Expense Fund, including the right to sell or redeem such securities and the right to retain the securities in satisfaction of the obligations of the Borrower under the Agreement. Notice sent by registered or certified mail, postage prepaid, or delivered during business hours, to the Borrower at least seven (7) days before an event under UCC Sections 9-610 and 9-611, or any successor provision of law shall constitute reasonable notification of such event. (Section 502)

#### Court Proceedings

The Trustee may enforce the obligations of the Borrower under the Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained in the Agreement, whether or not any breach has become an Event of Default, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Borrower of the provisions of the Agreement, including (to the extent the Agreement may lawfully provide) court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations of the Borrower under the Agreement. The Issuer may likewise enforce obligations to it under the Agreement which it has not assigned to the Trustee. (Section 503)

#### Revenues after Default

The proceeds from the exercise of the rights and remedies described under the heading "Remedies for Events of Default" shall be remitted to the Trustee upon receipt and in the form received. After payment or reimbursement of the reasonable expenses of the Trustee and the Issuer in connection therewith, the same shall be applied, first to the remaining obligations of the Borrower under the Agreement (other than obligations to make payments to the Issuer for its own use) in such order as may be determined by the Trustee, and second, to any unpaid sums due the Issuer for its own use. Any surplus thereof shall be paid to the Borrower. (Section 504)

## APPENDIX D

### Remedies Cumulative.

The rights and remedies under the Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the Borrower or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance by the Borrower or of the right to exercise any remedy for the violation. (Section 505)

### Proceedings by Bondowners

No Bondowner shall have any right to institute any legal proceedings for the enforcement of the Agreement or any applicable remedy under the Agreement, unless the Bondowners have directed the Issuer to act and furnished the Issuer indemnity as provided in certain provisions of the Agreement relating to rights and duties of the Issuer and have afforded the Issuer reasonable opportunity to proceed, and the Issuer shall thereafter fail or refuse to take such action.

No Bondowner shall have any right to institute any legal proceedings for the enforcement of the obligations of the Issuer under the Agreement or any applicable remedy thereunder, unless the Bondowners have directed the Trustee to act and furnished the Trustee indemnity as provided in certain provisions of the Agreement relating to rights and duties of the Trustee and have afforded the Trustee reasonable opportunity to proceed, and the Trustee shall thereafter fail or refuse to take such action.

Subject to the foregoing, any Bondowner may by any available legal proceedings enforce and protect its rights under the Agreement and under the laws of The Commonwealth of Massachusetts. (Section 802)

### Continuing Disclosure

The Borrower covenants and agrees that it will comply with any continuing disclosure requirements under Rule 15c2-12 of the Securities Exchange Commission as such rule may apply to the Bonds from time to time, including entering into a Continuing Disclosure Agreement; however, failure to so comply shall not constitute a default or Event of Default under the Agreement. The Issuer shall have no liability to the owners of the Bonds or any other person with respect to such disclosure matters. (Section 904)

### Maintenance of Corporate Existence

The Borrower shall maintain its existence as a nonprofit corporation qualified to do business in the Commonwealth of Massachusetts and shall not dissolve, dispose of or spin off all or substantially all of its assets, or consolidate with or merge into another entity or entities, or permit one or more other entities to consolidate with or merge into it, except that it may consolidate with or merge into one or more other entities or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to one or more other entities (and thereafter dissolve or not dissolve as it may elect), if (a) the surviving, resulting or transferee entity or entities each is a corporation described in Section 501(c)(3) of the Code, having the status and powers set forth in the provisions of the Agreement relating to corporate organization, authorization and powers and securities law status, (b) the transaction does not result in a conflict, breach or default referred to in the provisions of the Agreement relating to corporate organization, authorization and powers, and (c) the surviving, resulting or transferee entity or entities each (i) assumes by written agreement with the Issuer and the Trustee all the obligations of the Borrower under the Agreement, (ii) notifies the Issuer and the Trustee of any change in the name of the Borrower, and (iii) executes, delivers, registers, records and files such other instruments as the Issuer or the Trustee may reasonably require to confirm, perfect or maintain the security granted under the Agreement. (Section 905)

### Negative Pledge

So long as the Series 2013 Notes are an "Outstanding note" under the Series 2013 Loan and Security Agreement and/or the Series 2013 Revolving Loan is outstanding under the Supplemental Loan Agreement, the Borrower shall not (i) sell, lease (other than short term uses of limited portions of the Negative Pledge Property in the ordinary course of Borrower's business), transfer, convey, hypothecate, or otherwise dispose any of the Negative

Pledge Property (or any portion thereof) nor (ii) in any way voluntarily encumber the Negative Pledge Property (or any portion thereof) except as expressly permitted by the Supplemental Loan Agreement. (Section 907)

#### Amendment

The Agreement may be amended by the parties without Bondowner consent for any of the following purposes: (a) to subject any property to the lien of the Agreement, (b) to provide for the establishment or amendment of a book entry system of registration for the Bonds through a securities depository (which may or may not be DTC), (c) to add to the covenants and agreements of the Borrower or to surrender or limit any right or power of the Borrower, (d) to amend the provisions of the Agreement in order to meet any rebate requirements thereunder, or (e) to cure any ambiguity or defect, or to add provisions which are not inconsistent with the Agreement and which do not impair the security for the Bonds.

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

Any amendment of the Agreement shall be accompanied by an Opinion of Bond Counsel to the effect that the amendment (i) is permitted by the Agreement and (ii) will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. (Section 1001)

#### Defeasance

When there are in the Debt Service Fund and Redemption Fund sufficient funds, or Government or Equivalent Obligations described in clauses (i) and (ii) of the definition thereof in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, together with, either (a) a verification report addressed to the Issuer and the Trustee to the effect that any Government or Equivalent Obligations and/or cash, together with the earnings thereon, will be sufficient to pay interest and principal (and any applicable premium, if any) on the Bonds to redemption or maturity or (b) a defeasance opinion from Bond Counsel addressed to the Issuer and Trustee to the effect that the Bonds being defeased are no longer Outstanding as defined in the Agreement, and when all the rights under the Agreement of the Issuer and the Trustee have been provided for, upon written notice from the Borrower to the Issuer (including, but not limited to, Additional Payments) and the Trustee, the Bondowners shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement (including obligations of the Borrower under the provisions in the Agreement relating to the Rebate Fund and the payment of rebate and tax status), the security interests created by the Agreement (except in such funds and investments) shall terminate, and the Issuer and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable written instructions so to mail shall have been given to the Trustee. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, subject, however, to the provisions in the Agreement relating to unclaimed moneys, and moneys held for defeasance shall be invested only as provided above in this paragraph. Any funds or property held by the Trustee and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Issuer and the Trustee and after allowance for payment of rebate to the United States under Code Section 148(b) (as to which payment the Trustee may rely on a written certification of the Borrower), be distributed to the Borrower upon such indemnification, if any, as the Issuer or the Trustee may reasonably require. (Section 203)

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**APPENDIX E**

**FORM OF BOND COUNSEL OPINION**

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## [Proposed Form of Bond Counsel to the Borrower Opinion]

[Date of Issuance]

Massachusetts Development Finance Agency  
 99 High Street, 11<sup>th</sup> Floor  
 Boston, Massachusetts 02110

Ladies and Gentlemen:

We have examined the Constitution and laws of The Commonwealth of Massachusetts (the “Commonwealth”), particularly Chapters 23G and 40D of the General Laws of the Commonwealth and amendments thereto (collectively, the “Act”), a Certificate of Legal Existence as to the Massachusetts Development Finance Agency (the “Issuer”), a record of the proceedings of the Issuer and other proofs submitted to us relating to the issuance and sale of

\$[\_\_\_\_\_]
   
Massachusetts Development Finance Agency
   
Revenue Bonds
   
Middlesex School Issue, Series 2024
   
(the “Bonds”)

dated [August] [\_\_\_\_], 2024. The Bonds bear interest at the rates, are payable as to principal and interest and are subject to redemption upon certain terms and conditions, all as provided in the Loan and Trust Agreement dated as of [August] 1, 2024 (the “Agreement”), among the Issuer, Middlesex School (the “Borrower”), and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”) relating to the Bonds.

The Bonds are issued initially in registered form by means of a book-entry system, with the bond certificates immobilized at The Depository Trust Company, New York, New York (“DTC”), and are not available for distribution to the public, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants.

Each Bond should be signed by the manual or facsimile signature of the Executive Director/President and Chief Executive Officer; Senior Executive Vice President, Executive Vice President for Operations, Deputy Director, and Chief Operating Officer; General Counsel and Secretary; Treasurer, Chief Financial Officer and Executive Vice President for Finance and Administration; Executive Vice President of Finance Programs; or Senior Vice President, Investment Banking of the Issuer and should bear the seal of the Issuer or a facsimile thereof and the authenticating certificate, duly executed by the Trustee, as paying agent.

Of the issue described, we have examined one bond of each maturity, as executed, and we are of the opinion that the form of each such Bond and the form of their execution and authentication are regular and proper.

We have also examined an executed copy of the Agreement, and such other documents, instruments, proceedings and opinions as we deem relevant in rendering this opinion. As to questions of fact material to our opinion we have relied upon representations and covenants of

the Issuer and the Borrower contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications by officials of the Borrower and others, without undertaking to verify the same by independent investigation.

The Bonds are issued under and pursuant to and secured by the Agreement. The Bonds are payable solely from funds to be provided therefor pursuant to the Agreement. The proceeds of the Bonds will be loaned by the Issuer to the Borrower to (i) finance or reimburse the costs of a project (the "Project") as defined in the Agreement and (ii) pay the costs of issuance of the Bonds.

The opinions set forth in paragraph 4 below are subject to the condition that the Borrower and the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be or continue to be excluded from gross income for federal income tax purposes. The Borrower and the Issuer have covenanted to comply with such requirements. Failure to comply with such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes, and such inclusion may be retroactive to the date of issuance of the Bonds.

Based on the foregoing, we are of the opinion that:

1. The Issuer is a duly constituted and existing body politic and corporate and a public instrumentality of the Commonwealth with power to issue the Bonds and to enter into and perform its obligations under the Agreement.
2. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer. The Bonds do not constitute a general obligation or pledge of the faith and credit of the Issuer or a debt or a pledge of the faith and credit of the Commonwealth.
3. The Agreement has been duly authorized, executed and delivered by the Issuer and is the valid and binding obligation of the Issuer, and subject to the penultimate paragraph of this opinion, is enforceable in accordance with its terms.
4. Under existing law, interest on the Bonds is not included in gross income of the owners of the Bonds for federal income tax purposes, and is not an item of tax preference for the purpose of computing the federal alternative minimum tax imposed on individuals. However, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the alternative minimum tax imposed on "applicable corporations." We express no opinion as to any other federal tax consequences or other federal tax matters with respect to the Bonds.
5. Under existing law, interest on the Bonds, and any profit on the sale of the Bonds, are exempt from Commonwealth personal income taxes, and the Bonds are exempt from Commonwealth personal property taxes. We express no opinion as to any other Commonwealth tax consequences or any other state tax matters with respect to the Bonds.

6. An executed copy of the Agreement is on file with the Issuer. No other filing or recording is required to make effective the pledge and assignment made by the Issuer in the Agreement.

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

Neither we nor the Issuer has assumed any responsibility for the accuracy or sufficiency of representations made or materials furnished by any other party to the purchaser of the Bonds for the purpose of inducing the purchase of the Bonds. It is understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Agreement are subject to the exercise of judicial discretion in accordance with general equitable principles and to bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors heretofore or hereafter enacted, to the extent that the same may be constitutionally applied.

This opinion is limited to the matters expressly set forth herein and no opinion is implied or may be inferred beyond the matters expressly stated herein. Copies of this opinion may not be delivered to and may not be relied upon by any other party without our express written consent.

Very truly yours,

McCarter & English, LLP

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## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by Middlesex School (the “Borrower”) and Digital Assurance Certification, LLC, as disclosure agent (the “Dissemination Agent”) in connection with the issuance of \$\_\_\_\_\_ Massachusetts Development Finance Agency Revenue Bonds, Middlesex School Issue, Series 2024 (the “Bonds”). The Bonds are being issued pursuant to a Loan and Trust Agreement dated as of August 1, 2024 among the Massachusetts Development Finance Agency (the “Issuer”), The Bank of New York Mellon Trust Company, N.A., as trustee, and the Borrower (the “Agreement”), and the proceeds of the Bonds are being loaned by the Issuer to the Borrower pursuant to the Agreement. The Borrower and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Bondowners and in order to assist the Participating Underwriter (defined below) in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Bondowner, with respect to any such reports, notices or disclosures. The Dissemination Agent, except as provided in Section 3(c), 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 Bondowner, with respect to any such reports, notices or disclosures except for its negligent failure to comply with its obligations under Section 3(c).

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

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

“Bondowner” shall mean the registered owner of a Bond and any beneficial owner thereof, as established to the reasonable satisfaction of the Dissemination Agent or the Borrower.

“Dissemination Agent” shall mean any Dissemination Agent or successor Dissemination Agent designated in writing by the Borrower and which has filed with the Borrower a written acceptance of such designation. The same entity may serve as both Trustee and Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, LLC. In the absence of a third-party Dissemination Agent, the Borrower shall serve as the Dissemination Agent.

“EMMA” means the MSRB’s Electronic Municipal Market Access system, or its successor as designated by the MSRB.

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

“MSRB” means 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. Filing information relating to the MSRB is set forth in Exhibit B hereto.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“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.

### SECTION 3. Provision of Annual Reports.

(a) Commencing with the Borrower's fiscal year ending June 30, 2024, the Dissemination Agent, not later than 180 days after the end of each fiscal year (the "Annual Report Filing Deadline"), shall provide to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) days prior to the Annual Report Filing Deadline, the Borrower (if it is not the Dissemination Agent) shall provide the Annual Report to the Dissemination Agent, together with a certification of the Borrower that the Annual Report complies with the requirements of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from, and at a later date than, the balance of the Annual Report if such audited financial statements are not available as of the date set forth above. If the Dissemination Agent submits the audited financial statements of the Borrower at a later date, it shall provide unaudited financial statements by the above-specified deadline and shall provide the audited financial statements as soon as practicable after the audited financial statements become available. The Borrower shall submit the audited financial statements to the Dissemination Agent as soon as practicable after they become available, and the Dissemination Agent shall submit the audited financial statements to EMMA as soon as practicable thereafter. The Borrower shall provide a copy of each Annual Report to the Trustee.

(b) The Dissemination Agent shall file a report with the Borrower and the Trustee (if the Trustee is not then acting as Dissemination Agent) certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and stating the date it was provided (the "Compliance Certificate").

(c) If the Dissemination Agent has not received a Compliance Certificate or confirmation of filing the information provided for in Section 3(a) by the Filing Deadline, the Dissemination Agent shall send, and the Borrower hereby authorizes and directs the Dissemination Agent to submit on its behalf, a notice to the MSRB in substantially the form attached as Exhibit A.

(d) If the Dissemination Agent has not provided the Annual Report to the MSRB by the applicable Filing Deadline, the Borrower shall send, or cause the Dissemination Agent to send, a notice substantially in the form of Exhibit A irrespective of whether the Dissemination Agent submits such notice.

### SECTION 4. Content of Annual Reports.

The Borrower's Annual Report shall contain or incorporate by reference the following:

- (a) the annual audited financial statements of the Borrower and independent auditor's report and
- (b) information with respect to the Borrower of the kind, and in substantially the same scope, found in Appendix A to the Official Statement dated August \_\_, 2024 with respect to the Bonds in the tables captioned "Applications, Acceptance and Matriculants," "Boarding Admissions," "Day Admissions," "Historic Tuition Levels" and "Financial Aid Assistance," and in each case to the extent such information is not contained in the annual audited financial statements and related notes.

The financial statements provided pursuant to Sections 3 and 4 of this Disclosure Agreement shall be prepared in conformity with generally accepted accounting principles, as in effect from time to time. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an "obligated person" (as defined by the Rule), which are available to the public on EMMA. The Borrower shall clearly identify each such other document so incorporated by reference.

The Borrower will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Borrower; provided that the Borrower will agree that any such modification will be done in a manner consistent with the Rule.



SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Borrower<sup>1</sup>;
- (xiii) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties.

For purposes of the events identified in subparagraphs (xv) and (xvi), the term “financial obligation” (A) means (i) a debt obligation, (ii) a 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) a guarantee of (i) or (ii) and (B) excludes municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) Upon the occurrence of a Listed Event, the Borrower obtains knowledge of the occurrence of a Listed Event, if such Listed Event is material, the Borrower shall, in a timely manner, direct the Dissemination Agent to file a notice of such occurrence with EMMA in a timely manner not in excess of ten (10) business days after the

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<sup>1</sup> As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or (ii) 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 the Borrower.

occurrence of the event. The Borrower shall provide a copy of each such notice to the Trustee. The Dissemination Agent, if other than the Borrower, shall have no duty to file a notice of an event described hereunder unless it is directed in writing to do so by the Borrower, and shall have no responsibility for verifying any of the information in any such notice or determining the materiality of the event described in such notice.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to EMMA shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Borrower's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or upon delivery to the Dissemination Agent of an opinion of counsel expert in federal securities laws selected by the Borrower and acceptable to the Dissemination Agent to the effect that compliance with this Disclosure Agreement no longer is required by the Rule. If the Borrower's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower, and the Borrower shall have no further responsibility hereunder.

SECTION 8. Dissemination Agent. The Borrower may, from time to time with notice to the Trustee appoint or engage a third-party Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may, with notice to the Trustee, discharge any such third-party Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Borrower) may resign upon thirty (30) days' written notice to the Borrower and the Trustee.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Borrower and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, violate the Rule. Without limiting the foregoing, the Borrower and the Dissemination Agent may amend this Disclosure Agreement if (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Borrower or of the type of business conducted by the Borrower, (b) this Disclosure Agreement, as so amended, would have complied with the requirements of the Rule at the time the Bonds were issued, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) (i) the Dissemination Agent determines, or the Dissemination Agent receives an opinion of counsel expert in federal securities laws and acceptable to the Dissemination Agent to the effect that, the amendment does not materially impair the interests of the Bondowners or (ii) the amendment is consented to by the Bondowners as though it were an amendment to the Agreement pursuant to Section 1001 of the Agreement. The annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. Neither the Trustee nor the Dissemination Agent shall be required to accept or acknowledge any amendment of this Disclosure Agreement if the amendment adversely affects its respective rights or immunities or increases its respective duties hereunder.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower 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 occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of Bondowners representing at least 25% in aggregate principal amount of Outstanding Bonds, shall), take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower or the Dissemination Agent,

as the case may be, to comply with its obligations under this Disclosure Agreement. Without regard to the foregoing, any Bondowner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, 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 Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance. In no event shall the Borrower or the Dissemination Agent be liable for monetary damages in the event of a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. As to the Trustee, Article VI of the Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Agreement. The Dissemination Agent (if other than the Borrower) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent (if other than the Borrower), its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Registered Owners, Beneficial Owners or any other party. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Borrower covenants that whenever it is serving as Dissemination Agent, it shall take any action required of the Dissemination Agent under this Disclosure Agreement.

The Trustee shall have no obligation under this Disclosure Agreement to report any information to the MSRB or any Bondowner. If an officer of the Trustee obtains actual knowledge of the occurrence of an event described in Section 5 hereunder, whether or not such event is material, the Trustee shall timely notify the Borrower of such occurrence; provided, however, that any failure by the Trustee to give such notice to the Borrower shall not affect the Borrower's obligations under this Disclosure Agreement or give rise to any liability by the Trustee for such failure.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the Trustee, the Dissemination Agent, the Participating Underwriter and the Bondowners, and shall create no rights in any other person or entity.

SECTION 14. Disclaimer. No Annual Report or notice of a Listed Event filed by or on behalf of the Borrower under this Disclosure Agreement shall obligate the Borrower to file any information regarding matters other than those specifically described in Section 4 and Section 5 hereof, nor shall any such filing constitute a representation by the Borrower or raise any inference that no other material events have occurred with respect to the Borrower or the Bonds or that all material information regarding the Borrower or the Bonds has been disclosed. The Borrower shall have no obligation under this Disclosure Agreement to update information provided pursuant to this Disclosure Agreement except as specifically stated herein.

Date: August \_\_, 2024

MIDDLESEX SCHOOL

By \_\_\_\_\_  
Authorized Officer

DIGITAL ASSURANCE CERTIFICATION, LLC,  
as Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**  
**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Massachusetts Development Finance Agency

Name of Bond Issue: Massachusetts Development Finance Agency Revenue Bonds, Middlesex School Issue, Series 2024

Name of Obligated Person: Middlesex School

Date of Issuance: August \_\_, 2024

NOTICE IS HEREBY GIVEN that Middlesex School (the “Borrower”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated August \_\_, 2024 between the Borrower and Digital Assurance Certification, LLC.

Dated: \_\_\_\_\_

[DISSEMINATION AGENT on behalf of] MIDDLESEX  
SCHOOL

cc: Middlesex School

## **EXHIBIT B**

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board  
<http://emma.msrb.org>

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