NEW ISSUE – BOOK-ENTRY ONLY

Ratings: S&P: BBB+ (stable outlook)
Fitch: A- (stable outlook)
See "RATINGS" herein.

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that such interest will be taken into account in computing the alternative minimum tax imposed on certain 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.

$342,195,000
MASSACHUSETTS DEVELOPMENT FINANCE AGENCY
Revenue Bonds
UMass Memorial Health Care Obligated Group Issue
Series N (2025)

$242,195,000 Series N-1 **$100,000,000 Series N-2**

Dated: Date of Delivery **Due: As shown on the inside cover hereof**

The Massachusetts Development Finance Agency (the "Issuer") is offering its Revenue Bonds, UMass Memorial Health Care Obligated Group Issue, Series N (2025), consisting of Series N-1 (the "Series N-1 Bonds") and Series N-2 (the "Series N-2 Bonds" and together with the Series N-1 Bonds, the "Bonds"). The Bonds are multi-modal bonds, initially in the Fixed Mode with the Initial Fixed Period for each of the Series N-1 Bonds and the Series N-2 Bonds to the respective maturity dates thereof. Certain of the Series N-1 Bonds are subject to optional redemption and conversion to a different Interest Rate Mode as described herein. Certain of the Series N-2 bonds are subject to optional redemption as described herein.

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 interest 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., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Principal of and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner, as more fully described herein. Interest will be payable on July 1, 2025 and semiannually thereafter on each January 1 and July 1 to the Bondowners of record as of close of business on the fifteenth day of the month preceding the date on which interest is to be paid.

The Bonds shall be special obligations of the Issuer payable solely from the Revenues, as defined herein, of the Issuer, including payments to the Trustee, for the account of the Issuer by UMass Memorial Health Care, Inc. (the "Parent"), UMass Memorial Medical Center, Inc. (the "Medical Center"), UMass Memorial Health-Milford Regional Medical Center, Inc. ("Milford"), and UMass Memorial Health-Harrington Hospital, Inc. ("Harrington" and, together with the Parent, the Medical Center and Milford, the "Institution") in accordance with the provisions of the Loan and Trust Agreement dated as of February 1, 2025 (the "Agreement"), by and among the Issuer, the Institution and the Trustee. To secure the payments under the Agreement, the Parent, the Medical Center, UMass Memorial Health Ventures, Inc., UMass Memorial HealthAlliance-Clinton Hospital, Inc., Harrington, and Marlborough Hospital (collectively, the "Obligated Group" or the "Members of the Obligated Group") will issue obligations to the Trustee secured by a pledge of the Gross Receipts (as defined herein) of the Obligated Group pursuant to the Amended and Restated Master Trust Indenture dated as of June 1, 2022 (as amended and supplemented, the "Master Trust Indenture") among the Obligated Group and U.S. Bank Trust Company, National Association, as Master Trustee, as more fully described herein. The Obligated Group and their affiliates which are included in the consolidated financial statements included in Appendices B-1 and B-2, are referred to herein as the "System."

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

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of their legality and certain other matters by Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Obligated Group and Milford by their counsel, Ropes & Gray LLP, Boston, Massachusetts. Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about February 6, 2025.

MORGAN STANLEY **BofA SECURITIES**

January 23, 2025

MATURITIES, AMOUNTS, RATES AND YIELDS

$342,195,000
MASSACHUSETTS DEVELOPMENT FINANCE AGENCY
Revenue Bonds
UMass Memorial Health Care Obligated Group Issue
Series N (2025)

Delivery Date: February 6, 2025

$242,195,000 Series N-1
Initial Interest Rate Mode: Fixed Mode

$74,245,000 Serial Bonds

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2026	$2,055,000	5.00%	3.09%	57585BEB0
2027	2,160,000	5.00	3.13	57585BEC8
2028	2,265,000	5.00	3.21	57585BED6
2029	2,715,000	5.00	3.26	57585BEE4
2030	2,855,000	5.00	3.32	57585BEF1
2031	2,995,000	5.00	3.35	57585BEG9
2032	3,140,000	5.00	3.40	57585BEH7
2033	2,965,000	5.00	3.46	57585BEJ3
2034	3,115,000	5.00	3.55	57585BEK0
2035	3,270,000	5.00	3.64	57585BEL8
2036	3,440,000	5.00	3.69+	57585BEM6
2037	3,605,000	5.00	3.73+	57585BEN4
2038	3,785,000	5.00	3.77+	57585BEP9
2039	3,975,000	5.00	3.83+	57585BEQ7
2040	4,175,000	5.00	3.91+	57585BER5
2041	4,385,000	5.00	4.01+	57585BES3
2042	4,605,000	5.00	4.12+	57585BET1
2043	4,835,000	5.00	4.22+	57585BEU8
2044	5,950,000	5.00	4.28+	57585BEV6
2045	7,955,000	5.00	4.36+	57585BEW4

$75,395,000 5.25% Term Bonds due July 1, 2050, Yield 4.45%+, CUSIP†: 57585BEX2
$92,555,000 4.50% Term Bonds due July 1, 2054, Yield 4.67%, CUSIP†: 57585BEY0

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$100,000,000 Series N-2
Interest Rate Mode: Fixed Mode

$100,000,000 5.00% Series N-2 maturing July 1, 2035 - Yield 3.64%* CUSIP†: 57585BEZ7

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† CUSIP is a registered trademark of the American Bankers Association ("ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by FactSet Research Systems, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the Bondowners, and none of the Issuer, the Obligated Group, Milford or the Underwriters is responsible for the selection or correctness of the CUSIP numbers printed herein and does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number assigned to a specific security is subject to change after the issuance of such security based on a number of factors including, but not limited to, a refunding or defeasance in whole or in part of such security or the use of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of such security.

+ Priced to the first optional redemption date, July 1, 2035.

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IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER OR YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER PAGE HEREOF AND SAID OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

No dealer, broker, salesman or other person has been authorized by the Issuer, the Obligated Group, Milford or the Underwriters to give any information or to make any representations with respect to the Bonds, other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information contained herein has been obtained from the Obligated Group, Milford, The Depository Trust Company and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER, THE OBLIGATED GROUP, AND MILFORD 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 CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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, the Obligated Group, and Milford. These forward-looking statements speak only as of the date of this Official Statement. The Issuer, the Obligated Group, and Milford 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, the Obligated Group’s, or Milford’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

OFFICIAL STATEMENT
relating to

$342,195,000
MASSACHUSETTS DEVELOPMENT FINANCE AGENCY
Revenue Bonds
UMass Memorial Health Care Obligated Group Issue
Series N (2025)

INTRODUCTION

The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. All descriptions and summaries of documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document. Terms used in this Official Statement and not otherwise defined have the same meanings as in the Agreement and the Master Trust Indenture (each as defined below) or in Appendix C-1-"Definitions of Certain Terms."

Purpose of this Official Statement

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the issuance and sale of Revenue Bonds, UMass Memorial Health Care Obligated Group Issue, Series N (the "Bonds"), consisting of Series N-1 (the "Series N-1 Bonds") and N-2 (the "Series N-2 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 December 12, 2024 (the "Resolution") to issue the Bonds. The Bonds will be issued under a Loan and Trust Agreement dated as of February 1, 2025 (the "Agreement") by and among the Issuer, UMass Memorial Health Care, Inc. (the "Parent"), UMass Memorial Medical Center, Inc. (the "Medical Center"), UMass Memorial Health-Milford Regional Medical Center, Inc. ("Milford"), and UMass Memorial Health-Harrington Hospital, Inc. ("Harrington" and, together with the Parent, the Medical Center and Milford, the "Institution") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The System and the Obligated Group

UMass Memorial Health Care, Inc. (the "Parent") is a private, Massachusetts non-profit corporation formed to develop and coordinate an integrated health care delivery system consisting of an academic medical center, multiple community hospitals, behavioral health services, home health and hospice programs, and community-based practices (collectively, the "System") providing a broad range of health care and related services to Worcester, Massachusetts and the surrounding central Massachusetts communities through its owned and controlled affiliates.

The following entities are Members of the Obligated Group under the Amended and Restated Master Trust Indenture dated as of June 1, 2022, as amended and supplemented (the "Master Trust Indenture") by and among the Obligated Group and U.S. Bank Trust Company, National Association, as master trustee (the "Master Trustee"): the Parent, the Medical Center, UMass Memorial Health Ventures, Inc. ("Ventures"), UMass Memorial HealthAlliance-Clinton Hospital, Inc. ("HAC"), Harrington and Marlborough Hospital ("Marlborough" and collectively with the Parent, the Medical Center, Ventures, HAC, and Harrington, the "Obligated Group" or "Members of the Obligated Group").

On a consolidated basis as of September 30, 2024, the System had $3.9 billion in assets, generated $4.3 billion in operating revenue for the year then ended, and had an excess of revenue over expenses of $183.5 million for the same period. For the same period, the Obligated Group had $4.0 billion in assets, generated $3.7 billion in operating revenue for the year then ended, and had an excess of revenue over expenses of $199.9 million, or 100.8%, 87.0% and 108.9% respectively of the System totals.

Effective October 1, 2024, UMass Memorial Community Entities, Inc. ("Entities, Inc."), a subsidiary of Parent, became the sole corporate member of Milford. Except as otherwise noted therein, Milford is not included in the fiscal year data provided in Appendix A. On or prior to date of initial issuance of the Bonds, the Obligated Group expects to add Milford to the Obligated Group, following satisfaction of all conditions precedent under the Master Trust Indenture and receipt of all required approvals. Assuming, on a pro forma, unaudited basis, the addition of Milford to the Obligated Group as of and for the year ended September 30, 2024, the Obligated Group would account for 99.2% of System assets, 85.8% of operating revenue, and 115.6% of excess revenue over expenses. For more information regarding Milford, see Appendix A-"Information Concerning the System," including under the heading "UMASS MEMORIAL HEALTH SYSTEM-Hospitals" and Appendix B-2.

Use of Proceeds

The proceeds from the sale of the Bonds are expected to be used (i) to redeem the Issuer's outstanding Revenue Bonds, Milford Regional Medical Center Issue, Series F (2014) (the "Series F Bonds") and the Issuer's outstanding Revenue Bonds, Milford Regional Medical Center Issue, Series G (2020) (the "Series G Bonds" and, together, with the Series F Bonds, the "Milford Bonds"); (ii) to fund a portion of the costs of certain capital projects located within the System; and (iii) to pay certain costs of issuance of the Bonds. A more detailed description of the use of proceeds of the Bonds, including approximate amounts and purposes, is included herein under the headings "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The proceeds of the Bonds will be loaned by the Issuer to the Institution pursuant to the Agreement. The Institution's obligation to make payments under the Agreement will be secured by a note from the Institution.

Agreement

The Issuer, the Institution and the Trustee shall execute the Agreement which provides that, to the extent permitted by law, the obligation of the Institution to make payments to the Issuer and the Trustee thereunder is an absolute and unconditional joint and several obligation of each of the Parent, the Medical Center, Milford and Harrington. The Agreement also provides, among other things, that the Institution shall make payments to the Trustee equal to principal of and interest on the Bonds and certain other payments required by the Agreement. The Agreement shall remain in full force and effect until such time as all of the Bonds and the interest thereon have been fully paid or until adequate provision for such payments has been made.

The Bonds are special obligations of the Issuer, equally and ratably secured by and payable from a pledge of and lien on, to the extent provided by the Agreement, the moneys received with respect to the Bonds by the Trustee for the account of the Issuer pursuant to the Agreement.

Under the Agreement, the Issuer assigns and pledges to the Trustee in trust upon the terms of the Agreement (i) all Revenues to be received from the Institution or derived from any security provided thereunder, and (ii) all rights to receive such Revenues and the proceeds of such rights. Under the Act, to the extent authorized or permitted by law, the pledge of Revenues is valid and binding from the time when such pledge is made and the Revenues and all income and receipts earned on funds held by the Trustee for the account of the Issuer shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Issuer irrespective of whether such parties have notice thereof.

The assignment and pledge by the Issuer 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, or (ii) the powers of the Issuer as stated in the Agreement to enforce the provisions thereof.

As additional security for its payment obligations under the Agreement, the Institution, pursuant to the Agreement, grants to the Trustee a security interest in the moneys and other investments and any proceeds thereof held in the funds established under the Agreement.

The Trustee may declare all of the Bonds immediately due and payable prior to maturity at par, plus accrued interest, upon the occurrence of an Event of Default under the Agreement. See Appendix C-4-"Summary of the Loan and Trust Agreement" under the heading "Remedies for Events of Default."

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. THE PRINCIPAL, REDEMPTION PRICE, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT.

Master Trust Indenture

The Series N-1 Bonds and the Series N-2 Bonds are secured by Obligation No. 18 and Obligation No. 19, respectively, each registered in the name of the Trustee and issued under the Supplemental Master Indenture for Obligation Nos. 18 and 19 dated as of February 1, 2025 (the "Supplemental Master Indenture") between Parent, as Representative of the Obligated Group and the Master Trustee, supplementing the Master Trust Indenture. Each of Obligation No. 18 and Obligation No. 19 is subject to the same payment and prepayment terms as the obligations of the Institution with respect to the Series N-1 Bonds or the Series N-2 Bonds, respectively, under the Agreement. Each of Obligation No. 18, Obligation No. 19, and the Supplemental Master Indenture provide that the Obligated Group shall receive credit, to the extent, in the manner and with the effect provided in the Supplemental Master Indenture, for payments of principal of and interest on Obligation No. 18 and Obligation No. 19 in amounts equal to (i) the payments of principal of and interest on the Series N-1 Bonds or the Series N-2 Bonds, respectively, from sources other than principal of and interest on Obligation No. 18 or Obligation No. 19, respectively, and (ii) the amount of Series N-1 Bonds or Series N-2 Bonds purchased from sources other than the principal of and interest payments on Obligation No. 18 or Obligation No. 19, respectively, and delivered to the Trustee for cancellation. The Master Trust Indenture provides that Obligations issued thereunder, such as Obligation No. 18 and Obligation No. 19, are joint and several obligations of each Member of the Obligated Group.

The Obligated Group has previously issued 17 Obligations pursuant to the Master Trust Indenture (the "Prior Obligations" and, together with Obligation Nos. 18 and 19, the "Issued Obligations"), to secure revenue bonds, and a guaranty in connection with a bond insurance policy related to one such series of bonds. Of the Prior Obligations, Obligation Nos. 8, 12, 13, 14, 15, 16 and 17 are currently Outstanding (as defined in the Master Trust Indenture) under the Master Trust Indenture. Following the issuance of the Bonds, the Issued Obligations will be Outstanding in the aggregate principal amount of $1,009,296,130.

Gross Receipts. As provided in the Master Trust Indenture, each Member of the Obligated Group has pledged and granted to the Master Trustee a Lien (as defined in the Master Trust Indenture) on their Gross Receipts, subject to certain Permitted Liens described in the Master Trust Indenture. All of the Issued Obligations are equally and ratably secured by such Lien without priority or preference among such Issued Obligations.

The enforcement of the Lien on Gross Receipts may be subject to limitations imposed by the Bankruptcy Code and to the exercise of discretion by a court of equity and to other significant conditions and limitations including restrictions upon assignment of accounts receivable and the proceeds thereof under the Medicare and Medicaid programs. In addition, the obligation of one Member to make payments with respect to Obligations in respect of moneys used by another Member may be declared void, or such payments may be otherwise prohibited, in certain circumstances. See "CERTAIN BONDOWNERS' RISKS-Enforceability of Lien on Gross Receipts."

Financial Covenants

Debt Service Coverage Ratio. In the Master Trust Indenture, the Obligated Group agrees to use best efforts to maintain the Historical Debt Service Coverage Ratio at least equal to 1.10 calculated as of the end of each Fiscal Year. Within one hundred fifty (150) days after the end of each Fiscal Year, the Obligated Group shall furnish to the Master Trustee an Officer's Certificate stating, based on calculations shown in such Certificate, that the requirement of the foregoing sentence was met as of the end of such Fiscal Year. If the Historical Debt Service Coverage Ratio is less than 1.10 in any Fiscal Year, the Obligated Group covenants to retain a Consultant to make recommendations to increase such ratio for subsequent Fiscal Years to the levels required or, if in the opinion of the Consultant the attainment of such level is impracticable, to the highest practicable level. Each Member of the Obligated Group,

respectively, agrees that it will, to the extent permitted by law and subject to Legal Limitations, substantially follow the recommendations of the Consultant or file with the Master Trustee its reasons for not following the recommendations. So long as the Obligated Group shall retain a Consultant and each Member of the Obligated Group shall follow such Consultant's recommendations except as set forth above, the Historical Debt Service Coverage Ratio covenant shall be deemed to have been complied with even if such ratio for any subsequent Fiscal Year, calculated as of the end of such Fiscal Year, is less than 1.10. If in any two consecutive Fiscal Years the Historical Debt Service Coverage Ratio is less than 1.10, calculated as of the end of such Fiscal Years, the Obligated Group will not be required to retain a Consultant to make such recommendations if a written report of a Consultant is filed with the Master Trustee which contains an opinion of such Consultant that (i) applicable laws or regulations have prevented the maintenance of the 1.10 ratio, (ii) the Members of the Obligated Group have generated the maximum amount of Income Available for Debt Service which in the opinion of such Consultant could reasonably have been generated given such laws and regulations during the period affected thereby and (iii) the ratio actually achieved was at least 1.00 for at least one such Fiscal Year. The Obligated Group shall not be required to cause the Consultant's report referred to in this paragraph to be prepared more frequently than once every three Fiscal Years if at the end of the second of such three Fiscal Years the Obligated Group provides to the Master Trustee an Opinion of Counsel to the effect that the applicable laws and regulations underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way. If the Historical Debt Service Coverage Ratio is less than 1.00 for any two consecutive Fiscal Years, an Event of Default shall occur under the Master Trust Indenture. For a more complete description of the Historical Debt Service Coverage Ratio, see Appendix C-1-"Definitions of Certain Terms" and Appendix C-2-"Summary of Master Trust Indenture" under the heading "Debt Service Coverage Ratio."

Days Cash on Hand. Through the Supplemental Master Indentures for Obligation Nos. 12, 14 and 15, the Obligated Group agrees to maintain at all times a minimum of 60 Days Cash on Hand. Failure to achieve a minimum of 60 Days Cash on Hand as of the end of any fiscal year shall not be an Event of Default if the Obligated Group employs a Consultant to make certain recommendations and, subject to Legal Limitations, implements said recommendations. Thereafter, the Obligated Group must achieve a minimum of 60 Days Cash on Hand unless the Consultant certifies that it is prevented from doing so by Legal Limitations. Although the Obligated Group has covenanted to at all times maintain a minimum of 60 Days Cash on Hand in the Supplemental Master Indenture for Obligation Nos. 18 and 19, the Bondowners shall only have the benefit of such covenant for so long as any of Obligation Nos. 12, 14 and 15 remains Outstanding under the Master Trust Indenture. See Appendix C-3 - "Summary of the Supplemental Master Indenture."

Parity Obligations

Outstanding Indenture Indebtedness. The aggregate principal amount of Indenture Indebtedness and the principal amount of each Obligation that may be issued, authenticated and delivered under the Master Trust Indenture is not limited except by the provisions of the Master Trust Indenture or the Related Supplements. See Appendix C-1 "Definitions of Certain Terms" and Appendix C-2-"Summary of Master Trust Indenture" under the heading "Amount of Indenture Indebtedness." Outstanding Indenture Indebtedness consists of the Prior Obligations listed in Appendix A-"Information Concerning the System" under the heading "System Indebtedness." The Prior Obligations are equally and ratably secured with the Bonds as to the lien on Gross Receipts of the Obligated Group.

Following issuance of the Bonds, the Obligated Group will have other non-parity indebtedness outstanding. See Appendix A-"Information Concerning the System" under the heading "System Indebtedness."

Additional Indebtedness

The Master Trust Indenture permits each Member of the Obligated Group to incur Indebtedness, including Indebtedness secured by a lien on such Member's Gross Receipts, on a parity with Obligation No. 18 and Obligation No. 19 given as security for the Series N-1 Bonds and the Series N-2 Bonds, respectively, and the Prior Obligations, and Indebtedness in certain cases secured senior to the Bonds. The incurrence of Additional Indebtedness, including parity Obligations, is subject to certain conditions, including compliance with the Master Trust Indenture's limits on Indebtedness. For additional information concerning the incurrence of Additional Indebtedness, see Appendix C-1-"Definitions of Certain Terms" and Appendix C-2-"Summary of Master Trust Indenture" under the headings "Limitations on Creation of Liens" and "Limitations on Incurrence of Additional Indebtedness."

Joint and Several Obligations; Members of the Obligated Group

The Master Trust Indenture provides that any Obligation issued thereunder is a joint and several obligation of all Members of the Obligated Group. The Master Trust Indenture contains provisions permitting the addition or withdrawal of Members under certain conditions. See Appendix C-2-"Summary of Master Trust Indenture" under the heading "Withdrawal From the Obligated Group." The Master Trust Indenture also contains provisions permitting the issuance of additional Obligations on a parity with, and in certain circumstances senior to, existing Obligations issued by the Obligated Group, including Obligation Nos. 18 and 19. See "Additional Indebtedness" herein and Appendix C-2-"Summary of Master Trust Indenture" under the headings "Limitations on Creation of Liens" and "Limitations on Incurrence of Additional Indebtedness." For information about the Obligated Group's expectation to add Milford to the Obligated Group, see "INTRODUCTION – The System and the Obligated Group."

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 "LEGAL MATTERS" 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 Obligated Group, Milford, the Underwriters or any other person.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the respective Series of Bonds for the complete text thereof and to Agreement, summarized in Appendix C-4 hereto. The discussion herein is qualified by such reference.

The Bonds are initially issued in the Fixed Mode, and the Series N-1 Bonds are subject to conversion as set forth in the Agreement and may bear interest in a Fixed Mode, Long-Term Mode, Daily Mode, Weekly Mode, Short-Term Mode, FRN Mode, Term Floater Rate Mode, Window Mode, Flexible Mode, or Direct Purchase Mode (as such terms are defined and more fully described in the Agreement). This Official Statement summarizes certain terms of the Bonds only while the Bonds operate in the Fixed Mode. As further described herein, the Institution may elect to convert the Series N-1 Bonds to a different Interest Rate Mode or to a new Fixed Period. There are significant differences in the terms of the Series N-1 Bonds if they are in any other Interest Rate Mode or a new Fixed Period. Should the Series N-1 Bonds or portion thereof be converted to operate in a different Interest Rate Mode or to bear interest in a new Fixed Period, such Series N-1 Bonds to be converted will be subject to mandatory tender for purchase and, at that time, it is expected that a reoffering circular or a supplement to this Official Statement or other disclosure document would be prepared in connection with any such Conversion.

General

The Bonds will be dated their date of initial delivery and will bear interest from such date, payable on January 1 and July 1 of each year, commencing July 1, 2025, until maturity, as set forth on the inside cover page of this Official Statement, or, in the case of the Series N-1 Bonds, until earlier conversion, if any. The Bonds bear interest at the rates and mature on the dates 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.

Subject to the provisions discussed under "BOOK-ENTRY ONLY SYSTEM" below, the Bonds are issuable as fully registered bonds without coupons in the minimum denomination of $5,000 or any integral multiple thereof. Principal or redemption premium, if any, of the Bonds will be payable at the principal corporate trust office of the Trustee and interest on the Bonds will be paid by check or draft mailed to the registered owners as of the fifteenth day of the month preceding the date on which interest is to be paid, or by wire transfer as provided in the Agreement.

Subject to the limitations and conditions of the Agreement, the Series N-1 Bonds subject to optional redemption as described under "Redemption- Optional Redemption of Series N-1 Bonds" may be converted, in whole

or in part, in Authorized Denominations, to operate in a different Interest Rate Mode or a new Fixed Period on the Conversion Date, which conversion may only occur during the period during which such Series N-1 Bonds are subject to optional redemption. See Appendix C-4- "Summary of the Loan and Trust Agreement" under the heading "Conversion of Interest Rate Modes."

Redemption

Mandatory Redemption of the Series N-1 Bonds. The Series N-1 Bonds maturing on July 1, 2050 and July 1, 2054 shall be redeemed from sinking fund installments at their principal amounts, without premium, plus accrued interest to the redemption date on July 1 of each of the years and in the principal amounts, as follows:

Series N-1 Bonds Due July 1, 2050

Year	Principal Amount
2046	$ 8,355,000
2047	15,495,000
2048	16,310,000
2049	17,165,000
2050†	18,070,000

Series N-1 Bonds Due July 1, 2054

Year	Principal Amount
2051	$19,015,000
2053	35,960,000
2054†	37,580,000

† Maturity.

Optional Redemption. The Series N-1 Bonds (except the Series N-1 Bonds maturing on or before July 1, 2035, which are not subject to redemption prior to maturity) are redeemable pursuant to the Agreement prior to maturity beginning on July 1, 2035, at the option of the Institution by the written direction of the Institution to the Issuer and the Trustee, as a whole or in part at any time, in such order of maturity or sinking fund installments, if any, as directed by the Institution at their principal amount, without premium, plus accrued interest to the redemption date.

The Series N-2 Bonds are redeemable pursuant to the Agreement prior to maturity beginning on January 1, 2035, at the option of the Institution by the written direction of the Institution to the Issuer and the Trustee, as a whole or in part at any time, as directed by the Institution, at their principal amount, without premium, plus accrued interest to the redemption date.

Any Bonds called for optional redemption may, at the option of the Institution, be purchased in lieu of redemption by the Institution or by a person designated by the Institution on the redemption date at a price equal to the redemption price thereof.

Selection of Bonds to be Redeemed

If less than all of the Outstanding Bonds of a series and maturity are to be called for redemption, the Bonds of that series and 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 The Depository Trust Company ("DTC"), is the REGISTERED OWNER, the Bonds or portions thereof to be redeemed within a maturity shall be selected by DTC, in such manner as DTC may determine.

Notice of Redemption

So long as DTC or its nominee is the Bondowner, the Issuer and the Trustee will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants

and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements which may be in effect from time to time.

When Bonds are to be redeemed, the Trustee, the Trustee shall give or cause to be given notice of any redemption thereof, which notice shall identify the Bonds to be redeemed, state the date fixed for redemption, state that the proposed redemption is conditioned on there being on deposit in the Redemption Fund on the redemption date sufficient money to pay the full redemption price of Bonds to be redeemed and state that such Bonds will be redeemed at the corporate trust office of the Trustee. A certificate of the Trustee shall conclusively establish the mailing of any such notice for all purposes.

Effect of Redemption

Notice of redemption having been duly mailed, subject to the conditionality of such notice, each Bond, or the portion 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 Trustee, from and after the date fixed for redemption interest on such Bonds (or such portion thereof) will no longer accrue.

Purchase in Lieu of Redemption

The Institution may purchase Bonds of any series or maturity and credit them against the principal payment for such maturity or, as the case may be, any sinking fund installment 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 or sinking fund installment date, if any. Whenever Bonds are called for redemption as described above under "Optional Redemption," the Institution may purchase some or all of the Bonds called for redemption if it gives written notice, as appropriate, to the Trustee and the Issuer not later than the day before the redemption date that it wishes to purchase the principal amount of Bonds specified in the notice, at a purchase price equal to the redemption price. Any such purchase of Bonds by the Institution shall not be deemed to be a payment or redemption of the Bonds or any portion thereof and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds.

Acceleration

The Trustee may by written notice to the Obligated Group declare all of the Bonds due and payable at par, plus accrued interest, prior to maturity upon the occurrence of an Event of Default under the Agreement. See Appendix C-4-"Summary of the Loan And Trust Agreement" under the heading "Remedies for Events of Default."

BOOK-ENTRY ONLY SYSTEM

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 and each interest rate within a maturity, if applicable, and tenor of the Bonds in the aggregate principal amount of such maturity and interest rate, and will be deposited with DTC.

DTC, the world's largest securities 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" and together with Direct Participants, the "Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's 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 (including sinking fund installments), redemption premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 Trustee, the Institution or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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 Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Institution or the Underwriters takes responsibility for the accuracy thereof.

For every transfer and exchange of the Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 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.

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

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds and other available funds are expected to be applied as follows (rounded to the nearest dollar):

Sources of Funds	
Principal amount of the Bonds	$342,195,000
Net Original Issue Premium	19,826,330
Available Funds of the Institution	11,153,377
Total Sources of Funds	$373,174,707
Uses of Funds	
Project Fund	$273,698,089
Repayment of the Milford Bonds	95,935,228
Costs of Issuance, including Underwriters' Discount[1]	3,541,390
Total Uses of Funds	$373,174,707

[1] Estimated amount to provide for Underwriters' discount, legal, consulting and printing fees and associated costs of issuance related to the Bonds.

PLAN OF FINANCE

A portion of the proceeds of the Bonds will be applied to fund the Project, consists of the payment or reimbursement of costs of acquisition, expansion, remodeling, renovation, furnishing, and equipment, including without limitation the acquisition and implementation of electronic medical record information systems and related expenses.

On the date of issuance of the Bonds, a portion of the proceeds of the Bonds, together with other available funds of the Institution, will be transferred to Wilmington Trust, N.A., as trustee for the Milford Bonds (the "Milford Trustee") either (1) for the redemption of the Series F Bonds pursuant to the Loan and Trust Agreement applicable thereto or (2) pursuant to an Escrow Agreement by and among Milford, the Milford Trustee, and the Issuer, for deposit in an escrow fund (the "Escrow Fund") relating to the Series G Bonds, where such funds will remain as cash or be invested in escrow securities that mature in such amounts and at such times and bear interest at such rates as to provide amounts sufficient to pay the principal of and accrued but unpaid interest on the Series G Bonds through July 15, 2030, the redemption date of the Series G Bonds.

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each respective year ending September 30, the amounts (rounded to the nearest dollar) required to be made available by the System (including entities that are not in the Obligated Group) in such year for payment of (i) the principal of and interest on the Prior Obligations and other long-term debt (collectively, "Prior Debt"), (ii) the principal of and interest on the Bonds and (iii) the total debt service on the Bonds and the Prior Debt in such year.

		The Bonds			
Year	Debt Service on Prior Debt*	Principal	Interest	Total Debt Service	Total Debt Service on the Bonds and Prior Debt
2025	$70,697,478	-	$6,780,950	$ 6,780,950	$ 77,478,428
2026	77,063,908	$ 2,055,000	16,835,463	18,890,463	95,954,371
2027	71,164,305	2,160,000	16,732,713	18,892,713	90,057,017
2028	50,063,780	2,265,000	16,624,713	18,889,713	68,953,492
2029	50,369,993	2,715,000	16,511,463	19,226,463	69,596,455
2030	47,055,807	2,855,000	16,375,713	19,230,713	66,286,519
2031	46,014,469	2,995,000	16,232,963	19,227,963	65,242,431
2032	41,406,192	3,140,000	16,083,213	19,223,213	60,629,404
2033	37,557,704	2,965,000	15,926,213	18,891,213	56,448,917
2034	36,218,017	3,115,000	15,777,963	18,892,963	55,110,979
2035	37,086,725	103,270,000	15,622,213	118,892,213	155,978,938
2036	37,054,581	3,440,000	10,458,713	13,898,713	50,953,294
2037	37,060,588	3,605,000	10,286,713	13,891,713	50,952,300
2038	37,126,900	3,785,000	10,106,463	13,891,463	51,018,363
2039	37,130,800	3,975,000	9,917,213	13,892,213	51,023,013
2040	37,129,100	4,175,000	9,718,463	13,893,463	51,022,563
2041	37,130,850	4,385,000	9,509,713	13,894,713	51,025,563
2042	37,129,400	4,605,000	9,290,463	13,895,463	51,024,863
2043	37,130,900	4,835,000	9,060,213	13,895,213	51,026,113
2044	37,129,150	5,950,000	8,818,463	14,768,463	51,897,613
2045	22,797,500	7,955,000	8,520,963	16,475,963	39,273,463
2046	22,793,250	8,355,000	8,123,213	16,478,213	39,271,463
2047	16,089,000	15,495,000	7,684,575	23,179,575	39,268,575
2048	16,089,000	16,310,000	6,871,088	23,181,088	39,270,088
2049	16,089,000	17,165,000	6,014,813	23,179,813	39,268,813
2050	16,089,000	18,070,000	5,113,650	23,183,650	39,272,650
2051	16,089,000	19,015,000	4,164,975	23,179,975	39,268,975
2052	316,089,000	-	3,309,300	3,309,300	319,398,300
2053	-	35,960,000	3,309,300	39,269,300	39,269,300
2054	-	37,580,000	1,691,100	39,271,100	39,271,100

* Prior Debt includes long-term debt as of the delivery date of the Bonds (including capitalized leases and mortgage obligations) that is not secured under the Master Trust Indenture; assumes interest rate of 3.50% for Prior Debt bearing interest at variable rates; excludes debt service on the Milford Bonds.

CERTAIN BONDOWNERS' RISKS

Purchase of the Bonds involves risk. In order to identify risk factors and make an informed investment decision, potential investors 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 risks associated with the purchase of the Bonds are described below. Such lists of possible factors, while not setting forth all the factors which must be considered, contain some of the factors which should be considered prior to purchasing the Bonds. **THE DISCUSSION OF RISK FACTORS IS NOT, AND IS NOT INTENDED TO BE,**

COMPREHENSIVE OR EXHAUSTIVE. Prospective purchasers of the Bonds should give careful consideration to the matters referred to in the following summary and in Appendix A-"Information Concerning the System" under the heading "Bondowners' Risks and Matters Affecting the Health Care Industry." Such summaries should not be considered exhaustive, but rather informational only.

The revenue and expenses of the Obligated Group are affected by the rapidly changing health care environment. These changes are a result of the implementation of national health reform and efforts by the federal and state governments, managed care organizations ("MCOs"), private insurance companies and business coalitions to reduce and contain health care costs, including, but not limited to, the costs of inpatient and outpatient care, physician fees, capital expenditures and the costs of graduate medical education. In addition to matters discussed elsewhere in this Official Statement, the following factors may have a material effect on the operations of the Obligated Group to an extent that cannot be determined at this time.

Payment of Debt Service; Limitation on Revenues

The principal of, redemption premium, if any, and interest on the Bonds are payable solely from the amounts paid by the Institution to the Issuer under the Agreement and from amounts which may be paid to the Trustee pursuant to the Master Trust Indenture, including moneys paid by the Obligated Group under Obligation No. 18 and Obligation No. 19. No representation or assurance can be made that revenues will be realized by the Institution or the Obligated Group in the amounts necessary to make payments at the times and in the amounts sufficient to pay the debt service on the Bonds.

The security for the Bonds is discussed under the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS" and should be taken into consideration in determining an investment decision regarding the Bonds. The financial condition and other aspects of the System are discussed in Appendix A-"Information Concerning the System" and should also be taken into consideration in determining an investment decision regarding the Bonds. There are a wide variety of factors not under the control of the Institution that could make future performance of the Institution and the Obligated Group vary from its historical performance in such a way that may adversely affect the ability of the Institution to make payments of the principal of and interest on the Bonds or could otherwise affect the Bonds.

Risks Affecting the Health Care Industry Generally

The receipt of future revenues by the Obligated Group is subject to, among other factors, federal and state regulations and policies affecting the health care industry, the policies and practices of MCOs, private insurers and other third-party payors, and private purchasers of health care services. The effect on the Obligated Group of future changes in federal, state and private policies cannot be determined at this time.

Future revenues and expenses of the Obligated Group may be affected by events and economic conditions, which may include an inability to control expenses in periods of inflation, as well as other conditions such as demand for health care services; the capability of the management of the Obligated Group; the receipt of grants and contributions; referring physicians' and self-referred patients' confidence in the Obligated Group; and increased use of discounted or risk-based contracts with MCOs and other payors. Other factors that may affect revenues and expenses include the ability of the Obligated Group to provide services required by patients; the relationship of the Obligated Group with physicians; the success of the Obligated Group's strategic plans; the degree of cooperation among and competition with other providers in the Obligated Group's area; changes in levels of private philanthropy; malpractice claims and other litigation; economic and demographic developments in the United States and in the service areas in which facilities of the Obligated Group are located; competition; changes in interest rates that affect investment results; and changes in rates, costs, third-party payments (including, without limitation, Medicare and Medicaid program payment) and governmental regulations concerning payment. All of the above-referenced factors could affect the Obligated Group's ability to make payments with respect to the Bonds. See Appendix A-"Information Concerning the System" under the heading "Bondowners' Risks and Matters Affecting the Health Care Industry."

Enforceability of Lien on Gross Receipts

The obligation of the Institution to make the payments required under the Agreement is secured by Obligations No. 18 and Obligation No. 19, which in turn are secured by a security interest granted to the Master Trustee in the Gross Receipts of the Obligated Group.

To the extent that Gross Receipts are derived from payments by the federal or state government under the Medicare or Medicaid program, any right of the Master Trustee to receive such payments directly during such time as the Lien on Gross Receipts remains in effect may be unenforceable. The Social Security Act and state regulations prohibit anyone other than the individual receiving care or the entity providing service from collecting Medicare and Medicaid payments directly from the federal or state government. In addition, Medicare and Medicaid receivables are subject to provisions of the Assignment of Claims Act of 1940, which restricts the ability of a secured party to collect accounts directly from government agencies. With respect to receivables and Gross Receipts not subject to the Lien in favor of the Master Trustee, the Master Trustee would occupy the position of an unsecured creditor. Counsel to the Obligated Group has not provided an opinion with regard to the enforceability of the Lien on Gross Receipts of the Obligated Group, where such Gross Receipts are derived from the Medicare and Medicaid programs.

In the event of bankruptcy of a Member of the Obligated Group, transfers of property by the bankrupt entity, including the payment of debt or the transfer of any collateral, including receivables and Gross Receipts on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court, may be subject to avoidance or recoupment as preferential transfers. Under certain circumstances a court may have the power to direct the use of Gross Receipts to meet expenses of the Obligated Group before paying the debt service on the Bonds.

Pursuant to the Massachusetts Uniform Commercial Code, a security interest in the proceeds of Gross Receipts may not continue to be perfected if such proceeds are not paid over to the Master Trustee by the Obligated Group within 20 days of receipt. The Obligated Group is obligated to pay over such proceeds within 20 days of receipt only in the event of a failure to make required payment on the Obligations issued under the Master Trust Indenture or on any bonds secured by any such Obligation (and, as noted above, the Lien on Gross Receipts may be released upon the fulfillment of certain conditions). If any payment is not made when due, the Members of the Obligated Group must transfer or pay over immediately to the Master Trustee any Gross Receipts with respect to which the security interest remains perfected pursuant to law. Any Gross Receipts thereafter received shall upon receipt by a Member of the Obligated Group be transferred to the Master Trustee without such Gross Receipts being commingled with other funds, in the form received (with necessary endorsements) up to an amount equal to the amount of the missed payment.

The Members of the Obligated Group have granted a parity Lien on their Gross Receipts to secure the Prior Obligations. The value of the security interest in the Gross Receipts could be further diluted by the incurrence of additional indebtedness secured equally and ratably with the Bonds as to the security interest in the Gross Receipts.

Enforceability of Master Trust Indenture and Agreement

Under Massachusetts law, a nonprofit corporation may guarantee the debt of another corporation only if such guaranty is in furtherance of the corporate purposes of such guarantor nonprofit corporation. In addition, it is possible that the security interest granted by a Member of the Obligated Group and the obligation of a Member to make payments due, if any, under any Obligations issued under the Master Trust Indenture, including Obligation No. 18 and Obligation No. 19, relating to indebtedness issued for the benefit of another Member of the Obligated Group, may be declared void in an action brought by third-party creditors pursuant to the Massachusetts fraudulent conveyance statutes or may be avoided by a Member of the Obligated Group or a trustee in bankruptcy in the event of the bankruptcy of the Member of the Obligated Group from which payment is requested. An obligation may be voided under the federal Bankruptcy Code or under the Massachusetts fraudulent conveyance statute, if (a) the obligation was incurred without receipt by the obligor of "fair consideration" or "reasonably equivalent value," and (b) the obligation renders the obligor "insolvent," as such terms are defined under the applicable statute. Interpretation by the courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. For example, the obligation, if any, of a Member of the Obligated Group under the Master Trust Indenture to make all payments thereunder, including payments in respect of funds used for the benefit of the other Members of the Obligated Group, may be held to be a "transfer" which makes such Member of the Obligated Group "insolvent" in the sense that the total amount due under the Master Trust Indenture could be considered as causing its liabilities to

exceed its assets. Also, one of the Members of the Obligated Group may be deemed to have received less than "fair consideration" for such obligation because none or only a portion of the proceeds of the indebtedness are to be used to finance projects occupied or used by such Member of the Obligated Group. While the Members of the Obligated Group may benefit generally from the projects financed from the indebtedness for the other Members of the Obligated Group, the actual cash value of this benefit may be less than the obligation incurred. The rights under the Massachusetts fraudulent conveyance statutes may be asserted for a period of up to six years from the incurring of the obligations or granting of security under the Master Trust Indenture.

In addition, the assets of any Member of the Obligated Group may be held by a court to be subject to a charitable trust which prohibits payments in respect of obligations incurred by or for the benefit of others, particularly if a Member of the Obligated Group has insufficient assets remaining to carry out its own charitable functions or, under certain circumstances, if the obligations paid by such Member were issued for purposes inconsistent with or beyond the scope of the charitable purposes for which the Member of the Obligated Group was organized. The enforceability of similar master indentures has been challenged in jurisdictions outside of the Commonwealth. In the absence of clear legal precedent in this area, the extent to which the assets of any Member of the Obligated Group can be used to pay Obligations issued by or on behalf of others cannot be determined at this time.

The Master Trust Indenture permits Members of the Obligated Group to incur unsecured debt and debt secured on a parity with the Bonds under certain circumstances. Members of the Obligated Group, subject to restrictions set forth in the Master Trust Indenture, may sell assets to or merge or consolidate with other Persons (whether or not then affiliated with such Member).

Exercise of Remedies Under the Master Trust Indenture

"Events of Default" under the Master Trust Indenture include the failure of the Obligated Group to make payments on any Obligation issued and Outstanding under the Master Trust Indenture (such as Obligation No. 18 and Obligation No. 19) and may include nonpayment related defaults under documents such as the Agreement. The Master Trust Indenture provides that upon an "Event of Default" thereunder, the Master Trustee may in its discretion, by notice in writing to Members of the Obligated Group, declare all (but not less than all) Obligations Outstanding thereunder to be immediately due and payable and may exercise other remedies thereunder. However, the Master Trustee is not required to declare amounts under the Master Trust Indenture to be due and payable immediately unless requested to do so by the holders of at least a majority in aggregate principal amount of all Obligations then Outstanding under the Master Trust Indenture. Consequently, upon the occurrence of an "Event of Default" under the Agreement with respect to the Bonds and an acceleration of the maturity of the Bonds, the Master Trustee is not required to accelerate the maturity of all Obligations Outstanding under the Master Trust Indenture upon direction from the Trustee unless (i) the principal amount of the Bonds Outstanding is at least equal to a majority of the principal amount of all Obligations Outstanding under the Master Trust Indenture, or (ii) the Trustee and all other holders of Obligations requesting such acceleration hold at least a majority of all Obligations Outstanding under the Master Trust Indenture.

Each of Obligation No. 18 and Obligation No. 19 is cross-defaulted and secured on a parity with all other Obligations under the Master Trust Indenture. Further, an Event of Default under the Master Trust Indenture constitutes an Event of Default under the Agreement. See Appendix C-1-"Definitions of Certain Terms" and Appendix C-2-"Summary of Master Trust Indenture."

Covenant to Maintain Tax-Exempt Status of the Bonds

The excludability of interest on the Bonds from the gross income of the recipients thereof for federal income tax purposes is dependent in part on the continued compliance by the Issuer and the Institution with certain covenants contained in the Agreement. These covenants relate generally to arbitrage limitations, use of bond proceeds, rebate of certain investment earnings to the federal government, and restrictions on the amount of costs of issuance financed with the proceeds of the Bonds. Failure to comply with any of these covenants may result in the inclusion of interest on the Bonds in the gross income of the recipients thereof for federal income tax purposes retroactive to the date of issuance.

Considerations Relating to Additional Debt

Subject to the coverage and other tests set forth therein, the Master Trust Indenture permits the Obligated Group to incur Additional Indebtedness, including the issuing of additional bonds. Such indebtedness would increase the Obligated Group's debt service and repayment requirements and may adversely affect debt service coverage on the Bonds.

Effect of Bankruptcy

If any Member of the Obligated Group obtains protection under the federal Bankruptcy Code, its revenues may not be subject to the security interests created under the Master Trust Indenture. Property acquired after the bankruptcy will not be subject to the security interests created under the Master Trust Indenture. The member's property, including accounts receivable and proceeds thereof, also could be used for the benefit of the member despite the security interest of the Master Trustee in such accounts receivable if the Bankruptcy Court finds that "adequate protection" of the lien holder's interest in the property exists or is given.

The commencement of a case under the federal Bankruptcy Code operates as an automatic stay of any act or proceeding to enforce a lien upon property of the affected Member of the Obligated Group. A patient care ombudsman could be appointed as an advocate for the welfare of patients. The Master Trustee may not be able to obtain relief from the automatic stay to realize upon security interests created under the Master Trust Indenture as a result of concern for patient welfare or otherwise. Delay in the Master Trustee's ability to exercise remedies against collateral could impair recovery from the collateral securing the Bonds.

The commencement of a proceeding under the Bankruptcy Code also can adversely affect the business of the Obligated Group, including by increasing costs, by deterring recipients of health care services from utilizing the Members of the Obligated Group for such services and by deterring providers from remaining employed or continuing to use the Obligated Group's facilities under such circumstances. In addition, if a Member of the Obligated Group were to become insolvent or if reorganization under the Bankruptcy Code were to be perceived as being in doubt, accounts receivable could become more difficult or impossible to collect.

In a proceeding under the Bankruptcy Code, in particular if the indebtedness evidenced by the Bonds were to be deemed not fully secured, payments made in respect of the Bonds or other transfers of property within 90 days prior to the date of a bankruptcy case could be avoided as preferential transfers absent the presence of one of the Bankruptcy Code defenses to avoidance. To the extent avoided, the value of such payments or transfers could be recovered from the Trustee or from subsequent transferees and claims in respect of the Bonds could be disallowed pending recovery of the value of such payments or transfers.

In a Chapter 11 case, the petitioner could file a plan for the adjustment of its debts which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The plan, if confirmed by the court, binds all creditors and discharges all claims held by creditors who had notice or knowledge of the bankruptcy except as set forth in the plan. No plan may be confirmed unless, among numerous other conditions, the plan is determined to be in the best interest of creditors, is feasible and either has been accepted by each class of claims impaired thereunder, or the court has found sufficient grounds to confirm the plan over the objections of a dissenting class. To accept the plan, at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that vote with respect to the plan must accept the plan. Even if the plan is not so accepted, it may still be confirmed if the court finds that the plan is "fair and equitable" with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors. With respect to secured claims of holders of the Bonds, if certain legal requirements were satisfied, a plan could alter substantive rights such as the maturity date and interest rate of the Bonds.

Trading Market for the Bonds

There can be no assurance that there will be a secondary market for the purchase or sale of the Bonds. From time to time, there may be no market for the Bonds depending upon prevailing market conditions, including the financial condition or market position of firms who may constitute the secondary market, the evaluation of the Obligated Group's capabilities and the financial condition and results of operations of the Obligated Group.

Risks Related to Variable Rate Bonds

Certain outstanding obligations of the Obligated Group are variable rate obligations, the interest rates on which could rise from recent levels. Generally, such obligations may be converted to a fixed interest rate, but the Obligated Group would be required to continue to pay interest at the applicable variable rate until it is permitted to convert the obligations to a fixed rate pursuant to the applicable transaction documents.

Variable rate indebtedness is often secured by a credit facility or a liquidity facility with a commercial bank. In consideration for the agreement to make payments on the variable rate bonds, banks often are the beneficiary of covenants in addition to those set forth in the financing documents applicable to the variable rate bonds. The additional covenants could restrict the ability of the Obligated Group to enter into certain transactions and the violation of such covenants could result in an event of default under the applicable credit agreement or liquidity agreement potentially causing a cross-default with respect to the Bonds.

* * *

For additional Bondowners' Risks, see Appendix A-"Information Concerning the System" under the heading "Bondowners' Risks and Matters Affecting the Health Care Industry."

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 Obligated Group has undertaken all responsibilities for any continuing disclosure to Bondowners as described below, and the Issuer shall have no liability to the Bondowners or any other person with respect to such disclosures.

The Obligated Group has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the Parent and its affiliates and financial information and operating data relating to the Obligated Group following the end of each fiscal year (each an "Annual Report") and the end of each fiscal quarter (each a "Quarterly Statement"), and to provide notices of the occurrence of certain enumerated events. The Annual Reports will be filed on behalf of the Obligated Group not later than 150 days following the end of each fiscal year and the Quarterly Statements will be filed not later than 60 days after each of the first three fiscal quarters and not later than 90 days after the end of the fourth fiscal quarter, in each case with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. The event notices also will be filed on behalf of the Obligated Group with the MSRB through its EMMA system. The specific nature of the information to be contained in the Annual Reports and the Quarterly Statements or the event notices is summarized in Appendix E-"Form of Continuing Disclosure Agreement." These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission. Failure to comply with these covenants is not an event of default under the Master Trust Indenture or the Agreement.

Pursuant to its continuing disclosure obligations relating to its Massachusetts Development Finance Agency Revenue Bonds, UMass Memorial Health Care Obligated Group Issue, Series I, Series K, and Series L, the Obligated Group omitted certain information related to quarterly and annual utilization statistics and Long-Term Debt Service Coverage Ratio from its annual reports for fiscal years 2020 through 2024. The omitted information has been posted to EMMA. Other than the foregoing, with respect to the Obligated Group, and as previously noted in the Limited Offering Memorandum for the Series G Bonds, with respect to Milford, each of the Obligated Group and Milford has, for the last five years, complied with its respective prior continuing disclosure obligations in all material respects.

TAX EXEMPTION

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel to the Issuer ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that under Section 56A of the Code such interest will be included in the computation of "adjusted financial statement income" of applicable corporations (as defined in Section 59(k) of the Code) and

accordingly will be taken into account in the computation of the alternative minimum tax applicable to such corporations. 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 Institution have covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and that the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondowners should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is set forth in Appendix D 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, in general, the issue price of a particular maturity of the Bonds may be established by reference to the first price at which a substantial amount of such maturity of the Bonds is sold to the public. 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. Bondowners 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 issue price established therefor.

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 Bondowner's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondowner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondowners should be aware that certain requirements and procedures contained or referred to in the Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondowners also should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondowners from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development

with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondowners are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

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

LEGALITY OF THE BONDS FOR INVESTMENT AND DEPOSIT

The Act provides that the Bonds are legal investments in which all public officers and public bodies of the Commonwealth, 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 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 is now or may hereafter be authorized by law.

RATINGS

S&P Global and Fitch Ratings ("Fitch") have assigned ratings of "BBB+" (stable outlook) and "A-" (stable outlook), respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of UMass Memorial Health Care, Inc. and its affiliates as of September 30, 2024 and 2023 and for each of the two years in the period ended September 30, 2024, included in Appendix B-1 to this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

The consolidated financial statements and other financial information of Milford Regional Medical Center, Inc. and affiliates for the years ended September 30, 2024 and 2023, included in Appendix B-2 to this Official Statement, have been audited by Baker Newman & Noyes, independent auditors, as stated in their report herein.

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 Institution 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 any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Act does not in any way create a so-called moral obligation of the Commonwealth or of any political subdivision thereof to pay debt service in the event of default by the Institution. The Issuer has no taxing power under the Act.

UNDERWRITING

The Bonds are being purchased by Morgan Stanley & Co. LLC and BofA Securities, Inc., as the underwriters (the "Underwriters") pursuant to a purchase contract to be entered into among the Issuer, the Obligated Group and Morgan Stanley & Co. LLC, as representative of the Underwriters. The Underwriters will agree to purchase the Bonds at an aggregate purchase price equal to $360,279,939.63 (consisting of the par amount, plus net original issue premium in the amount of $19,826,329.85 and less an underwriters' discount in the amount of $1,741,390.22). The purchase contract provides that the Underwriters will purchase all the Bonds if any are purchased, and will require the Obligated Group to indemnify the Underwriters and certain other parties against losses, claims, damages, and liabilities arising out of any incorrect statements or information, including the omission of material facts, contained in this Official Statement pertaining to the Obligated Group and other specified matters. The public offering prices set forth on the cover page of this Official Statement may be changed after the initial offering by the Underwriters.

The Underwriters and their 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 Underwriters and their affiliates may have provided, and may in the future provide, a variety of these services to the Issuer or the Obligated Group and to persons and entities with relationships with the Issuer or the Obligated Group, for which they received or will receive customary fees and expenses.

In the ordinary course of its various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own 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 Members of the Obligated Group or affiliates thereof (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with Members of the Obligated Group or affiliates thereof. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

BofA Securities, Inc. ("BofA Securities"), an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

LEGAL MATTERS

Certain legal matters incidental to the authorization and issuance of the Bonds by the Issuer are subject to the approval of Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel to the Issuer, whose opinion approving the validity and tax exempt status of the Bonds will be delivered with the Bonds. A copy of the proposed form of the opinion of Bond Counsel is attached hereto as Appendix D. Certain legal matters will be passed on for the Obligated Group and Milford by their counsel, Ropes & Gray LLP, Boston, Massachusetts. Certain legal matters will be passed on for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts.

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 the powers of the Issuer relating to the issuance of the Bonds.

See Appendix A-"Information Concerning the System" for a summary of any material litigation affecting the Obligated Group.

FINANCIAL ADVISOR

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters on behalf of the Institution relating to computation of anticipated receipts of principal and interest on the investments held in the Escrow Fund for the Series G Bonds and the anticipated payments of principal and interest to redeem/repay the Series G Bonds was verified by Causey Public Finance, LLC.

MISCELLANEOUS

The references to the Act, the Agreement, the Master Trust Indenture, the Supplemental Master Indenture, the Obligations, the Bonds and the Continuing Disclosure Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the complete documents for full and complete statements of such provisions. The agreements of the Issuer with the holders 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 offices of the Issuer and of the Trustee.

Information relating to DTC and the book-entry system described herein under the heading "BOOK-ENTRY ONLY SYSTEM" is based on information furnished by DTC and is believed to be reliable, but none of the Issuer, the Institution or the Underwriters make any representations or warranties whatsoever with respect to such information.

The Issuer has relied on the information provided by the Obligated Group contained in Appendix A-"Information Concerning the System," in Appendix B-1-"Consolidated Financial Statements of UMass Memorial Health Care, Inc. and Affiliates as of and for the years ended September 30, 2024 and 2023," and in Appendix B-2-"Consolidated Financial Statements and Other Financial Information of Milford Regional Medical Center, Inc. and affiliates for the years ended September 30, 2024 and 2023 with Independent Auditors' Report." Appendix B-1 and Appendix B-2 includes financial information for entities that are not Members of the Obligated Group or otherwise obligated with respect to the Bonds. While the information contained therein is believed to be reliable, the Issuer makes no representations or warranties whatsoever with respect to the information contained therein.

Appendix C-1-"Definitions of Certain Terms," Appendix C-2-"Summary of the Master Trust Indenture," Appendix C-3-"Summary of the Supplemental Master Indenture," Appendix C-4-"Summary of the Loan and Trust Agreement," and Appendix D-"Proposed Form of Bond Counsel Opinion" have been prepared by Hinckley, Allen & Snyder LLP, Bond Counsel to the Issuer.

Appendix E-"Form of Continuing Disclosure Agreement" has been prepared by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., counsel to the Underwriters.

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

The Obligated Group has reviewed the portions of this Official Statement describing the System, the Institution, the Obligated Group, the Debt Service Requirements, Continuing Disclosure and Bondowners' Risks, has furnished Appendix A, Appendix B-1 and Appendix B-2 to this Official Statement, and has approved all such information for use with this Official Statement. At the closing, the Obligated Group 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 "LEGAL MATTERS," 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 Underwriters makes any representations or warranties whatsoever with respect to the information contained herein.

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Appendix A

Information Concerning the System

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OVERVIEW

Introduction

This Appendix A is being prepared for inclusion in the Official Statement for the Massachusetts Development Finance Agency Revenue Bonds, UMass Memorial Health Care Obligated Group Issue, Series N (2025) (the "Series N Bonds").

UMass Memorial Health Care, Inc. (the "Parent") is a private, non-profit Massachusetts corporation formed to develop and coordinate an integrated health care delivery system consisting of an academic medical center, multiple community hospitals, behavioral health services, home health and hospice programs, and community-based practices providing a broad range of health care and related services to Worcester, Massachusetts and the surrounding central Massachusetts communities through its owned and controlled affiliates (the "System" or "UMMH").

The Parent was formed in connection with a 1998 combination of the state-owned clinical division of the University of Massachusetts (the "University") and a private, non-profit health care system controlled by Memorial Health Care, Inc. The Parent continues to operate subject to certain long-term transaction documents entered into in connection with the 1998 combination (the "Transaction"). For a description of the Transaction and related transaction documents, see "HISTORY AND TRANSACTION" herein.

Unless otherwise indicated, all financial, utilization, workforce, and patient service revenue data for any year refer to such data for the System for the fiscal year ended September 30.

Members of the Obligated Group

The following entities are Members of the Obligated Group under that certain Amended and Restated Master Indenture dated as of June 1, 2022 (as amended, the "Master Indenture"): the Parent, UMass Memorial Medical Center, Inc. (the "Medical Center"), UMass Memorial Health Ventures, Inc. ("Ventures"), UMass Memorial HealthAlliance-Clinton Hospital, Inc. ("HAC"), UMass Memorial Health – Harrington Hospital, Inc. ("Harrington") and Marlborough Hospital ("Marlborough"). As described below, on or prior to the date of issuance of the Series N Bonds, the System expects to add UMass Memorial Health - Milford Regional Medical Center, Inc. ("Milford") to the Obligated Group. All System affiliates that are not Members of the Obligated Group are referred to herein, collectively, as the "Non-Obligated Group."

Each Member of the Obligated Group is a Massachusetts non-profit corporation that has previously been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and, therefore, is exempt from federal income tax under Section 501(a) of the Code.

On a consolidated basis as of September 30, 2024, the System had $3.9 billion in assets, generated $4.3 billion in operating revenue for the year then ended, and had an excess of revenue over expenses of $183.5 million for the same period. For the same period, the Obligated Group had $4.0 billion in assets, generated $3.7 billion in operating revenue for the year then ended, and had an excess of revenue over expenses of $199.9 million, or 100.8%, 87.0% and 108.9%, respectively, of the System totals.

Effective October 1, 2024, UMass Memorial Community Entities, Inc. ("Entities, Inc."), a subsidiary of Parent, became the sole corporate member of Milford. Unless otherwise noted, Milford is not included in the fiscal year data provided in this Appendix A. The Obligated Group is in the process of adding Milford to the Obligated Group, subject to satisfaction of all conditions precedent under the Master Indenture and receipt of all required approvals and expects to complete such addition on or prior to the issuance of the Series N Bonds. Assuming, on a pro forma, unaudited basis, that Milford was part of the System as of September 30, 2024, its assets, operating revenues, and excess revenue over expenses, would represent 5.6%, 6.2%, and (2.6%) of the System assets, operating revenues, and excess revenue over expenses, respectively. Assuming, on a pro forma, unaudited basis, the addition of Milford to the Obligated Group as of and for the year ended September 30, 2024, the Obligated Group would account for 99.2% of System assets, 85.8% of operating revenue, and 115.6% of excess revenue over expenses. For more information regarding Milford, see "UMASS MEMORIAL HEALTH SYSTEM - Hospitals" and Appendix B-2 to this Official Statement.

AS OF THE DATE OF THIS OFFICIAL STATEMENT THE PARENT, THE MEDICAL CENTER, VENTURES, HAC, HARRINGTON AND MARLBOROUGH ARE THE ONLY MEMBERS OF THE OBLIGATED GROUP AND ARE THE ONLY ENTITIES WHOSE REVENUES ARE AVAILABLE FOR PAYMENT OF DEBT SERVICE ON THE SERIES N BONDS. NONE OF THE ASSETS OR REVENUES

OF ANY OTHER ENTITIES ARE AVAILABLE TO MAKE PAYMENTS WITH RESPECT TO THE SERIES N BONDS.

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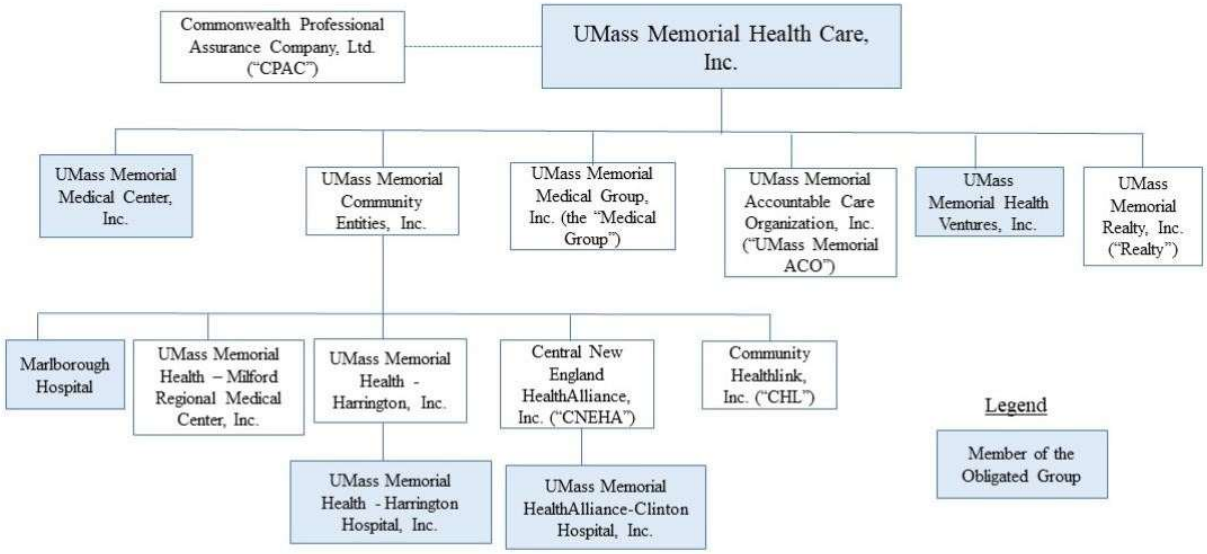
UMASS MEMORIAL HEALTH SYSTEM

The Parent is the sole direct or indirect corporate member of each Member of the Obligated Group. Below is an organizational chart depicting the Parent, the other Members of the Obligated Group, and certain other System affiliates.



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NONE OF THE REVENUES OR ASSETS OF ANY OF SYSTEM AFFILIATES OTHER THAN THE MEMBERS OF THE OBLIGATED GROUP ARE AVAILABLE FOR PAYMENT OF THE PRINCIPAL OF, OR PREMIUM OR INTEREST ON, OR AS SECURITY FOR, THE SERIES N BONDS.

The System is the largest health care system in central Massachusetts. The Medical Center is the only hospital in central Massachusetts designated as a Level 1 trauma center and is the primary teaching hospital of the University of Massachusetts Chan Medical School (the "Medical School").

The System and its affiliates have received numerous accolades for the delivery of quality care:

- In 2024, *U.S. News & World Report* ranked the Medical Center 5th in Massachusetts as a "Best Regional Hospital" and named it "High Performing" in gastroenterology and gastrointestinal surgery and pulmonology and lung surgery.
- The Centers for Medicare & Medicaid Services ("CMS") ranked the Medical Center as a "Four-Star Quality Rated" hospital in 2024.
- In 2024, *Becker's Hospital Review* included the Medical Center in its "Great Hospitals in America" and "Hospital and Health System with Great Heart Programs" lists and UMMH in its "Hospitals and Health Systems with Great Oncology Programs" list.
- UMMH received an Epic® Gold Star Level 10 rating in 2024 for exceptional utilization of the platform. The recognition is awarded to users that enhance team workflow and efficiency while delivering the highest quality care. UMMH is the only hospital or health system in Massachusetts to have achieved this milestone in 2024, and one of only seven institutions nationally to have received this designation three times.
- The System received an overall grade of "A" for social responsibility from the Lown Institute Hospital Index in 2024, which reflects performance across health equity, value, and outcomes. The System was ranked 1st nationally on the metric "avoiding overuse," which reflects how well hospitals avoid unnecessary tests and procedures. In addition to the overall System, the Medical Center, Harrington and Marlborough also received overall grades of "A" for social responsibility.
- In 2024, the Medical Center received *U.S. News & World Report's* "Best Regional Hospitals for Equitable Access" recognition for providing high-quality care to underserved populations.
- The Medical Center was named to *Newsweek's* list of the 250 "Great Workplaces for People with Disabilities" for 2024/25, receiving a 4/5-star rating based on company reviews.
- UMMH is a Platinum Awardee of the 2024 Bell Seal for Workplace Mental Health, a national certification program recognizing employers committed to creating mentally healthy workplaces.
- UMMH was listed by *Forbes* as a "best-in-state employer" and "best employer for women" for 2024.

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Financial Information by Principal Affiliate

The following table presents, on an unaudited basis, total revenues, total assets, total debt and the excess (deficiency) of revenue over expenses of the System, the Members of the Obligated Group, and certain other System affiliates as of and for the year ended September 30, 2024.

SELECT SYSTEM AFFILIATE FINANCIAL INFORMATION FOR FISCAL YEAR 2024[1]
(dollars in millions)

	Revenues	% of Total	Total Assets	% of Total	Total Debt	% of Total	Excess (Deficiency) of Revenue Over Expenses
Medical Center	$2,894.5	67.3%	$1,550.9	39.3%	$293.1	38.8%	$77.1
Parent	669.3	15.6%	2,639.8	66.8%	753.9	99.9%	65.6
HAC	295.9	6.9%	423.1	10.7%	57.1	7.6%	25.1
Harrington	188.8	4.4%	167.2	4.2%	24.0	3.2%	9.4
Marlborough	122.7	2.9%	154.7	3.9%	11.7	1.6%	6.2
Ventures	12.6	0.3%	169.7	4.3%	17.0	2.3%	16.5
Eliminations [2]	(442.4)	(10.3%)	(1,124.1)	(28.5%)	(402.9)	(53.4%)	0.0
Subtotal Obligated Group	3,741.4	87.0%	3,981.3	100.8%	753.9	99.9%	199.9
Medical Group	816.5	19.0%	607.7	15.4%	-	-	(11.5)
CNEHA and Affiliates (excluding HAC)	6.1	0.1%	12.7	0.3%	-	-	1.3
CPAC	32.2	0.7%	217.9	5.5%	-	-	28.3
CHL	56.4	1.3%	21.8	0.6%	0.3	0.0%	(25.6)
UMass Memorial ACO	7.7	0.2%	7.9	0.2%	-	-	0.0
Realty	21.7	0.5%	85.2	2.2%	-	-	0.6
Additional Affiliates	7.6	0.2%	17.1	0.4%	0.6	0.1%	(9.5)
Eliminations [3]	(10.6)	(0.2%)	(12.6)	(0.3%)	(0.3)	(0.0%)	0.0
Subtotal Non-Obligated Group	937.6	21.8%	957.7	24.2%	0.6	0.1%	(16.4)
Eliminations and Consolidating Entries [4]	(378.0)	(8.8%)	(989.0)	(25.0%)	0.0	-	-
Total	$4,301.0	100.0%	$3,950.0	100.0%	$754.5	100.0%	$183.5

[1] Includes entities that are not members of the Obligated Group.
[2] Eliminations representing transactions among the Obligated Group.
[3] Eliminations representing transactions among the Non-Obligated Group.
[4] Eliminations representing transactions between the Obligated Group and Non-Obligated Group.
Source: System records.

For summary descriptions of each hospital entity and certain System affiliates, see "UMASS MEMORIAL HEALTH SYSTEM" and "OTHER CORPORATE AFFILIATES."

The primary operating components of the System are set forth below.

Hospitals

UMass Memorial Medical Center, Inc.

The Medical Center is a 749-bed acute care hospital located on four campuses that provides a full range of services, including all major specialties and subspecialties of inpatient care and ambulatory care. The Medical Center is the primary teaching hospital of the Medical School. The Medical Center is the only hospital in central Massachusetts designated as a Level 1 trauma center by the Massachusetts Department of Public Health ("MA DPH"). The Parent is the sole corporate member of the Medical Center.

The Medical Center's two principal inpatient campuses are located approximately one mile from each other: the Memorial campus at 119 Belmont Street, Worcester, Massachusetts (the "Memorial Campus"), and the University campus at 55 Lake Avenue North, Worcester, Massachusetts (the "University Campus") (each a "Campus" and collectively, the "Main Campuses"). The Medical Center also operates an inpatient facility at the Queen Street campus located at 26 Queen Street, Worcester, Massachusetts (the "Queen Street Campus") and multiple outpatient facilities, including the Hahnemann campus at 281 Lincoln Street, Worcester, Massachusetts (the "Hahnemann Campus").

The University Campus serves as a tertiary care referral center with particular focus on advanced heart and vascular care, bone disease, neurosciences, radiation therapy, and other forms of cancer care, with a full complement of technology and support services. The University Campus also provides certain advanced tertiary care services unavailable at other sites in central Massachusetts, including kidney and liver transplantation and forensic psychiatry. The University Campus also includes Children's Medical Center, a comprehensive children's hospital with specialists in all principal fields, including orthopedics, psychiatry, and surgery. The Children's Medical Center is an institutional member of the National Association of Children's Hospitals and Related Institutions, an association of pediatric programs in the United States. In addition, the University Campus has the only pediatric intensive care unit, pediatric AIDS treatment facility, pediatric cystic fibrosis center, and pediatric diabetes center in central Massachusetts.

The Memorial Campus provides a broad array of primary, secondary, and selected tertiary care services. It is the regional referral center for women with high-risk pregnancies, the regional intensive care center for seriously ill newborns, and a center for the care of orthopedic, bariatric, and cancer patients from throughout the central Massachusetts region.

The Medical Center offers comprehensive emergency services with emergency departments located on each of the Main Campuses available on a 24-hour basis. The University Campus emergency department has a 66-bed unit, a dedicated 13-bed pediatric treatment area and a 23-bed observation unit. The Memorial Campus emergency department has a 23-bed unit and has five observation beds.

The Medical Center also provides inpatient psychiatric services at its 26-bed unit at the Queen Street Campus and 14 licensed beds plus emergency mental health services on the University Campus.

The University Campus is home to UMass Memorial Life Flight, New England's first hospital-based air ambulance. This service is available to critically ill and injured patients needing immediate transport to facilities with medical technology, equipment, and staff sufficient to treat said patients. It responds directly to accident scenes or requests of referring hospitals for the transport of patients to appropriate tertiary care hospitals.

The Medical Center offers numerous ambulatory care programs between three main Worcester campuses and three offsite locations. University Campus clinics include cardiology, cardiac and vascular surgery, the comprehensive breast center, endocrinology, family medicine, gastroenterology, kidney/pancreas transplant, the lung/allergy center, the foot ankle center, neurology, oncology, orthopedics, otolaryngology, pediatrics, renal medicine, diabetes, surgery clinic, the weight center, and the wound center. Memorial Campus clinics include the community women's care and women's centers, gynecologic oncology, infectious disease, rheumatology, and the spine and joint center. Hahnemann Campus clinics include dermatology, family health, behavioral medicine and psychiatry, anticoagulation, the hand and upper extremity center, ophthalmology, plastic and cosmetic surgery, the tuberculosis center and sports medicine. In addition, the Medical Center operates outpatient cancer services under its license at Marlborough and two other health center clinics at off-site locations, including Barre Primary Care and the Tri-River Family Health Center.

The Main Campuses, the Hahnemann Campus, and the Queen Street Campus all function under a single license granted to the Medical Center by the MA DPH. The Medical Center is accredited by The Joint Commission. The Medical Center is a member of the American Hospital Association ("AHA"), the Massachusetts Hospital Association ("MHA"), and participates in Vizient, Inc., a health care performance improvement company. The Medical Center's Continuing Medical Education Program is accredited by the Massachusetts Medical Society. The Medical Center also has a variety of departmental certifications and accreditations, including trauma and transplant.

UMass Memorial HealthAlliance-Clinton Hospital, Inc.

HAC consists of three main campuses located in Leominster, Massachusetts (the "Leominster Campus"), Fitchburg, Massachusetts (the "Burbank Campus"), and Clinton, Massachusetts (the "Clinton Campus") that collectively serve communities in central Massachusetts and southern New Hampshire.

The Leominster Campus consists of a 97-bed acute care facility that provides clinical services ranging from inpatient medical and surgical to 24-hour emergency care, and a full range of rehabilitation services.

The Burbank Campus is an outpatient facility that provides cancer services and other medical, diagnostic and therapy services, as well as a family practice that is supported by medical residents from the University.

The Clinton Campus is an acute care hospital that has a 20-bed secure geriatric/medical psychiatry program and a 21-bed medical-telemetry inpatient unit. Other ancillary, diagnostic, and emergency services are also provided at that site.

The HAC facilities function under a single license granted by the MA DPH. HAC is accredited by The Joint Commission and is designated a primary stroke service facility by the MA DPH. HAC is a member of the AHA and the MHA.

The sole corporate member of HAC is CNEHA, which is an indirect subsidiary of the Parent.

Marlborough Hospital

Marlborough is a 79-bed community hospital with a 24/7 emergency department, located in Marlborough, Massachusetts that was founded in 1890. Marlborough provides emergency care as well as a range of inpatient and outpatient medical, surgical and ancillary services.

The Marlborough facilities function under a single license granted by the MA DPH. Marlborough is accredited by The Joint Commission and a member of the AHA and the MHA.

The sole corporate member of Marlborough is Entities, Inc., which is a subsidiary of the Parent.

For information on the System's current plans with respect to Marlborough, see "SYSTEM STRATEGIC VISION – Summary of Strategic Plan Initiatives."

UMass Memorial Health – Harrington Hospital, Inc.

Harrington is a non-profit organization serving patients from more than 25 communities across south-central Massachusetts and northeastern Connecticut with a comprehensive array of health care services.

Its main campus in Southbridge, Massachusetts consists of an 89-bed facility that provides medical and surgical inpatient care, 24-hour emergency services, inpatient adult psychiatry, an intensive care unit and comprehensive outpatient services. The hospital's main satellite is a 40-bed facility in Webster, Massachusetts anchored by a 24/7 emergency department and 16-bed inpatient co-occurring disorders unit. The Webster facility also offers primary care and specialty physicians, diagnostic imaging, laboratory, cardiology, and an advanced sleep lab. Additional facilities located in Southbridge and Charlton, Massachusetts collectively offer primary care and specialty physicians, diagnostic imaging, laboratory, physical therapy, outpatient behavioral health, audiology, and a wound care center with hyperbaric oxygen chambers.

Harrington facilities function under a single license granted by the MA DPH. Harrington is accredited by The Joint Commission and is a member of the AHA and MHA.

The sole corporate member of Harrington is UMass Memorial Health – Harrington, Inc. ("UMMH – Harrington") which is an indirect subsidiary of the Parent.

UMass Memorial Health - Milford Regional Medical Center, Inc.

Effective October 1, 2024, Entities, Inc. became the sole corporate member of Milford pursuant to an affiliation agreement.

Milford is a non-profit community teaching hospital that serves more than 15 communities located to the southeast of Worcester. Milford's main campus in Milford, Massachusetts consists of a 148-bed hospital that provides medical, surgical, obstetrical, emergency and critical care services. Milford maintains a cancer center (which is affiliated with Dana-Farber Cancer Institute and The Brigham and Women's Hospital), four urgent care centers, and two rehabilitation and occupational therapy sites. Milford is a teaching and clinical affiliate of the Medical School.

Milford facilities are licensed by MA DPH. Milford is accredited by the Joint Commission and is a member of the AHA and MHA. Milford, together with Parent, the Medical Center and Harrington, constitute the "Institution" obligated on the Series N Bonds and is expected to become a member of the Obligated Group on or prior to the issuance of the Series N Bonds.

Milford is the sole corporate member of Milford Regional Physician Group, Inc. ("MRPG") and Milford Regional Healthcare Foundation ("Milford Foundation"). The Obligated Group does not currently anticipate that either MRPG or Milford Foundation will join the Obligated Group.

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The following table summarizes the number of licensed beds of the System hospitals as of September 30, 2024:

SYSTEM LICENSED BEDS

	Medical Center	HAC	Marlborough	Harrington	Total
Medical / Surgical	462	108	47	83	700
Intensive Care / Coronary Unit / Burn Unit	103	10	10	6	129
Obstetrics / Gynecology	65	-	-	-	65
Neonatal Intensive Care	27	-	-	-	27
Pediatric	52	-	-	-	52
Psychiatry	40	20	22	40	122
Total Licensed	749	138	79	129	1,095
Total Staffed	839	140	67	119	1,165

Source: System records. Excludes Milford.

Educational Affiliations and Programs

The Medical Center serves as the primary teaching site for medical students, residents, and fellows of the Medical School, and is the site of the Medical School's clinical trials. There are 26 accredited residency programs, and 40 accredited and 22 other clinical fellowship programs, with an aggregate of 712 residents and fellows. There are nine major participating institutions and numerous additional affiliated training sites for the residency and fellowship programs.

In addition, the Medical Center provides clinical training and affiliations for various educational purposes, serving students with various majors including: physical therapy, nursing, pharmacology, laboratory and radiological technology, dietetic, health information management, surgical technology, respiratory and occupational therapy, social work, medicine, and health care administration. The Medical Center supports ongoing professional education for its staff through tuition reimbursement, scholarship awards, in-service education, and management training.

As part of the academic affiliation between the University and the Medical Center, the University is the primary academic and medical teaching affiliate of the Medical Center. In connection with this academic affiliation, the Medical Center purchases from the University certain teaching and education services required in connection with the educational activities of the Medical Center ("Medical Education Services" or "MES"). The obligation to purchase MES is determined annually and is dependent on the System's operational performance and revenues, including supplemental funding under the Massachusetts Medicaid program ("Medicaid Supplemental Funds" or "MSF") received for patient care services. The cost of these services was approximately $310.5 million in 2024, $0 in 2023 and $143.8 million in 2022. For more information about the relationship between the System and University, see "HISTORY AND TRANSACTION."

Other Corporate Affiliates

UMass Memorial Health Ventures, Inc.

Ventures holds direct and indirect investment interests in a number of companies that provide a variety of health care related services including urgent care, rehabilitation, pharmacy management, MRI, PET and CT imaging, an ambulatory surgery center, an inpatient psychiatric hospital, and Mass Advantage, a health maintenance organization. UMMH's strategic plan contemplates using Ventures to invest in companies and organizations that have competencies, assets, business knowledge, and economically viable cost structures that UMMH may not have. Ventures may engage in confidential discussions with potential strategic partners as opportunities arise. Discussions with respect to such transactions are held on an intermittent, and usually confidential, basis. Ventures is a member of

the Obligated Group. For additional information on Venture's December 2024 purchase of 100% of the ownership interest in Mass Advantage, see "SYSTEM STRATEGIC VISION – Introduction."

None of the entities listed below are Members of the Obligated Group.

UMass Memorial Community Entities, Inc.

Entities, Inc. is the sole corporate member of UMMH – Harrington, Marlborough, Milford, CNEHA and CHL. The Parent is the sole corporate member of Entities, Inc.

Central New England Health Alliance, Inc.

CNEHA is the sole corporate member of HAC. Other affiliates of CNEHA include HealthAlliance Home Health and Hospice, Inc., which operates a home health and hospice agency. Entities, Inc. is the sole corporate member of CNEHA.

Commonwealth Professional Assurance Company, Ltd.

On April 1, 1999, CPAC was incorporated as an insurance company in Grand Cayman, British West Indies. The Parent is the sole shareholder and member of CPAC and annually appoints its Board of Directors. CPAC provides insurance for the System. See "INSURANCE."

As of September 30, 2024, CPAC held assets of $217.9 million and had actuarially estimated liabilities of $174.1 million, calculated at the expected level, discounted by 3.0% for both medical professional and general liability and workers' compensation, expected valuation of liability, and includes malpractice, general liability, workers' compensation, medical stop-loss, HIV indemnity, employed lawyers, directors and officers, and managed care errors and omissions deductible liabilities.

UMass Memorial Medical Group, Inc.

The Medical Group is the System's affiliated physician practice group comprised of a multispecialty network of approximately 1,353 employed physicians (1,181 full time equivalent ("FTE") physicians) who serve central Massachusetts. The Medical Group is the clinical partner of the University and the majority of physicians at the Medical Group are University faculty members. Medical Group doctors work and teach in a broad range of specialty areas as well as in the Medical Group's community-based primary care network.

Medical Group physicians are members of the following University departments:

- Anesthesiology and Perioperative Medicine
- Neurology
- Neurosurgery
- Orthopedics and Physical Rehabilitation
- Radiology
- Urology
- Dermatology
- Otolaryngology
- Obstetrics and Gynecology
- Emergency Medicine
- Pathology
- Ophthalmology
- Family Medicine and Community Health
- Pediatrics
- Radiation Oncology
- Medicine
- Psychiatry
- Surgery

Medical Group physicians care for patients at many facilities including:

- Five System hospitals, including Milford
- Six non-System hospitals
- Five community health centers
- 91 hospital licensed clinics and 79 office-based practices, including Community Medical Group
- Three rehabilitation facilities
- Seven urgent care centers
- 25 nursing homes
- The Children's Medical Center at the Medical Center
- CHL

Community HealthLink, Inc.

Entities, Inc., of which the Parent is the sole corporate member, is the sole corporate member of CHL. CHL has been providing behavioral health services for people in central Massachusetts for over 40 years. Today CHL provides 24/7 emergency substance use and mental health evaluations and services, adult and child outpatient substance use and mental health treatment, rehabilitation services for adults with serious mental illness, substance abuse treatment services for adults and adolescents including acute treatment programs and clinical and transitional support services, residential recovery treatment, and community-based treatment and supportive services for those with health related social needs. CHL operates the only 24/7 adolescent substance use disorder treatment program in Massachusetts and is the provider of the Community Behavioral Health Services and Children's Behavioral Health Initiative Services in the Worcester and north central areas. CHL serves more than 20,000 individuals and families every year, including over 100,000 outpatient visits, over 8,000 crisis evaluations, and over 3,500 acute and stepdown substance use disorder admissions. CHL operates programs primarily out of facilities located in Worcester, Leominster and Fitchburg, Massachusetts.

CHL's services are important to the mission of the System and the population the System serves. In 2023 and 2024, CHL experienced significant losses due in part to program closures and other operational challenges. UMMH remains committed to CHL and has taken steps to reopen closed programs and to reduce CHL's cost structure to mitigate future losses. See "MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE."

UMass Memorial Accountable Care Organization, Inc.

The UMass Memorial Accountable Care Organization, Inc. ("UMass Memorial ACO") was formed effective January 1, 2015 to participate in the Medicare Shared Savings Program ("MSSP"). An accountable care organization is a group of hospitals and other health care providers that are collectively held financially accountable for the quality and cost of care delivered to their patients. See "BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY—Accountable Care Organizations." Coordinated care helps ensure that patients, especially the chronically ill, receive the right care at the right time and in the right setting to avoid unnecessary duplication of services. Effective January 1, 2024, the UMass Memorial ACO includes seven hospitals, three federally qualified health centers, and approximately 1,700 physicians. The hospitals include the Medical Center, HAC, Marlborough, Harrington, Athol Hospital, Heywood Hospital and Holyoke Medical Center. The physician groups include large physician groups, including the Medical Group and Western Mass Physician Associates, Inc., along with a number of smaller groups and individual physicians. The federally qualified health centers include Community Health Connections, Inc., the Edward M. Kennedy Community Health Center, Inc., and the Family Health Center of Worcester, Inc.

UMass Memorial Realty, Inc.

Realty's primary purpose is to promote the lawful interests of UMMH by holding, leasing, acquiring, managing, maintaining, developing or disposing of real property for the benefit of UMMH.

Additional Affiliates

The Parent is also a direct or indirect corporate member, stockholder, owner, or partner of additional System affiliates, which include, but are not limited to:

- Yarock Memorial Housing, Inc., whose primary purpose is to receive and administer funds exclusively for civic and charitable purposes and to provide dwelling accommodations and related facilities for health, social, recreational, and educational use of the disabled and indigent.

- UMass Memorial Investment Partnership, LLP, which manages pooled investments for participating System entities.

In addition, the following affiliates serve principally as holding companies for System affiliates: CNEHA, UMMH − Harrington, Inc., and Entities, Inc.

System affiliates also participate in joint ventures relating to diagnostic imaging services, investment management, physician-hospital joint contracting, and other health related activities.

SYSTEM GOVERNANCE

The Parent and the Medical Center have identical Boards of Trustees (the "Board of Trustees"), consisting of 19 individuals, including 11 elected Trustees, four Trustees selected by the Chancellor of the University with the advice and consent of the President of the University, and five *ex officio* voting Trustees: the Chancellor, the Dean of the University, the Chairperson of the Board, the Vice Chairperson of the Board, and the President/Chief Executive Officer of the Parent. All Trustees, other than the four *ex-officio* Trustees, are divided into four classes, the term of one class expiring each year. At each annual meeting of the Trustees, the Trustees elect, for a term of four years, the appropriate number of successors to the class whose term is then expiring. There is also a category of Emeritus Trustees who do not have a vote and are not counted in determining presence of a quorum.

The Board of Trustees has made significant efforts to reflect the local communities. Currently, women make up 47% of the Board, including the Chairperson and Vice Chairperson; and 11% of the members of the Board of Trustees are persons of color. The Board of Trustees has also taken steps over the years to broaden the membership of the Board of Trustees to include expertise in so-called Lean techniques in healthcare, information technology, healthcare quality and innovation, patient experience, and population health. The Board of Trustees has also established an information technology ("IT") Committee, comprised of individuals with IT experience from around the country, to help guide its IT decisions and implementation.

Name	**Principal Affiliation**
Lynda Young, M.D., Chairperson, *Ex-Officio*	Retired Physician, Department of Pediatrics, UMass Memorial Medical Center, Worcester, Massachusetts
Elvira Guardiola, Esq., Vice Chairperson, *Ex-Officio*	Parking Administrator/Municipal Hearing Officer, City of Worcester Treasurer Department, Worcester, Massachusetts
Evan Benjamin, M.D.	Chief Medical Officer at Ariadne Labs, joint center of healthcare innovation at Harvard School of Public Health and Brigham and Women's Hospital, Boston, Massachusetts
David L. Bennett, Esq.	Principal Attorney, Bennett & Forts, P.C., Holden, Massachusetts
Leslie Bovenzi	Retired Registered Nurse specializing in Trauma and Critical Intensive Care, Worcester and Leominster, Massachusetts, and Norfolk, Virginia
Michael Collins, M.D., *Ex-Officio*	Chancellor, University of Massachusetts Chan Medical School, Professor, Quantitative Health Sciences and Medicine and Senior Vice President for the Health Sciences, Worcester, Massachusetts
Lisa Colombo, DNP, MHA, RN	Executive Vice Chancellor and Chief Executive of ForHealth Consulting, University of Massachusetts Chan Medical School, Worcester, Massachusetts
Eric W. Dickson, M.D., *Ex-Officio*	President, Chief Executive Officer, UMass Memorial Health Care, Inc., Worcester, Massachusetts
Terence Flotte, M.D., *Ex-Officio*	Dean, Provost and Executive Deputy Chancellor and The Celia and Isaac Haidak Professor of Medical Education, University of Massachusetts Chan Medical School, Worcester, Massachusetts
Nancy Kane	Adjunct Professor of Management in the Department of Health Policy and Management at the Harvard T.H. Chan School of Public Health, Boston, Massachusetts

Name	Principal Affiliation
Jean King, Ph.D.	Neuroscientist and Peterson Family Dean of Arts & Sciences at Worcester Polytechnic Institute, Worcester, Massachusetts
Susan Mailman	President, Coghlin Electrical Contractors, Inc. Coghlin Network Services, Inc., Worcester, Massachusetts
Jean McMurray	Chief Executive Officer, Worcester County Foodbank, Worcester, Massachusetts
Michael O'Brien	Executive Vice President, Winn Executive Team, Winn Development and Winn Residential, Boston, Massachusetts
Robert Paulhus	Chief Executive Officer, Clinton Savings Bank, Clinton, Massachusetts
Raymond Pawlicki	Retired Chief Information Officer for Novartis Pharmaceuticals Corp, East Hanover, New Jersey and Biogen, Cambridge, Massachusetts
John Shea	Partner, Mirick O'Connell, Worcester, Massachusetts
Richard Siegrist	Adjunct Professor, Harvard T.H. Chan School of Public Health, Boston; former CEO and Chief Innovation Officer, Press Ganey Associates, South Bend, Indiana
Rosemary Thomson	Retired from a career of managing high yield bond funds and institutional accounts for Putnam Investments, Boston, Massachusetts

There are seven standing committees of the Board of Trustees: Audit and Compliance, Finance, Governance, Investment and Pension, Compensation and Senior Management Evaluation, Academic Integration, and Community Benefits. Pursuant to the Definitive Agreement and the Act (each as defined herein in "HISTORY AND TRANSACTION"), during the 99-year term of the Affiliation Agreement (as defined herein in "HISTORY AND TRANSACTION"), the Chancellor of the University serves as an *ex officio* member of the Board of Trustees and is entitled to appoint four individuals to the Board of Trustees of the Medical Center. For more information, see "HISTORY AND TRANSACTION" herein.

SYSTEM MANAGEMENT

Eric W. Dickson, M.D., MHCM, age 58, was named President and Chief Executive Officer ("CEO") of the Parent on June 25, 2013. Dr. Dickson completed his medical degree and residency training in emergency medicine at the Medical School and has a master's degree in health care management from Harvard University. Prior to his appointment as CEO, Dr. Dickson served as President of the Medical Group, Professor and Head of the Department of Emergency Medicine at the University of Iowa Carver College of Medicine and Interim Chief Operating Officer for the University of Iowa Hospitals and Clinics. In addition to his other duties, Dr. Dickson lectures nationally on the use of Lean techniques in healthcare, has served as a member of the Baldrige National Quality Award Board of Examiners, and is an active faculty member for the Institute of Healthcare Improvement, where he works with health systems around the world to reduce health care costs while improving quality. Dr. Dickson is a Past Chair of the Massachusetts Hospital Association.

Sergio L. Melgar, age 65, was appointed Executive Vice President and Chief Financial Officer ("CFO") of the Parent in January of 2014. For the past 30 years, Mr. Melgar has been working with health care and academic institutions. Prior to his appointment in 2014, he participated in the acquisition and subsequent integration of the health care network of Catholic University in Chile into CHRISTUS Health, serving as CFO of International Operations for the U.S. Catholic health care system. For eight years, he served as the Senior Vice President for Health Affairs and CFO at the University of Kentucky overseeing all financial aspects of the clinical operations of the university hospitals and medical group, its commercial health insurance company, and its health colleges. For ten years prior to relocating to

Kentucky in 2004, Mr. Melgar served as the CFO of UCLA Health, the clinical and medical teaching arm of the University of California Los Angeles. Between 1981 and 1987, he served at Arthur Andersen & Co. and between 1987 and 1992 he served at Ernst and Young. Mr. Melgar received his B.A. in Economics from the University of California Los Angeles.

Cynthia Barginere, D.N.P., age 64, was appointed Chief Operating Officer of the Parent in January 2025. Dr. Barginere has served in executive leadership roles for almost 25 years. Most recently, Dr. Barginere was the Senior Vice President for UCSF Health/President of Adult Hospitals, where her responsibilities included system integration, optimization, operational and financial improvement for the three hospitals that are a part of UCSF Health. Prior to her role at UCSF, Dr. Barginere served as the Chief Operations Officer for the Institute of Healthcare Improvement from 2021 to 2023, the Chief Nursing Officer, Chief Operating Officer, and Chief Transformation Officer at Rush Hospital in Chicago, Illinois from 2011-2021, the Chief Operating Officer and Chief Nursing Officer for Baptist Medical Center South in Montgomery, Alabama from 2006-2011, and Chief Nursing Officer for the University of Alabama Hospital in Birmingham, Alabama from 1994-2006. Dr. Barginere received her B.S. in Nursing from The University of Alabama, her M.S.N. in Nursing Administration from University of Alabama at Birmingham, and her D.N.P. in Nursing Administration from Samford University.

Katherine Eshghi, age 58, was appointed UMMH Senior Vice President and General Counsel in September 2014 following three and a half years as UMMH's Vice President and Deputy General Counsel. Prior to joining UMMH, Ms. Eshghi practiced corporate and regulatory health law for over 15 years at the law firm of Ropes & Gray LLP and in-house at Blue Cross Blue Shield of Massachusetts and Health Dialog Services Corporation in Boston. Ms. Eshghi received her B.A. in Government from Smith College, summa cum laude and with highest honors, in 1989 and her J.D., magna cum laude, from Harvard Law School in 1995.

Robin L. Sodano, age 61, was appointed UMMH Senior Vice President, Information Services and Chief Information Officer ("CIO") in 2022 following three years as system Vice President, Information Services and CIO. Ms. Sodano has been with UMMH since 1999 serving in a variety of leadership roles within Information Services. She held a key leadership role in the transformation of Information Services that included modernization of UMMH platforms and implementation of Epic across the System. Prior to joining UMMH, she held IT leadership roles at IBM and Digital Equipment Corporation. Ms. Sodano received her B.S. in Professional Studies from Boston University and earned designation of Certified Health Chief Information Officer in 2017.

Tod G. Wiesman, age 60, was appointed Chief Human Resources Officer for the Parent in November 2022. For the 13 years preceding this appointment, he served in various Human Resource roles at UMMH, including Chief Learning Officer. Previously, Mr. Wiesman worked as Vice President People Solutions for nine years in the Boston office of Digitas, LLC, a global marketing and professional services firm. Early in his career, he also worked at Putnam Investments and the State of Wisconsin Department of Health and Human Services. Mr. Wiesman received his B.A. in Sociology and Anthropology from Lawrence University and a M.A. in Management, Training and Development from Lesley University.

SYSTEM STRATEGIC VISION

Introduction

Management believes the business model of health care is changing rapidly in Massachusetts, driven largely by market pressures and federal and state health reform laws, compounded by the COVID-19 pandemic that has drastically changed the delivery of health care and workforce dynamics.

To succeed in the future, management believes that the System must embrace the triple aim of improving the patient experience of care (including quality and satisfaction), improving the health of the populations it serves, and reducing the per capita cost of health care. Although substantially all of the System's revenue was attributable to fee-for-services ("FFS") payments in 2023, management believes that the trend towards value-based payments will continue and that the System should continue to expand its participation in these programs. As the industry moves toward value-based health care, the System will continue examining payment models and participating in arrangements that align incentives and promote the delivery of high-quality care at a low cost. Other challenges management foresees include the aging of the population and associated movement out of commercial insurance plans—which have traditionally covered the System's costs of providing care—to programs that currently produce an operating loss for UMMH, including Medicare and Medicaid.

The System has continued to invest in a range of value-based Medicare programs. It has participated in the Medicare Shared Savings Program since 2015 which as of June 30, 2024 covers 43,000 members; UMMH has achieved net total medical expense savings of $58.7 million through reducing cost growth at a greater pace than those in its region. In 2021, UMMH became one of the largest participants in the Primary Care First Program, a voluntary five-year Medicare value-based program, with 52 practices and 26,000 Medicare beneficiaries participating. UMMH continues to participate in the Medicare Bundled Payment Program, the expansion of a voluntary program, which it originally joined in 2015. This program provides longitudinal care for patient in orthopedics, spine, neurology, gastroenterology and cardiac care for 90-day periods following a patient's qualifying acute health care event and has consistently achieved net savings in total medical expense annually. In 2021, UMMH, through Ventures, invested in Mass Advantage, a Medicare Advantage Plan, which is currently in its third year of operations and has approximately 3,400 members. The goal of UMMH's investment is to achieve both optimal care options for Medicare beneficiaries in the region and administrative simplification for its providers.

In addition to recognizing the importance of value-based payments, the Strategic Plan endorses the System's continuing role as a health care "safety net" and tertiary care provider for the region's sickest patients. Management believes that the System's role is likely to become more important as fewer community hospitals maintain the expensive infrastructure necessary to care for critically ill and injured patients.

Another way the System has worked to improve access to specialty services to people across central Massachusetts is through the establishment of multi-disciplinary clinics that allows patients to access specialty care they need, closer to home.

Management believes collaborating with health plans and employers on benefit design to promote System services, such as its Transplant Center of Excellence, cardiac surgery, and bariatric surgery programs, will drive more commercial volume to enable the System to better balance declining reimbursement in the public sector.

Finally, management believes digital health, virtual medicine, and remote patient visits play an important role in the evolving health care industry landscape to improve access to care while lowering costs.

Summary of Strategic Plan Initiatives

The Strategic Plan includes initiatives designed to respond to the shifting payment paradigm and to enhance the quality of care and healthcare outcomes for System patients. Certain key tactics included in the Strategic Plan are summarized below.

A. Our Patients: Provide the highest quality, safest, most equitable, patient-centered care to all patients, using UMMH's foundation of innovation and drive to always improve.

   The System intends to meet this goal through the following:

   - Continuously improve and further execute entity- and department-level quality and service improvement plans aimed at achieving and maintaining top-quartile performance on all quality, safety, patient experience and health quality metrics.

   - Expand primary care access, using technology solutions to provide a virtual "bridge" to in-person primary care, while also transitioning to online scheduling for all primary care providers with open panels. In addition, UMMH will reduce the administrative burden on primary care providers and specialists using artificial intelligence ("AI") solutions.

   - Further expand the System's inpatient bed capacity with the opening of the North Pavilion at the Medical Center, optimize the use of existing beds, while executing on a comprehensive post-acute care strategy, and continue to grow UMMH's world-class Hospital at Home ("HAH") program and leverage other digital technology platforms to facilitate care outside of the hospital.

     - The System initiated HAH in the summer of 2021 as a key part of its strategy to expand patient capacity, reduce costs and improve outcomes for low-income patients. This program has successfully reduced total costs, with randomized control trials showing 20-30% reductions in 30-day readmissions and 80-90% reductions in transfers to skilled nursing facilities (SNFs) when comparing the HAH program to hospitalist service benchmarks. Additionally, the program has had impressive outcomes for its most disadvantaged patients. For example, while the average 30-day

readmissions were reduced by 20-30% across the HAH patient population, and the reduction in 30-day readmissions is closer to 50-60% for Medicaid and dual-enrolled patients. This unique model for delivering lower acuity hospital-level care also enables staff to more readily identify social needs and other challenges facing patients in their homes and find ways to address them.

- Partner with the Medical School to investigate innovative digital health strategies, including the Subacute Rehab at Home program, Mobile Integrated Health, and suicide prevention programs.

- Mobile Integrated Health ("MIH"): The System's MIH program was launched in June 2021 to reduce emergency department ("ED") and hospital admissions by sending paramedics into patients' homes to provide services and interventions under the virtual supervision of a physician. In 2023 UMMH utilized this service for 264 visits in over 160 patients' homes. In cases where the trained paramedic triage provider assesses that the MIH paramedic team can be deployed, an emergency department visit is avoided. Seventy-seven percent of the patients enrolled in this service have had no emergency visits within the 30 days following the MIH visit and 54% have had no visit with the following three months. At this time there is no available reimbursement for MIH services; the hope is that the evidence being gathered will support reimbursements in the future allowing for the long-term sustainability of this new lower-cost approach to care delivery.

- Remote Patient Monitoring ("RPM"): The System provides RPM via a virtual platform that allows providers to more closely manage and improve chronic conditions such as hypertension, diabetes, chronic obstructive pulmonary disease, and heart failure. RPM can support providers' efforts to work with patients and their families to avoid unnecessary hospitalizations and ED visits, which will both improve overall health status and reduce total medical expenses. Early results suggest that patients placed on RPM after discharge from the hospital are significantly less likely to be readmitted in the 30 days following discharge. Some, but not all, payors reimburse for this low-cost approach.

- Electronic Intensive Care Unit ("eICU"): With 24/7 visual and electronic monitoring of critical care patients at its community hospitals, UMMH's interdisciplinary team of intensivists can supervise care of critical care patients at its lower cost community hospitals to prevent transfer to its higher cost Medical Center. While eICU costs are not separately reimbursed by third party payers, the costs for these services are necessarily built into UMMH's general inpatient rates.

- Improve patient outcomes through enhanced medication adherence powered by a robust mail-order pharmacy program.

- As part of the System's strategic plan, the System is planning a series of clinical improvements and capital investments that are intended to enhance Marlborough's integration with the Medical Center, modernize Marlborough's facilities, and further support the availability of high-quality care in the local community. Subject to receipt of required approvals, these projects include a $36 million expansion of the Marlborough emergency department, a $6 million multidisciplinary clinic, and a $4 million spectral computed tomography (CT) system. In addition, subject to receipt of required approvals, the System is planning to enhance The UMass Memorial Cancer Center at Marlborough Hospital with a $55 million investment in a proton therapy system. The System is also in the preliminary stages of planning for the merger of Marlborough with and into the Medical Center. If consummated, and subject to receipt of all required approvals, the Marlborough assets, liabilities and operations would be absorbed by the Medical Center and the Marlborough Hospital site would be operated as a campus of the Medical Center. Over the longer term, the System is also planning to invest another $100 million to refurbish and modernize Marlborough's inpatient rooms.

B. Our People: Recruit and retain the best workforce; ensure every employee has a world-class caregiver experience; and provide a safe, supportive, inclusive and antiracist work environment.

The System has implemented numerous efforts to address its workforce challenges—both with a goal of promoting diversity and equity within its caregiver population and moving toward a sustainable financial future for both the System and the families of its caregivers. These strategies include:

- Launching a new workforce development function to grow its own talent and expand pipelines for untapped talent in the local communities. UMMH is investing in its own caregivers using 'earn and learn' models like registered apprenticeship programs. UMMH is starting with three career pathway programs that will upskill the lowest wage earners into higher paying jobs while at the same time filling critical vacancies for medical assistants, surgical technologists, and patient care associates.

- Executing a staffing management plan that addresses the evolving workforce marketplace and optimizes talent acquisition practices to recruit the best talent for roles at all levels and to further develop a more diverse workforce. This means—in addition to other tactics—exploring how the System can attract applicants from talent pools like young adults and new Americans and finding ways to support and encourage their success.

- Delivering Benefit and Wellness programs that provide greater flexibility and equity to serve the needs of the entire workforce and help caregivers and their family members access, understand, and maximize the use of their benefits.

- Investing in union collective bargaining agreements that resulted in new contracts that increased wages, a key action for attracting and retaining employees and reducing reliance on agency and temporary staff. UMMH partners with its unions in non-traditional ways, too. For example, in partnership with the SHARE Union, UMMH exponentially increased the number of unit-based teams—frontline-led, department-level improvement systems that enable caregivers to work on the process problems that make it hardest for them to feel proud of the care they deliver.

- Aligning and communicating more about its mission. There is strong evidence that purpose at work impacts retention. The System is working to help its caregivers see the value and importance of their work in leveling disparities and promoting health for the people of central Massachusetts.

In addition, the System intends to meet this goal through the following:

- Transition staffing practices to meet the evolving workforce marketplace by recruiting from more diverse candidate pools and implementing industry-leading candidate interview and selection processes.

- Refine UMMH's workforce development plan to address its evolving short- and long-term workforce needs; continue to create new pipelines and career pathways that encourage career growth and retention and promote equitable access to these pathways.

- Work with community partners to identify and train traditionally marginalized community members to meet the workforce needs of the future.

- Promote equitable compensation and access to career/workforce opportunities and ensure a welcoming onboarding experience.

- Deliver flexible and equitable employee benefit and wellness programs to serve the needs of the System's workforce, empowering caregivers and their family members with comprehensive understanding of benefit plans and improved access and utilization.

C. Our Community: Improve the health of the System's region by addressing health disparities and social drivers of health, fully utilizing the System's Community Benefits and Anchor Mission programs, enhancing its population health management capabilities, and ensuring equitable and optimal care for all.

The System intends to meet this goal through the following:

- Align all of the System's community health improvement activities toward reducing food insecurity, improving health equity metrics established by the Mass Health program, and improving sustainability efforts by implementing "green" projects.

- Execute on a systemwide behavioral health strategy to address the mental health crisis, leveraging novel treatments, such as transcranial magnetic stimulation.

- Utilize the Quality, Health Equity and social drivers of health ("SDOH") scorecards to make further improvements in various SDOHs.

- Optimize service offerings at CHL, focusing on core areas: Community Behavioral Health Center services and services for those with mental health and/or substance use disorders.

- In April 2023, the System—in partnership with Tufts Health Plan—launched the "Tufts Health Together with UMass Memorial Health" plan with the UMass Memorial ACO, which provides health coverage to approximately 50,000 MassHealth members in central Massachusetts. This new program, formatted around a sub-capitated payment model for primary care services, has allowed the System to provide more comprehensive and coordinated care to members with behavioral health and other complex conditions through partnerships with Point32Health's (the parent organization of Tufts Health Plan) team of complex care managers, flexible spending program partners, and behavioral health and long-term supports and services community partners. Embedded in each of these programs and partnerships is a goal of keeping patients out of the emergency department and reducing readmissions.

Although presenting challenges as cited above, these changes also present the System with an opportunity to deepen and broaden its mission of improving the health of the diverse communities it serves. The System is committed to ensuring that its patients receive the best care possible no matter their skin color, ability level, cultural background, sexual orientation, gender identity or any other identity they hold. This means investing in and developing a robust health equity scorecard for understanding the populations served, setting meaningful targets and goals to reduce disparities in access and outcomes, and addressing upstream drivers of health by using its assets and resources thoughtfully and strategically. In the last year, UMMH has launched the "We Ask Because We Care Campaign" to help its patients and staff understand the new expanded demographic data it is collecting from all the patients who come to UMMH for care. This year UMMH also launched a new SDOH screening and referral effort in its inpatient and primary care settings, leveraging a patient experience company that is ensuring that all patients who request help finding community resources to address SDOH receive a text message or phone call from a virtual navigator with resource information. The System has also continued to build and expand dashboards to stratify its outcome and access data by the new demographic variables available and continued to track progress on closing disparities related to colorectal screening, well-child visit adherence, and (new this year) follow-up after an ED visit for substance use. Since 2018, the System funded approximately $3 million from its long-term investments, with a total commitment of up to approximately $8 million, into local, place-based investments that address upstream SDOH.

The System's objective will be to maximize the efficient use of all of the assets of the System and its partners to promote the "total health" of the community.

D. Our Future: Become a fully-integrated care delivery system, deploy an innovative, system-wide approach to care delivery, and leverage digital health and virtual medicine platforms to improve care – all to ensure optimal and equitable care for the community and UMMH's future long-term sustainability.

The System intends to meet this goal through the following:

- Continue to grow UMMH's chronic disease management programs, with a focus on cancer, cardiology, diabetes, endocrinology, neurological diseases, rheumatology, and dermatology.

- Leverage the System's AI and data mining capabilities to execute on its digital health, virtual medicine, and remote patient monitoring strategies to further improve business and operational efficiencies, reduce administrative burden for clinicians, and improve patient care.

- Execute on the plan to integrate Milford and the MRPG into the System.

- Improve UMMH's anesthesia capacity and grow select surgical and procedural programs, such as cardiovascular, spine and gastrointestinal.

- Implement year four of UMMH's 10-year, systemwide master facilities roadmap, with a focus on Marlborough's new Emergency Department and other renovations.

Electronic Health Record Implementation

In furtherance of the Strategic Plan, the System implemented a system-wide electronic health record ("EHR") that is designed:

- To be fast, secure and user friendly.
- To encourage standardized care across the System through evidence and consensus-based care pathways.
- To aggregate data from across the System for quality reporting and improvement.
- To be extendable to affiliated hospitals and providers in the System's network.
- To improve clinical documentation and communication.
- To provide the System's clinicians with all the clinical data and decision support tools necessary to make the best possible clinical decisions.

The System uses the Epic® Systems Corporation EHR platform ("Epic") for most facilities, to enable operating efficiencies, enhance provider productivity and continuum of care, as well as provide an effective and more convenient portal for patients and providers. The System is in the process of integrating Milford onto Epic and currently expects that integration process to be complete in calendar year 2026.

Every eligible year since 2018, the System has been named to the Epic Honor Roll program which recognizes organizations that expand the utilization of Epic features/functionality to improve patient outcomes, quality of care, workflow efficiency, patient and financial performance, and engage patients in the care process and keep pace with the rapid advance of health technology and medical knowledge. Since 2021, the System has achieved either a "summa cum laude" or "magna cum laude" designation as part of the Epic Honor Roll program. Since 2020, as part of Epic's Honor Roll program and for timely payment remittance, the System received maintenance credits of approximately $1.8 million.

In 2021, the System received a Level 9 out of 10 score in the Epic Gold Star program, recognizing cutting-edge and leading practices in EHR use. Every year since then, the System received 10 out of 10 score in the Epic Gold Star program. In 2024, the System was one of seven health systems to achieve this level for three consecutive years. In October 2023, after adding Harrington to the System's Epic instance, Epic awarded the System recognition of a score of 5 out of 5 for that implementation.

In June 2018, Healthcare Information Management Systems Society ("HIMSS") Analytics announced that the System achieved Stage 7 designation (the highest level), which measures adoption and utilization of EHR functions. In 2022, UMMH was revalidated as a Stage 7 designation by HIMSS Analytics.

UMMH has also been recognized by the College of Healthcare Information Management Executives, the executive branch of HIMSS, for achievement within their "Most Wired" program. "Most Wired" benchmarks and assesses multiple facets of the rapidly evolving world of digital health as an indicator to quality care. The survey assesses health care organizations digital ecosystem such as infrastructure, security, analytics and data management, interoperability and population health, patient engagement, clinical quality, and safety and innovation. The survey measures adoption, integration, and impact of technologies in healthcare organizations at all stages of development from early development to industry leading. UMMH achieved Level 7 in 2019 and 2020 and advanced to Level 8 in 2021 and has maintained that status in the years since.

Enterprise Resource Planning ("ERP") System Implementation

On January 1, 2024, the System went live on Workday ERP ("Workday"). Workday is intended to modernize business applications that support Human Resources, Finance and Supply Chain to a single, unified system. The System implemented Workday as its primary System-wide administrative platform, replacing a number of separate information systems currently in place. Workday was chosen by a comprehensive group of functional, operational and clinical leaders following an extensive selection process. Management expects this enterprise-wide solution to leverage leading practices to increase efficiency, expedite and improve decision making and enhance caregiver and

manager experience. The System incurred approximately $70 million in costs to implement Workday, $61 million of which was capitalized and will be amortized over the next ten years.

Strategic Transactions and Affiliations

In furtherance of the System's strategic goals to grow its fully integrated care delivery system, the System has pursued and will continue to pursue a variety of joint ventures, partnerships, affiliations, and other transactions.

Milford Affiliation

Prior to Entities, Inc. becoming Milford's sole corporate member on October 1, 2024, Milford had been a clinical affiliate of the System. In expanding upon their affiliation, Milford offered the System the opportunity to expand in the southeastern portion of its Service Area and added capacity for acute inpatient care, helping to reduce demand at the Medical Center for lower acuity services. Milford has market share in its service area of over 50%. Milford's facilities have been renovated and updated recently. Its average age of plant is less than 13 years.

Prior to the October 2024 corporate affiliation, Milford incurred losses from operations. For year ended September 30, 2024, Milford's expenses exceeded operating revenues by $21.2 million. That is an increase in losses as compared with Milford's 2023 operating loss of $15.3 million, which Milford management attributes those additional losses to certain non-recuring expenses, including advisory, legal and severance expenses related to its corporate affiliation with the System, the financial impact of the ransomware cyberattack against Change Healthcare, a revenue and payment cycle management provider, and expenses incurred in connection with a performance improvement consulting firm whose engagement by Milford ended during 2024. Milford management estimates these expenses at approximately $15 million collectively. Without these expenses, Milford management expects Milford's operating losses would have been reduced, rather than increased, in 2024.

Other Strategic Transactions and Affiliations

In 2018, the System partnered with Shields Healthcare Group and Reliant Medical Group to launch Healthcare Enterprises, LLC d/b/a The Surgery Center, a freestanding ambulatory surgery center (the "Surgery Center") with nine operating rooms. The Surgery Center is designed to accommodate lower acuity outpatient surgeries in a lower cost environment, emphasizing easy access and patient convenience. This strategy enabled the System to backfill hospital operating rooms with higher-acuity inpatient surgeries. The System is a 49% equity partner.

The System developed a 120-bed psychiatric hospital through a joint venture with Lola Development, LLC, a subsidiary of US HealthVest. The Hospital for Behavioral Medicine, which opened in 2019, is designed to provide high-quality care, expand much needed access for the behavioral health care needs of central Massachusetts, and allow the System to continue to provide care in a more appropriate, lower cost setting than the Medical Center.

The investment in Mass Advantage is an important step in the System's strategic priority to become central Massachusetts' preeminent integrated health care delivery system. Mass Advantage, which is offered only in Worcester County, is the only health insurance plan that is working directly with the primary care physicians and specialists within the System's network to provide certain services, such as the HAH program, and a support service that is aligned with appointment navigators – the "Physician Concierge Services" team – to facilitate scheduling medical appointments. The System's investment in Mass Advantage ensures that the health plan has an inherent interest in putting patients first, understands the provider experience, and offers better options that can lead to higher-quality outcomes. Effective as of December 20, 2024, Ventures purchased the interests of the other investors in Mass Advantage and Mass Advantage is now wholly controlled by Ventures.

In addition to the foregoing, as part of its ongoing strategic planning, from time to time, the System may receive offers from, or conduct discussions with, other third parties about potential affiliations or mergers. Such discussions are held on an intermittent, and usually confidential, basis and each potential opportunity is evaluated as it arises. Any affiliation or other similar transaction would be implemented in compliance with the covenants in the Master Indenture.

SYSTEM SERVICE AREA

System Service Area

Massachusetts does not have a central data source that tracks outpatient volume for all hospitals, and thus the following information relates solely to inpatient volume. For the System hospitals, the mix of outpatient gross patient services revenue increased between 2023 and 2024, from 62% to 64%, with the remaining 38% and 36% attributable to inpatient services.

For inpatient services, the System draws patients from Worcester County, Massachusetts and the surrounding communities, from other parts of the Commonwealth and from other states. The City of Worcester developed in the early 1900s as a center of heavy manufacturing and mechanical invention. Today, the city has evolved to include a focus on biotechnology, education, and intermodal commerce, while still retaining a significant amount of manufacturing.

According to a 2024 estimate published by the UMass Donohue Institute, Worcester County had an estimated population of 864,130 in 2023. According to the same source, the System's Service Area had an estimated population of 1,184,737, a 0.31% increase since 2020. The Commonwealth experienced a similar growth rate of 0.33% over the same time period. The System defines its total service area as Worcester County (excluding the towns of Petersham and Hardwick), the town of Orange (located in Franklin County), 14 towns in Middlesex County, and three towns in Norfolk County (the "Service Area"). According to the U.S. Census Bureau's estimates of population characteristics, the median household income for Worcester County for the 2018–2022 time period was estimated to be 9.0% lower than that of the Commonwealth, at $88,524 as compared to $96,505. The percentage of persons in poverty was 10.6% for Worcester County and 10.4% for the Commonwealth.

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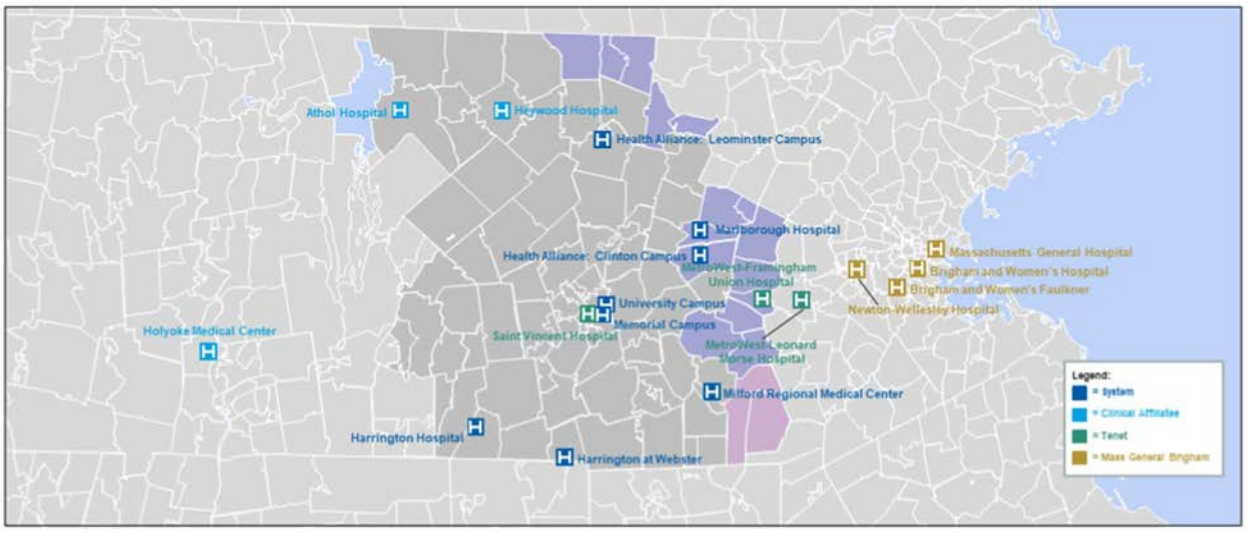
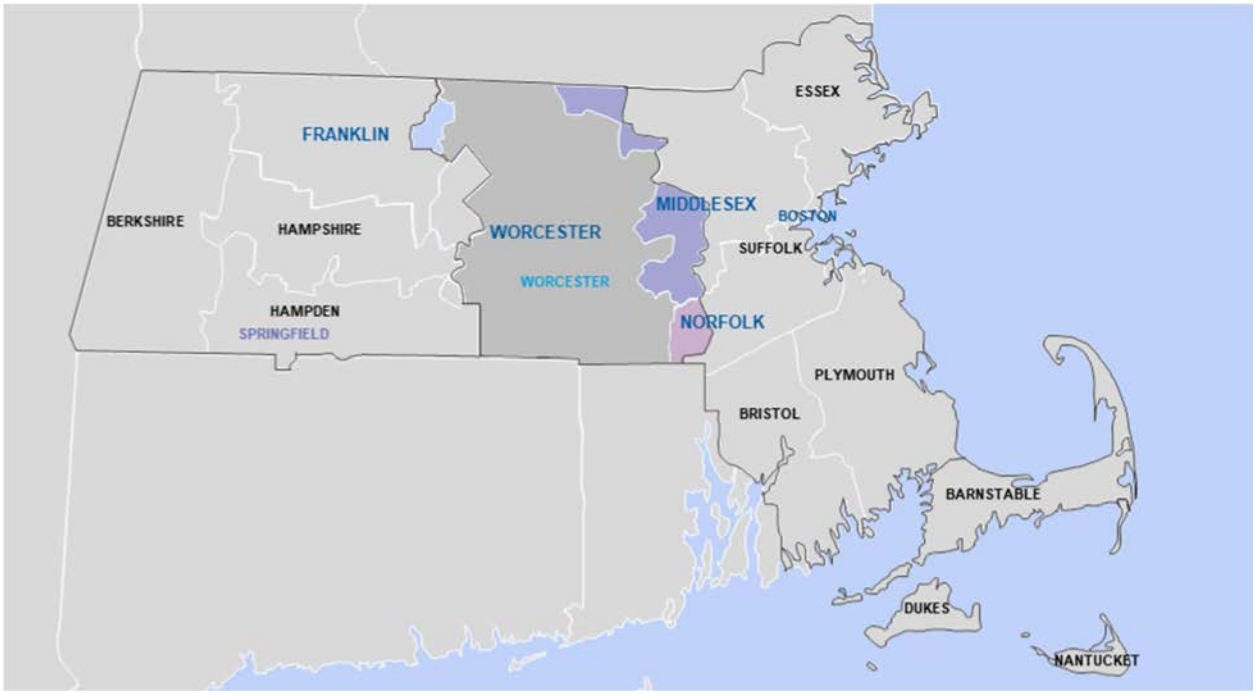
SERVICE AREA

The following maps illustrate the Service Area, highlighting the location of the System's hospitals, Milford, the Clinical Affiliates, and certain of the System's competitors:



The Service Area encompasses all of Worcester County, except for the towns of Petersham and Hardwick, plus the town of Orange in Franklin County, 14 of the towns in Middlesex County and three towns in Norfolk County.



PRO FORMA SYSTEM[(1)] DISCHARGES BY PATIENT ORIGIN 2021-2023

	2021		2022		2023	
	Discharges	**%**	**Discharges**	**%**	**Discharges**	**%**
Service Area	55,812	91%	56,627	91%	58,874	91%
Other Massachusetts	3,464	6	3,231	5	3,463	6
Other	2,154	3	2,068	4	2,055	3
Total	61,430	100%	61,926	100%	64,392	100%

[(1)] Discharges as collected by the Massachusetts Center for Health Information and Analytics ("CHIA"). Numbers used in the System Discharges by Patient Origin table may vary up to 1.6% from actual values due to timing differences for when the data are collected and reported. Includes all discharges except normal newborns. **For illustrative purposes, the data includes Milford for all periods within System Discharges, although the System's affiliation with Milford was not effective until October 1, 2024.**
Source: CHIA Inpatient Mix Data 2021–2023. 2023 is the most recent year for which CHIA data are available.

Clinical Affiliates

In addition to its primary academic affiliation with the University, the Medical Center maintains clinical affiliations with Athol Hospital, Berkshire Medical Center, Heywood Hospital and Holyoke Medical Center (collectively, the "Clinical Affiliates"). These affiliation arrangements range from the pursuit of special projects to the provision of clinical and professional services to educational and training opportunities for various departments of the clinical affiliates. The System's affiliation relationships are an important part of the System's strategy to care for patients who need higher levels of hospital care without needing to travel to Boston. One of the System's previous clinical affiliate relationships – with Milford – was elevated to a full corporate affiliation effective October 1, 2024. For more information on Milford, see "UMASS MEMORIAL HEALTH SYSTEM —Hospitals" herein.

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Competition

The System accounted for 54.8% of all patients discharged from the Service Area in 2023, the most recent year for which data is available. Management considers Tenet Healthcare Corp. ("Tenet") to be the System's principal competitor located within the Service Area. Tenet is a national for-profit hospital chain represented locally by St. Vincent Hospital ("St. Vincent") and MetroWest Medical Center ("MetroWest"). St. Vincent is a 302-licensed bed acute care hospital located that opened its current inpatient facility in April 2000. MetroWest is a 243-licensed bed acute care hospital, with two campuses, in Framingham and Natick, Massachusetts. Both St. Vincent and MetroWest were purchased by Tenet in 2013 through its acquisition of for-profit Vanguard Health Systems. Together, the two hospitals accounted for 18.2% of patients discharged from the Service Area in 2023. In October of 2020, MetroWest closed acute care services at its Natick campus, but continues to provide behavioral health services.

The following table summarizes market share information for the System and its competitors within the Service Area. For illustrative purposes, the following market share information includes Milford for all periods.

PRO FORMA SYSTEM SERVICE AREA DISCHARGES 2021-2023

	2021		2022		2023	
	Discharges	**%**	**Discharges**	**%**	**Discharges**	**%**
System[(1)]	55,812	52%	56,627	54%	58,874	55%
Clinical Affiliates	4,029	4	3,800	4	3,901	4
Tenet	22,335	21	19,923	19	19,625	18
Mass General Brigham	9,536	9	9,934	10	10,465	10
Other Hospitals	14,834	14	14,332	13	14,656	13
Total	106,546	100%	104,616	100%	107,521	100%

[(1)] Discharges as collected by CHIA. Numbers used in the System Service Area Discharges table may vary up to 1.6% from actual values due to timing differences for when the data are collected and reported. Includes all discharges except normal newborns. **For illustrative purposes, the data includes Milford for all periods within System Discharges, although the System's affiliation with Milford was not effective until October 1, 2024.**
Source: CHIA Inpatient Mix Data 2021–2023. 2023 is the most recent year for which CHIA data are available.

Steward Health Care System LLC and its affiliated debtors and debtors in possession (collectively "Steward Health Care") filed for chapter 11 bankruptcy protection in May 2024 in order to effectuate a sale of substantially all of Steward Health Care's assets, including, among others, the eight hospitals Steward Health Care operated in Massachusetts. Of those hospitals, six were acquired by existing Massachusetts- and Rhode Island-based health systems, and two, including Nashoba Valley Medical Center (which operated in the System's Service Area), closed. Patients who once went to Nashoba Valley Medical Center for their healthcare have had to seek care from alternative hospitals, including the Medical Center, Marlborough, and HAC.

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SYSTEM UTILIZATION

The following table summarizes significant utilization data for the System for the five years ended September 30, 2024.

	2020	2021	2022	2023	2024
Acute Care					
Average Beds Available	1,018	1,137	1,141	1,145	1,165
Discharges [1]	45,265	47,611	50,427	53,093	55,706
Patient Days [1]	262,038	295,132	334,490	347,948	362,913
Percent Occupancy	78.7%	86.2%	91.0%	94.9%	97.0%
Average LOS	5.79	6.20	6.63	6.55	6.51
Case Mix Index [2]	1.7088	1.7401	1.7083	1.7087	1.6968
Observation Cases	10,784	12,410	14,605	15,543	15,233
Emergency Room Visits	182,845	194,227	243,279	252,895	264,366
Cardiac Cath Procedure	6,179	6,357	6,069	6,695	6,365
Lab Tests [3]	7,537,335	8,994,623	9,728,399	10,348,154	11,037,946
Radiology Procedures/Exams	499,751	588,532	693,600	734,556	770,580
Life Flight Trips	544	704	844	919	822
Surgery					
Inpatient Surgery Cases	10,020	11,043	10,689	11,150	10,692
Outpatient Surgery Cases	17,061	22,941	28,429	30,564	26,231
Endoscopy Cases	21,005	25,946	26,609	29,476	37,389
Total Surgery Cases	48,086	59,930	65,727	71,190	74,312
Other					
Ambulatory Clinic Visits [4]	655,982	772,800	817,120	869,750	973,266
Health Center Visits	87,601	104,993	102,355	104,117	109,605
Home Health Visits	60,811	49,229	30,287	25,355	29,759

[1] Excludes normal newborns

[2] CMS Medicare Severity-Diagnosis Related Groups case mix, excluding Psychiatry

[3] Lab Tests include Outreach Activity

[4] Effective July 1, 2021, System Utilization includes Harrington, with the exception of ambulatory clinic visits

Utilization data for 2020-2022 have been impacted by the COVID-19 environment

Source: System records.

Information regarding Milford utilization is available on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

Management's Discussion of System Utilization Trends

Inpatient discharges increased by 10,441 discharges or 23.1% from 2020 to 2024. Of this growth, 4,277 discharges are attributable to the acquisition of Harrington. Management attributes the remainder of the growth to the System's investments in access and other strategic initiatives. Inpatient discharge volume in 2024, compared to 2023, increased by 2,613 discharges or 4.9%. Over this same period, the acuity of inpatients, based on Medicare diagnosis related group ("DRG") (excluding psychiatry), remained relatively flat, decreasing by 0.7% from 1.71 to 1.70. Observation cases have increased by 4,449 or 41.3% between 2020 and 2024. Discharges were impacted in 2020, 2021 and 2022 due to the COVID-19 pandemic, as elective procedures were restricted for several months in those years by executive order.

Average length of stay decreased from 2023 to 2024 by 0.04 days or 0.6%.

Laboratory tests have increased from 10,348,154 in 2023 to 11,037,946 in 2024. Radiology volume has increased by 36,024 exams or 4.9% based on increased imaging volume.

Ambulatory clinic visits, health center visits and home health visits increased from 2023 to 2024 by 113,408 visits. During this period ambulatory clinic visits, health center visits and home health visits increased by 11.9%, 5.3% and 17.4%, respectively.

Inpatient surgical cases declined by 4.1%, while outpatient surgical cases declined by 14.2% from 2023 to 2024. Outpatient surgical cases are impacted by cases shifting to the Surgery Center. For a discussion of the Surgery Center, see "STRATEGIC VISION AND CURRENT CHALLENGES—Strategic Transactions and Affiliations" herein. Inpatient surgical case utilization declined in 2021 and 2022 as a result of the stoppage of elective surgical cases in response to the COVID-19 state of emergency.

FINANCIAL INFORMATION OF THE SYSTEM

The following summary statements of operations of the System for the years ended September 30, 2024, 2023, and 2022 were derived from the consolidated financial statements of the System.

Appendix B-1 to this Official Statement sets forth the audited consolidated balance sheets of the System as of September 30, 2024 and 2023, and the related consolidated statement of operations, changes in net assets, and cash flows for the years then ended, together with supplemental consolidating information and the report of PricewaterhouseCoopers LLP, independent auditors on the 2024 consolidated financial statements. Appendix B-1 includes financial information for entities that are not obligated with respect to the Series N Bonds. In 2024, the Obligated Group represented 87.0% and 100.8% of the System's total operating revenues and assets, respectively.

The summary statement of operations should be read in conjunction with the complete consolidated financial statements and supplemental consolidating information of the System for 2023 and 2024, together with the related notes and the independent auditors' report included in Appendix B-1. As noted above, the System contains affiliates that are not part of the Obligated Group. The summary statement of operations includes information for the System only and does not include information on Milford. For financial information on Milford, please refer to Appendix B-2.

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SYSTEM CONSOLIDATED STATEMENTS OF OPERATIONS [1]
(dollars in thousands)

	2022	2023	2024
Operating Revenue			
Patient service revenue	$3,054,887	$3,189,418	$4,016,709
Other revenue	471,948	615,587	279,097
Net assets released from restrictions used for operations	3,957	4,016	5,230
Total operating revenue	3,530,792	3,809,021	4,301,036
Expenses			
Salaries, benefits and contracted labor	1,909,363	2,022,699	2,174,131
Supplies and other	1,501,301	1,477,072	1,916,722
Depreciation and amortization	139,682	141,982	148,981
Interest	18,736	20,170	35,970
Total operating expenses	3,569,082	3,661,923	4,275,804
(Loss) income from operations	(38,290)	147,098	25,232
Nonoperating income (loss)			
Investment return, net	(111,290)	86,224	161,588
Other components of net periodic pension (cost) credit	(6,835)	2,984	(3,288)
Other nonoperating expenses	(5,050)	(16,089)	-
Total nonoperating (loss) income	(123,175)	73,119	158,300
(Deficiency) excess of revenues over expenses	(161,465)	220,217	183,532
Other changes in net assets			
Contributions for property and equipment	25	25	5
Net assets released from restrictions used for purchase of property and equipment	5,029	1,806	581
Pension-related changes other than net periodic cost	56,985	82,897	(118,830)
Other changes	1,698	10	(317)
(Decrease) increase in unrestricted net assets	(97,728)	304,955	64,971
Unrestricted net assets, beginning of year	1,337,015	1,239,287	1,544,242
Unrestricted net assets, end of year	$1,239,287	$1,544,242	$1,609,213

[1] Includes affiliates that are not members of the Obligated Group.

Source: System records.

MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE

The System generated an excess (deficiency) of revenues over expenses of $183.5 million in 2024, $220.2 million in 2023, and ($161.5) million in 2022. The System reported income (loss) from operations of $25.2 million in 2024, $147.1 million in 2023, and ($38.3) million in 2022. The System recorded an increase (decrease) in unrestricted net assets of $65.0 million in 2024, $305.0 million in 2023, and ($97.7) million in 2022.

The System's gross patient services revenue has surpassed pre-COVID levels and has experienced strong growth year over year. Outpatient gross patient services revenue has grown significantly since 2022 and increased 16% in 2024 compared to the prior year. The System also worked actively with the Commonwealth to increase revenue for MSF to address the growing number of Medicaid patients being treated (see "Medicaid Supplemental Funds" below).

The System has increased its joint venture relationships as part of its Strategic Plan, particularly in ambulatory outpatient surgical services, inpatient behavioral health, and a health maintenance organization. The System's investments in Ventures, which are included as "Other Assets" on the System's audited financial statements, have increased from $77.8 million in 2022 to $96.7 million in 2024. Income from these investments was $24.4 million, $284.9 million and $190.7 million in 2024, 2023 and 2022, respectively, and recorded in other revenue. In 2023 and 2022, Venture's recognized gains of $273.7 million and $185.1 million, respectively, on the sale of its joint venture investments in a pharmacy management company.

The Medical Center, HAC and Harrington are participants in the federal 340B Drug Pricing Program ("340B Program"). Enacted in 1992, the 340B Program requires pharmaceutical manufacturers to sell a range of prescription medications to outpatient healthcare organizations at significantly lower prices than standard formulary pricing, with discounts as high as 25–50%. Those providers, primarily remote and rural facilities or hospitals with a disproportionate share of lower-income patients, can then offer the discounted medications to qualifying patients. The financial benefit accrues when such eligible providers acquire the drugs at lower cost but receive market competitive reimbursement rates, which do not take into account the 340B discounts, for such drugs.

In 2024, the System realized $107.2 million in drug cost savings, $36.7 million in contract and retail pharmacy net income, and $51.4 million in specialty pharmacy net income, all related to the 340B program. Continued eligibility for and participation in the 340B Program are subject to regulatory risk, as described in "BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY – Significant Risk Areas Summarized."

A discussion of the System's financial information is set forth below.

Year Ended September 30, 2024, compared to September 30, 2023

For the year ended September 30, 2024, the System reported excess of revenues over expenses of $183.5 million, compared to $220.2 million for the comparable prior year period. During the year ended September 30, 2024, the System recorded an increase in unrestricted net assets of $65.0 million, compared to $305.0 million for the comparable prior year period.

Operating Revenue. Total Operating revenue of the System increased $492.0 million (12.9%) for the year ended September 30, 2024, to $4.3 billion. Patient service revenue was $4.0 billion for the year ended September 30, 2024, an increase of $827.3 million or 25.9% compared to the prior year period. Management attributes this increase to an increase in MSF revenue of $457.0 million compared to prior year, a 340B program settlement of $38.1 million, as well as increases in volume in both inpatient and outpatient services across all of the hospitals. In 2023, the Commonwealth and CMS were negotiating the quality metrics related to MSF and agreed upon the final metrics in 2024. As a result, for the year ended September 30, 2024, the System recognized two years of MSF.

Other revenue decreased by $336.5 million (54.7%) to $279.1 million, primarily due to the gain on sale of a joint venture investment of $273.7 million recognized in the prior year. In addition, specialty and retail pharmacy revenue decreased $30.2 million, government and other grants decreased $38.9 million primarily from the Commonwealth's Economic Development Bill funds of $38.5 million received in 2023, a decrease in FEMA reimbursement of $16.4 million, partially offset by increases in equity method investments of $13.2 million and investment return, net of $12.2 million.

Operating Expenses. Total operating expenses of the System were $4.3 billion, up $613.9 million or 16.8%, for the year ended September 30, 2024. Management attributes the increase in operating expenses to increases in supplies

and other of $439.7 million (29.8%), salaries, benefits, and contracted labor of $151.4 million (7.5%), interest of $15.8 million (78.3%) (owing in part to the fact that interest expense associated with UMass Memorial Health Care Taxable Bonds, Series M (2022) was booked as non-operating expense in fiscal year 2023 and as an operating expense in fiscal year 2024) and depreciation and amortization of $7.0 million (4.9%). FTEs grew by 5.2% over the comparable prior year end period. The increases to benefits were primarily attributable to higher health insurance costs.

The increase in supplies and other is primarily due to the following significant changes ($ in millions):

	2024	2023	$ Change	% Change
Increases from prior year:				
Medical Education Services	$ 310.5	$ -	$ 310.5	100.0%
Pharmaceuticals	458.1	397.1	61.0	15.4%
Professional fees	218.7	191.0	27.7	14.5%
Medical surgical supplies	268.2	241.8	26.4	10.9%
Non-medical surgical supplies	143.7	123.8	19.9	16.1%
Purchased services	250.4	237.2	13.2	5.6%
Insurance	41.1	33.8	7.3	21.6%
Decreases from prior year				
Temporary labor costs	91.1	126.0	(34.9)	(27.7)%

Nonoperating income (loss). Investment return, net includes unrealized and realized market fluctuations as well as interest and dividend income, net of fees. The System recorded approximately $11.4 million of realized gains and $139.2 million of unrealized gains for the year ended September 30, 2024 compared to approximately $0.4 million of realized gains and $61.2 million in unrealized gains for the year ended September 30, 2023. Interest and dividend income, net of fees, consisted of $11.1 million and $24.5 million for the year ended September 30, 2024 and 2023, respectively.

Other Changes in Net Assets. Pension-related changes other than net periodic benefit credit (cost) relates to actuarial gains (losses) due to demographic experience, including assumption changes such as the discount rate, and actual investment return different from assumed during the year.

Years Ended September 30, 2023, compared to September 30, 2022

For the year ended September 30, 2023, the System reported excess of revenues over expenses of $220.2 million, compared to a deficiency of revenues over expenses of $161.5 million for the comparable prior year period. During the year ended September 30, 2023, the System recorded an increase in unrestricted net assets of $305.0 million, compared to a decrease in unrestricted net assets of $97.7 million for the comparable prior year period.

Operating Revenue. Total operating revenue of the System increased $278.2 million (7.9%) for the year ended September 30, 2023, to $3.8 billion.

Patient service revenue was $3.2 billion, an increase of $134.5 million or 4.4%, for the year ended September 30, 2023, compared to the prior year period. Management attributes this increase primarily due to an increase in volume in both inpatient and outpatient services, and inpatient payer rate increases, partially offset by a decrease in MSF revenue of $200.0 million.

Other revenue of $615.6 million increased by $143.6 million (30.4%), primarily due to the gain on sale of a joint venture investment of $273.7 million in 2023 compared to a gain of $185.1 million in 2022, the Commonwealth's Economic Development Bill funds of $38.5 million and FEMA reimbursement of $57.4 million.

Operating Expenses. Total operating expenses of the System were $3.7 billion, up $92.8 million or 2.6%, for the year ended September 30, 2023. Management attributes this increase in operating expenses to increases in salaries, benefits,

and contracted labor of $113.3 million (5.9%), depreciation and amortization of $2.3 million (1.6%), interest of $1.4 million (7.7%), offset by a decrease in supplies and other of $24.2 million (1.6%). FTEs grew by 3.4% over the comparable prior year end period due to the System's strategic focus on maintaining and hiring staff to mitigate excessive costs of temporary labor.

The decrease in supplies and other expenses is primarily due to the following significant changes (dollars in millions):

Decreases from prior year	2023	2022	$ Change	% Change
Medical Education Services	$ -	$ 143.8	$ (143.8)	(100.0)%
Temporary labor costs	126.0	163.6	(37.6)	(23.0)%
Increases from prior year:				
Pharmaceuticals	397.1	345.0	52.1	15.1%
Purchased services	237.2	198.1	39.1	19.7%
Medical surgical supplies	241.8	216.0	25.8	11.9%
Non-medical surgical supplies	123.8	98.8	25.0	25.3%
Professional fees	191.0	178.0	13.0	7.3%

Nonoperating income (loss). Investment return, net includes unrealized and realized market fluctuations as well as interest and dividend income, net of fees. The System recorded approximately $0.4 million of realized gains and $61.2 million in unrealized gains for the year ended September 30, 2023 compared to approximately $22.4 million of realized gains and $142.5 million in unrealized losses for the year ended September 30, 2022. Interest and dividend income, net of fees, consisted of $24.5 million and $8.8 million for the years ended September 30, 2023 and 2022, respectively.

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Medicaid Supplemental Funds

The System receives MSF from the Commonwealth to support its disproportionate status in providing services to patients in central Massachusetts who are insured by governmental payors and its relationship with the Medical School. The level of funding is subject to regulatory limits and approval by both the Commonwealth and CMS on an annual basis.

Since 2014, the MSF appropriation process has included a retrospective verification process. The System still estimates its projected utilization and Medicaid payments to produce an estimated annual request for appropriation, and the Commonwealth's actual appropriation cannot exceed this estimated amount, but the amount is verified retrospectively and adjusted if necessary to reflect realized utilization and Medicaid payment levels.

Receipt of MSF is dependent, among other factors, on federal approval of the Commonwealth's Medicaid budget, state appropriation, satisfaction of documentation standards, and actual transfer of funds from the Commonwealth. The amount of MSF is determined pursuant to an agreement with the Massachusetts Executive Office of Health and Human Services ("EOHHS"). The final payment amounts are dependent on utilization and quality performance. Payments are generally made in three installments (Q4 of the fiscal year, Q1 and Q2 of the following fiscal year) with final reconciliation after full claims runout, payment subject to EOHHS reconciliation timing.

SYSTEM MEDICAID SUPPLEMENTAL FUNDS
(dollars in thousands)

	2022	2023	2024
MSF recorded in Patient Service Revenue	$200,000	$0	$456,955

Source: System records.

As of September 30, 2024, and 2023, respectively, the System recorded MSF receivables of $58.8 million and $13.3 million. In 2023, the Commonwealth and CMS were negotiating the quality metrics related to MSF and agreed on the final metrics in 2024. As a result, for the year ended September 30, 2024, the System recognized two years of MSF.

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SUPPLEMENTAL FINANCIAL INFORMATION FOR THE SYSTEM

The following charts set forth the historical coverage of annual debt service on long-term debt and pro forma System coverage of System debt. The debt service coverage ratio is based on income available for debt service during 2022, 2023, 2024 calculated in accordance with the Master Indenture.

SYSTEM

Pro Forma Debt Service Coverage
(dollars in thousands)

	2022	2023	2024	2024 [5] (With Milford)
Excess (deficiency) of revenues over expenses	($161,465)	$220,217	$183,532	$169,082
Income from irrevocable deposits	(24)	(315)	(507)	(507)
Unrealized loss (gain) on investments	142,512	(61,236)	(139,156)	(142,720)
Depreciation and amortization	139,682	141,982	148,981	161,188
Interest Expense [1]	23,452	33,354	33,659	38,814
Income available for Debt Service	144,157	334,002	226,509	225,857
Actual Debt Service [2]	$67,909	$75,820	$77,262	$84,843
Historical Coverage of Actual Debt Service [3]	2.12	4.41	2.93	2.66
Pro Forma Maximum Annual Debt Service (System)[4]	--	--	$101,102	$101,102
Historical Coverage of Pro Forma Maximum Annual Debt Service (System)	--	--	2.24	2.23

[1] Interest expense excludes interest on the System's revolving line of credit.

[2] Includes the sum of interest expense plus annual principal payments.

[3] Income Available for Debt Service divided by Actual Debt Service, as defined in the Master Indenture. Historical Coverage of Actual Debt Service is not defined by any generally accepted accounting principles and may not be comparable to similarly named metrics used by other organizations.

[4] Represents the Maximum Annual Debt Service (as defined in the Master Indenture) of the System following issuance of the Series N Bonds and the refinancing of the currently outstanding Milford bonds, using market assumptions concerning interest rates on the Series N Bonds. Includes debt of entities that are not in the Obligated Group. Calculated in accordance with the Master Indenture.

[55] Calculations assume that Milford was part of the System for fiscal year 2024.

Source: System records

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SYSTEM
Cash and Investments
(dollars in thousands)

	2022	2023	2024	2024 [4] (With Milford)	Pro Forma 2024 [5] (With Milford)
Unrestricted cash [1]	$1,261,096	$1,432,624	$1,650,842	$1,700,714	$1,863,691
Operating expenses [2]	$3,262,198	$3,486,587	$3,782,707	$4,182,010	$4,182,010
Days Cash on Hand [3]	141.1	150.0	159.3	148.4	162.7

[1] Unrestricted cash includes cash and cash equivalents classified as operating cash, short-term and long-term investments.
[2] Operating expenses exclude depreciation and amortization, interest and unusual items including MES provided by the University.
[3] Calculated as the quotient of unrestricted cash divided by daily operating expenses, assuming 365 days per year.
[4] Calculations assume that Milford was part of the System for fiscal year 2024.
[5] Calculations assume that Milford was part of the System for fiscal year 2024 and that the Series N Bonds had been issued during such period, a portion of the proceeds of which reimbursed the System for capital costs incurred as part of Milford becoming part of the System. Excludes interest on the Series N Bonds.
Source: System records.

September 30, 2024 Compared to September 30, 2023

The System had approximately $1.7 billion total cash, 159.3 DCOH at September 30, 2024. The total cash of the System increased by $218.2 million from September 30, 2023 to September 30, 2024.

Increases in cash are primarily attributable to receipt of MSF payments of $415.0 million (related to 2023 and 2024 agreements), FEMA reimbursement of $41.0 million, cash distributions from joint venture investments of $18.1 million and favorable investment performance, partially offset by capital expenditures of $210.9 million and MES payments to the University of $63.0 million.

September 30, 2023 Compared to September 30, 2022

The System had approximately $1.4 billion total cash, 150.0 DCOH at September 30, 2023. The total cash of the System increased by $171.5 million from September 30, 2022 to September 30, 2023.

Increases in cash are attributable to cash distributions from joint venture investments of $288.6 million, receipt of MSF payments of $200.0 million (related to 2022 agreements), FEMA reimbursement of $57.4 million, offset by MES payments to the University of $169.5 million and capital expenditures of $156.7 million.

Liquidity

UMMH maintains an investment policy authorized by the Investment Committee that provides guidance and oversight for the management of cash and cash equivalents and investments. As part of the System's liquidity management, financial assets are structured to be available as its general expenditures, liabilities and other obligations become due. Long-term investments are deemed liquid if they are readily marketable or have a redemption frequency that is less than one year.

To help manage unanticipated liquidity needs, the System has an accessible revolving loan agreement of $125.0 million at September 30, 2024 on which it could draw. As of September 30, 2024, $40.0 million had been drawn under the revolving loan agreement. As of December 31, 2024, the full $125.0 million is available for the System's liquidity needs. This agreement currently expires April 12, 2025.

SYSTEM INDEBTEDNESS

Outstanding long-term indebtedness of the System as of September 30, 2024 and 2023 is presented in the audited consolidated financial statements and consolidating supplemental schedules set forth in Appendix B-1 to this Official Statement. As of September 30, 2024 and 2023, the System's aggregate long-term debt amounted to $754.5 million and $796.8 million, respectively. Overall debt includes Massachusetts Development Finance Agency ("MDFA") revenue bonds, taxable bonds, revolving lines of credit, master leases and subleases, and other notes payable.

SYSTEM
Debt [1]
(dollars in thousands)

	Interest Rate	Final Maturity	Amount Outstanding as of September 30, 2024
MDFA Revenue Bonds			
UMass Memorial, Variable Rate, Series F[2][3]	2.16%	2035	$ 17,675
UMass Memorial, Series I [2]	4.0-5.0%	2046	141,195
UMass Memorial, Variable Rate, Series J [2]	5.32%	2029	21,875
UMass Memorial, Series K [2]	4.0-5.0%	2038	50,595
UMass Memorial, Series L[2]	3.63-5.0%	2044	109,865
UMass Memorial, Master Lease	2.04%	2026	20,063
Taxable bonds, master leases and subleases, and other notes payable			
UMass Memorial, Series M [2]	5.36%	2052	300,000
Collateralized revolving loan agreement	1.942-2.055%	2027	10,225
Term Loan agreement [2]	1.46%	2027	27,285
Other notes payable [4]	2.71-5.07%	2023-2027	677
Revolving Loan	5.83%	2025	40,000
Total debt			$739,455
Net unamortized original issue premium			21,609
Debt issuance costs			(6,527)
Current portion			(77,071)
Debt, net of current portion - Consolidated			$677,466
Other Long-Term Debt:			
Finance lease obligations			23,323
Total			$700,789

[1] Table does not include operating leases.
[2] Debt secured under the Master Indenture.
[3] Interest rate fixed until 2027.
[4] Non-Obligated Group debt.

Source: System records.

For further discussions related to the System's outstanding indebtedness, see footnote 14 to the audited consolidated financial statements and consolidated supplemental schedules as set forth in Appendix B-1 to this Official Statement. For information on Milford's outstanding indebtedness, see footnote 8 to the audited consolidated financial statements and consolidated supplemental schedules as set forth in Appendix B-2 to this Official Statement. Note that the System expects to refinance or refund all outstanding Milford indebtedness with the proceeds of the Series N Bonds.

SYSTEM WORKFORCE

The System is the largest employer in Worcester County, with a workforce as of September 30, 2024 of approximately 18,200 employees (approximately 14,900 FTEs) and approximately 2,800 per diem employees, including approximately 4,400 registered nurses and approximately 270 licensed practical nurses. Assuming the inclusion of Milford in the System, the workforce would increase to approximately 20,700 employees (approximately 16,600 FTEs) and approximately 3,300 per diem employees, including approximately 4,900 registered nurses and approximately 320 licensed practical nurses.

As of September 30, 2024, the combined medical staffs of the System's hospitals consisted of approximately 1,500 active physicians (excluding honorary staff). Assuming the inclusion of Milford in the System, there would be 2,038 active physicians (excluding honorary staff). The presentation of the combined medical staffs of the System reflects reporting a physician once, regardless of their number of location privileges.

Specialty / Department	Total Physicians	Number of Board Certified Physicians [1]	Percent Board Certified Physicians [1]	Average Age of Total Physicians
Medicine	464	437	94%	48
Community Medical Group	172	162	94	52
Emergency Medicine	96	89	93	43
Pediatrics	108	105	97	47
Radiology	96	86	90	52
Family Medicine	116	115	99	48
Anesthesiology & Perioperative Medicine	75	64	85	50
Surgery	65	59	91	47
Psychiatry	52	51	98	51
Orthopedics	38	33	87	51
Neurology	52	50	96	49
Obstetrics / Gynecology	48	45	94	48
Pathology	33	33	100	56
Dermatology	14	14	100	47
Radiation Oncology	13	12	92	54
Tri-River	25	25	100	49
Ophthalmology	8	5	63	39
Urology	7	6	86	54
Otolaryngology	11	8	73	47
Neurosurgery	8	5	63	52
Totals	1,501	1,404	94%	50

[1] The majority of non-board certified physicians are pending certification from recently completed trainings.

Source: System records.

While the System has experienced pressures in staffing and recruitment, as well as increased expenses, that are reflective of national workforce trends, for the year ended September 30, 2024, it was able to increase FTEs by approximately 5% and 9%, respectively, when compared to the years ended September 30, 2023 and 2022. With significant effort, UMMH reduced its spend on travelers approximately 44% from 2022 to 2024. In addition, the System's new hires outpaced those who left the organization by approximately 1,100 during fiscal year 2024.

The following grid provides the status of each Collective Bargaining Agreement for the System and Milford:

Entity	Union	# of Members	Contract Expiration	Contract Duration
Medical Center	Massachusetts Nurses Association (MNA) - University	1,661	4/6/2025	3 years
	MNA - Memorial/Hahnemann	1,313	6/10/2025	3 years
	State Healthcare and Research Employees (SHARE)	2,931	9/30/2026	4 years
	United Food and Commercial Workers (UFCW)	978	6/8/2025	3 years
	UFCW-Skilled	44	10/31/2025	3 years
	National Association of Government Employees (NAGE)	103	6/30/2026	2 years
	UMass Memorial Public Safety Union (Police)	18	6/15/2027	4 years
HAC	MNA - Clinton	70	12/31/2025	2 years
	MNA - Burbank	19	8/21/2024	Currently in negotiations
	MNA - Leominster	299	7/21/2026	3 years
	MNA - Home, Health & Hospice	16	3/31/2024	Currently in negotiations
	1199 SEIU - Burbank	40	9/30/2024	Currently in negotiations
	1199 SEIU - LPN	7	9/30/2024	Currently in negotiations
	1199 SEIU - Home, Health & Hospice	3	9/30/2024	Currently in negotiations
Marlborough	MNA	217	11/14/2025	2 years
	1199SEIU - LPN	2	9/30/2024	Currently in negotiations
	SHARE	160	11/19/2024	Currently in negotiations - indefinite extension terminable by either party with 15 days' notice
CHL	SEIU Local 509	507	9/30/2026	2 years
Milford	MNA	556	12/31/2024	Tentative agreement reached, subject to final ratification

Certain of the System's existing collective bargaining agreements have expired. In connection with such agreements, the System maintains the current terms and conditions of employment for its union-represented team members while negotiating in good faith a successor labor agreement with the unions, as applicable. Management believes that the relationship between the System and its employees is a professional and productive one. For a discussion of workforce shortages and their potential effect, see "BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY—Workforce Shortages."

SYSTEM PENSION AND RETIREMENT BENEFITS

The System sponsors a combination of defined benefit and defined contribution pension plans covering substantially all employees who have met age and service requirements.

Contributions to the defined contributions plans are based on specific percentages of annual compensation and/or employee contributions. Pension expense related to the defined contribution plans was approximately $48.3 million and $44.9 million for the years ended September 30, 2024 and 2023, respectively.

The UMass Memorial Health Care Pension Plan (the "Pension Plan") is a noncontributory defined benefit plan. The benefits under the plan are based primarily on years of service and employee compensation. The Pension Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974.

As of September 30, 2024, the projected benefit obligation of the Pension Plan was $1.3 billion, which exceeded the fair value of plan assets of $1.1 billion, resulting in an underfunded status of $211.8 million, reflected within accrued pension and postretirement benefit obligations on the consolidated balance sheet. Interest rate levels and the financial performance of the investments of the pension plans can have a material impact on this liability. The funding policy is to make contributions to the Pension Plan at least equal to the minimum required by law or more. Employer contributions in the amount of $41.0 million and $59.2 million were made for the years ended 2024 and 2023, respectively. Management expects benefit payments of approximately $108.9 million to the plan during 2025.

The UMass Memorial Health Care Pension Restoration Benefit Plan, established for key employees specifically designated as participants and frozen as of December 31, 2020, is funded at time of benefit payment and has a projected benefit obligation, as of September 30, 2024, of $6.5 million. Settlements or benefits paid in the amount of $1.3 million and $0.2 million were made for the years ending 2024 and 2023, respectively. Management expects benefit payments of $2.5 million to the plan during 2025.

The Parent provides postretirement medical benefits to certain of its employees. Medical benefits are funded from the general assets of the Parent on a current basis. Through the UMass Memorial Health Care Postretirement Medical Coverage Plan for Executives (frozen June 1, 2011) and UMass Memorial Health Care Postretirement Health and Welfare Plan (frozen February 11, 2008), the System pays a portion of health insurance costs for eligible participants. As of September 30, 2024, the liabilities for these plans were $8.5 million and $32.0 million, respectively.

For additional information on the Parent's retirement plans and postretirement medical benefits plan, see footnote 12 of the audited consolidated financial statements and consolidated supplemental schedules as set forth in Appendix B-1 to this Official Statement, which refers to plans of the System, including entities that are members of the Obligated Group.

SOURCES OF PATIENT SERVICE REVENUE

The System maintains agreements with the United States Department of Health & Human Services ("DHHS") under the Medicare program, the Commonwealth under the Medicaid program, Blue Cross and Blue Shield of Massachusetts, Inc. ("BCBSMA"), and certain other managed care programs that govern payment to the hospitals for services rendered to patients covered by these programs. Patient service revenue is recorded after deductions for charity care, implicit price concessions and other discounts and contractual allowances.

While the method of payment varies substantially from one payor category to another, and even within certain payor categories, the System, in common with the broader hospital industry, generally is paid per diem or per diagnosis for inpatient services, while outpatient services and physician groups are generally fee-based.

The following table reflects the distribution of gross patient service charges for the System by payor source and by inpatient and outpatient designation for the three most recent fiscal years. This information is based on patient classification at the time of discharge billing.

SYSTEM SOURCES OF GROSS PATIENT SERVICE CHARGES [(1)]

	2022	2023	2024
Source:			
Medicare	26.4%	25.4%	24.6%
Medicare Managed Care	15.9	17.3	18.5
Medicaid	18.2	14.8	11.5
Medicaid Managed Care	4.8	7.6	9.6
Private Pay	31.6	31.6	32.0
Other	3.1	3.3	3.8
TOTAL	100.0%	100.0%	100.0%
Inpatient	38.6%	37.4%	36.7%
Outpatient	61.4	62.6	63.3
TOTAL	100.0%	100.0%	100.0%

Source: System records.

Medicare

Medicare is a federal health care program created by Title XVIII of the Social Security Act. Medicare covers both hospital and physician services for eligible individuals who are elderly, disabled, or subject to certain chronic conditions. Medicare generally pays acute care hospitals, including the Medical Center for most general medical/surgical services provided to eligible inpatients under a prospective payment system ("PPS") known as inpatient PPS ("IPPS"). Under the IPPS, hospitals receive a predetermined payment amount for each Medicare discharge. This IPPS payment is a standard national amount based on the Medicare Severity Diagnosis Related Group ("DRG") for the discharge subject to various adjustments including, among others, a geographic adjustment that takes into account wage differentials. DRGs classify treatments for illnesses according to the estimated costs of hospital resources necessary to furnish care for each patient's principal diagnosis (including the severity of a particular patient's illness). The DRG classification establishes a payment amount for that diagnosis treatment group. Hospitals are thus at financial risk for providing services to a patient at an actual cost greater than the applicable DRG payment.

DRG rates are updated annually by the hospital market-basket percentage increase, which is the measure of the inflation experienced by hospitals in purchasing the goods and services they need to provide inpatient services. The update is established by statute. Historically, the percentage increases to the DRG rates have often been lower than the percentage increases in the costs of goods and services purchased by hospitals. For federal fiscal year ("FFY") 2025, CMS has stated that the final increase in operating payment rates will be 2.9% for acute care hospitals paid under the IPPS that successfully participate in the Hospital Inpatient Quality Reporting program and are meaningful electronic health record users. This includes the 3.4% market basket update, adjusted by various productivity and other adjustments.

A hospital's receipt of the full annual market basket increase is contingent upon its submission of certain quality of care data. Quality data are currently collected on an array of quality measures related to, but not limited to, heart failure, chronic obstructive pulmonary disease, pneumonia, surgical care, mortality, readmissions, hospital-acquired

conditions, regular participation in clinical database registries, and patient satisfaction. Some of this data are reported by hospitals to CMS and some are calculated using information from Medicare claims data. Hospitals must report specific quality measures (which may be augmented annually) for inpatient services and satisfy a certain data validation threshold in order to receive the full market basket percentage increase. In 2024, all UMMH hospitals received the full market basket update since it met the applicable requirements.

In addition to potential reductions to the market basket update, CMS imposes payment reductions on hospitals that perform poorly on certain quality metrics. Hospitals that rank in the worst performing quartile on select measures relating to hospital-acquired conditions are subject to a one percent payment reduction in their payments. Hospitals with unplanned readmissions (*i.e.*, readmissions within 30 days of initial discharge for the same hospital, or another applicable acute care hospital, no matter the principal diagnosis) stemming from six CMS-selected conditions/procedures (currently, acute myocardial infarction, chronic obstructive pulmonary disease, heart failure, pneumonia, coronary artery bypass graft surgery, and elective primary total hip arthroplasty and/or total knee arthroplasty) are subject to a payment reduction capped at three percent and calculated against a baseline prediction of unplanned readmissions.

Teaching hospitals such as the Medical Center receive additional payments to cover the direct and indirect costs of graduate medical education ("GME"). Direct graduate medical education costs ("DGME") are reimbursed under a prospective methodology based on a hospital-specific approved amount per resident. Medicare also makes additional payments to PPS teaching hospitals for the indirect medical education ("IME") costs attributable to their approved graduate medical education programs. The IME payment is an additional yearly payment calculated as a percentage add-on to the inpatient DRG payment. The payment is based on a formula that considers the hospital's ratio of residents to beds and a multiplier set by Congress.

DGME and IME payments are subject to certain limitations, including a cap on a hospital's reimbursable residents based on the number of residents in a base year. Congress has repeatedly sought to limit DGME payments. For example, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 contained provisions for the reduction of resident caps in hospitals with resident counts below the cap and redistribution of those resident slots to other hospitals, particularly rural hospitals. In 2024, the System received GME payments in the amount of $118.0 million.

Hospitals receive additional payments for other costs. In certain circumstances, CMS makes an additional payment for new services and technologies if the estimated charges for the new service or technology exceed the DRG payment by a threshold amount and the new service or technology is a substantial clinical improvement relative to technologies previously available. Hospitals also receive additional payments, known as outlier payments, for cases for which costs exceed the IPPS payment amount plus an additional fixed dollar threshold amount.

In addition, Medicare makes supplemental disproportionate share hospital ("DSH") payments to hospitals that serve large numbers of low-income patients, based in part on hospitals' share of uninsured low-income days. In 2024, the System received DSH payments of $17.6 million. There is no assurance that these DSH payments, considered together with the DRG payment, will be sufficient to cover the actual cost of providing hospital services for UMMHC's patients or that these payments will continue at their current levels.

Hospitals also receive an additional per discharge payment based on a federal rate (with certain adjustments) to reimburse hospitals for capital costs. There are add-on amounts to this payment for certain types of hospitals and for certain costs. In addition to a geographic adjustment factor, there are increases for hospitals located in large urban areas. The capital payment rate is further increased for hospitals serving a disproportionately large number of low-income patients and for the indirect medical education costs incurred by teaching hospitals. Updates to the capital IPPS are not established by statute. Instead, capital rates are updated annually by CMS based on its calculation of the change in prices associated with capital-related costs as measured by the capital input price index and adjusted by other policy factors. For FFY 2025, CMS increased the capital federal rate by 1.33% over the FFY 2024 capital federal rate.

In CMS's FFY 2024 IPPS final rule, changes were made to the so-called "rural floor" policy, which requires that the wage index applied to urban hospitals in a state not be lower than the rural wage index for the state; this in turn impacts the calculation of IPPS payments for hospitals in the state. CMS's changes included treating rural reclassified hospitals

the same as geographically rural hospitals for purposes of calculating the wage index. Massachusetts hospitals historically have benefited (in some years substantially) from increased payments associated with the rural floor policy, and the implementation of that rule or a reclassification of a Massachusetts rural hospital to an urban hospital could have a material adverse effect on certain members of the System.

IPPS payments also include adjustments based on quality of care. Under the Hospital Value-Based Purchasing Program, a portion of hospitals' Medicare payments for inpatient acute care is linked to performance on quality measures such as whether a patient received an antibiotic before surgery and how well doctors and nurses communicate with patients. Under the Hospital Readmissions Reduction Program, Medicare payments are reduced for hospitals with excess readmissions. Under the Hospital-Acquired Condition Reduction Program, Medicare payments are reduced for some hospitals that rank in the worst 25% performing quartile with respect to hospital-acquired conditions.

Most hospital outpatient services are reimbursed on the basis of an outpatient PPS methodology ("OPPS"). Payments under the OPPS are based upon ambulatory payment classification ("APC") groups. An APC group includes various clinically similar services with a single payment for all services in the group. APC rates are subject to a geographic adjustment that takes into account wage differentials. APCs also are adjusted annually based on the hospital market-basket index. For the calendar year beginning January 1, 2025, CMS increased the payment rates under the OPPS by an Outpatient Department fee schedule increase factor of 2.9%, which is based on the hospital inpatient market basket percentage increase of 3.4% for inpatient services paid under the IPPS minus various adjustments. CMS has and continues to implement several changes to the APC payment system, including rule changes designed to move the OPPS toward making payments for larger bundles of items and services. There can be no assurance that the hospital OPPS rate considered with all applicable adjustments will be sufficient to cover the actual costs of outpatient hospital services.

As of January 1, 2017, items and services furnished in non-exempt new off-campus provider-based departments (those that had not been billing Medicare on or before November 2, 2015) generally are paid at rates that approximate the Medicare Physician Fee Schedule rather than under the hospital OPPS methodology. Beginning January 1, 2018, CMS set payments for certain services furnished by off-campus provider-based departments at 40% of the hospital OPPS; in July 2021, CMS proposed to adopt the same 40% rate for CY 2022. Effective January 1, 2019, with some exceptions for specialty hospitals, CMS reduced payments for clinic visits at all off-campus provider-based outpatient departments (including those that had previously been grandfathered and excepted from the application of the new rule).

Beginning January 1, 2018, Medicare reduced reimbursement for certain covered outpatient drugs to hospitals that qualified as covered entities under the 340B Program. These cuts were challenged by the American Hospital Association, and, in June 2022, the U.S. Supreme Court ruled that CMS's policy was unlawful. As a result of the Supreme Court's decision, CMS finalized for calendar year 2023 and 2024 a payment rate of average sales price plus 6% for 340B Program drugs, consistent with CMS policy for drugs not acquired through the 340B Program. A recent CMS final rule called for one-time lump sum payment for calendar years 2018-2022 for the approximately 1,600 affected hospitals. To meet the statutory requirement of budget neutrality, CMS also reduced future non-drug item and service payments by adjusting the OPPS conversion factor by a negative 0.5 percent beginning in 2025, estimating that it will take 16 years to accomplish the offset. For more information on risks related to the 340B Program, see "BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY— Section 340B Drug Pricing Program."

In future years, the federal government may take additional actions affecting Medicare coverage that may affect payments or reimbursement for services to the System. The Patient Protection and Affordable Care Act ("ACA") has had and continues to have a significant impact on coverage and reimbursement. In recent years, the ACA has been subject to administrative, legislative and judicial challenge. Tax legislation enacted at the end of 2017 eliminated the tax penalty for failure to maintain health insurance (the so-called "individual mandate"). In December 2018, a U.S. district court held that the ACA was unconstitutional; however, following an appeal to the Fifth Circuit, the Supreme Court ordered the case dismissed for lack of standing by the plaintiffs. President-elect, Donald Trump, and Republican leaders of Congress have repeatedly cited health care reform, and particularly, repeal and replacement of the ACA, as a key goal. Future health reform or actions to modify or repeal the ACA or implement other health care reform could have both positive and negative effects on the nation's hospitals and other health care providers, including the System.

Subsequent budget control legislation may also affect payment for services of the affiliates. The Budget Control Act of 2011 includes provisions to reduce the federal deficit. The Budget Control Act, as amended, resulted in the imposition of 2% reductions in Medicare payments to providers beginning in 2013.

The ACA includes a number of provisions that encourage the creation of new health care delivery programs for Medicare beneficiaries, administered by the Center for Medicare & Medicaid Innovation ("CMMI"), such as patient-centered medical homes that feature interdisciplinary professional teams to support primary care practices, and the MSSP, under which accountable care organizations ("ACOs") composed of groups of providers will be held accountable for the quality, cost and overall care of Medicare beneficiaries attributed to the UMass Memorial ACO and will share in the cost savings they achieve for the Medicare program.

On January 1, 2015, the UMass Memorial ACO joined the MSSP on a shared savings basis only, with no downside risk. For the 2015, 2016, 2018, 2019 and 2021 performance years no shared savings payments were received, however, for the 2017 and 2020 performance years, the UMass Memorial ACO received shared savings payments of $9.1 million and $6.7 million respectively. On January 1, 2022, the UMass Memorial ACO began a five-year contract in the Pathways to Success Medicare ACO program with no downside risk for the five years ending December 31, 2026. UMass Memorial ACO has shared in savings for both 2022 ($5.2 million) and 2023 ($5.3 million). Beginning 2027, the UMass Memorial ACO will have the option to stay in a no-downside arrangement or move to a risk-based arrangement.

On April 1, 2015, the Medical Center joined CMMI's Bundled Payment Care Initiative ("BPCI") Model 2 for the Major Joint Replacement Lower Extremity bundle. BPCI rewards providers that have actual expenditures that are lower than the targets set by CMS. On July 1, 2015, the Coronary Artery Bypass Graft Surgery bundle was added, and on October 1, 2015, the Cervical Spinal Fusion and Spinal Fusion (non-cervical) bundles were added. On October 1, 2018, CMMI's BPCI-Advanced program began. At the beginning of BPCI-Advanced, the Medical Center only participated in the Major Joint Replacement Lower Extremity bundle episode, but added other bundle episodes over the subsequent years. In 2021 and 2022, the Medical Center is participating in 12 bundle episodes in the Orthopedics, GI Surgery, Spinal Procedures and Neurology service lines and has added Cardiac Care in 2024. Since the beginning of this program in April 2015, there has been net positive payments received of $7.5 million.

On January 1, 2021, the Medical Group joined a new five-year CMMI program called Primary Care First ("PCF"). In 2021, 44 Medical Group-affiliated primary care practices participated in the PCF program. In 2022, 46 Medical Group-affiliated primary care practices and seven HPS-affiliated primary care practices participate in the program. The PCF program provides a per beneficiary per month payment in addition to a flat visit fee payment. Although the flat visit fee payment is less than the traditional Medicare FFS professional payment, the total revenue received by the PCF-participating practices is higher than would be received under Medicare FFS. Beginning in the second quarter of 2022, payment fluctuates based on a performance adjustment, which can range from a 10% decrease to a 50% increase.

Medicaid

Under Title XIX of the Social Security Act, the federal government partially reimburses states for Medicaid services at a rate known as the Federal Medical Assistance Percentage ("FMAP"). For Massachusetts, the base level of FMAP is 50% of qualifying health care expenditures made pursuant to the Commonwealth's program for medical assistance, known as Medicaid. For some state expenditures, the federal reimbursement rate is higher (e.g., spending on individuals covered under the Affordable Care Act's Medicaid expansion, spending on design of claims and eligibility systems, and spending on children in the Children's Health Insurance Program and on the Breast and Cervical Cancer Treatment Program), the EOHHS Office of Medicaid administers the Massachusetts Medicaid program, also known as "MassHealth."

Hospitals receive payments for MassHealth members in a number of different ways. Medicaid rates for acute hospitals for MassHealth members not enrolled in a Medicaid Managed Care Organization ("MCO") are set by annual contracts between the hospitals and EOHHS. For MassHealth members enrolled in Medicaid MCOs, hospitals receive payments according to their contracts with MCOs or according to the terms of the MCO contracts with EOHHS.

For services provided to MassHealth members not enrolled in a Medicaid MCO, MassHealth's payment for acute inpatient admissions is based upon an Adjudicated Payment Amount per Discharge ("APAD"). The APAD reimburses

hospitals a DRG payment that is specific to each case based on an All Patient Refined-Diagnostic Related Group ("APR-DRG") assignment. The APAD is derived from adding (1) the statewide operating standard per discharge to (2) the statewide capital standard per discharge (collectively known as the "APAD Base Payment") and multiplying the APAD Base Payment by (3) the MassHealth DRG Weight assigned to the discharge by MassHealth using information on a properly submitted inpatient claim.

The statewide operating standard per discharge is derived from the statewide average hospital all payer cost per discharge, standardized for case mix differences and area wage variation, using data from the "APAD Base Year," which is currently FFY 2021. An efficiency standard is determined by capping hospital costs, weighted by FFY 2022 MassHealth discharges, at the 60% level of costs. The statewide average is adjusted for inflation. For price changes between rate year ("RY") 23 and RY24, an inflation update of 2.599% was applied to the statewide operating standard. For each hospital, the statewide operating standard per discharge is then adjusted for that hospital's Massachusetts-specific wage area index.

The statewide capital standard per discharge is derived from the statewide weighted average hospital capital cost per discharge using APAD Base Year data, standardized for case mix differences. An efficiency standard is determined by capping hospital case mix-adjusted capital costs, weighted by FFY 2022 MassHealth discharges, at the 60% level of costs. Each hospital's capital cost per discharge is then held to the lower of its capital cost per discharge or the case mix-adjusted efficiency standard, and statewide weighted average capital cost per discharge is calculated and adjusted for inflation to the current year to produce the statewide capital standard per discharge. For price changes between RY21 and RY22, an inflation update of 3.5% was applied to the statewide capital standard per discharge.

The MassHealth DRG Weight is the MassHealth relative weight determined by EOHHS for each unique combination of APR-DRG and severity of illness, using 3M Corporation's APR-DRG grouper version 40 and Massachusetts weights.

MassHealth also provides an outlier adjustment, providing an additional payment for unusually high-cost cases that exceed the discharge-specific outlier threshold. The outlier payment is calculated by multiplying the marginal cost factor of 60%, by the difference between the discharge-specific case cost and the discharge-specific outlier threshold. The discharge-specific case cost is equal to the hospital's allowed charges for the discharge (as determined by MassHealth) multiplied by the hospital's FFY 2022 inpatient cost-to-charge ratio. The discharge-specific outlier threshold is the sum of the hospital's APAD for the discharge and the inpatient fixed outlier threshold, which is determined by MassHealth and is currently $42,430.

In addition to the APR-DRG, EOHHS pays for certain inpatient services on a per diem basis. Psychiatric services delivered in Massachusetts Department of Mental Health-licensed psychiatric beds of acute hospitals are paid a statewide psychiatric per diem rate. Acute hospitals also are paid a per diem for rehabilitation services delivered in rehabilitation units. Services delivered to individuals who transfer between hospitals or between certain settings within a hospital are paid on a transfer per diem basis. EOHHS determined the administrative day per diem rate for FY 2025 based on the fiscal year 2023 base median nursing facility rates.

For MassHealth acute care hospital outpatient services, an Adjudicated Payment per Episode of Care ("APEC") is the ambulatory methodology paid for most acute care outpatient services that are delivered to a member on a single calendar day or, if the services extend past midnight in the case of emergency department or observation services, on consecutive days. Certain services, including laboratory services, are paid in accordance with applicable fee schedules in regulations adopted by EOHHS and, therefore, are not factored into the APEC rate.

Calculation of the APEC outpatient statewide standard payment is based on the average outpatient cost per Episode for all Hospitals' Episodes in the APEC Base Year, adjusted for the RY24 Massachusetts wage area index and case mix, an efficiency standard, an outlier adjustment factor, inflation, and a conversion factor.

Hospitals may be reimbursed under MassHealth for physician services provided by hospital-based physicians. This reimbursement is the lower of the physician fee schedule established by EOHHS, the hospital's usual and customary charge, or 100% of the hospital's actual charge submitted.

A portion of the Massachusetts Medicaid program operates as a demonstration program under what is referred to as a Section 1115 Waiver (Section 1115 of the Social Security Act), which waives certain federal Medicaid requirements. CMS originally approved Massachusetts' participation in the demonstration program in 1995, and has approved several amendment to the initial period since that time. Currently, the demonstration program is effective through December 2027. The current demonstration program includes options for Medicaid beneficiary enrollment including participation in managed care through ACOs (discussed below) and MCOs plans. EOHHS contracts with ACOs and MCOs to manage the provision of health care items and services to Massachusetts Medicaid beneficiaries.

Also, under the ACA, states have the option to expand their medical assistance programs to all individuals under 133% of the federal poverty level. States that do so will receive enhanced federal matching assistance for qualifying health care expenditures for the newly eligible. Massachusetts has elected to expand its Medicaid program. This has resulted in the shift to MassHealth of certain populations that had been covered under the state's 1115 Waiver, which included the former state-subsidized Commonwealth Care program as well as the Commonwealth's Health Safety Net Fund (the "Fund").

On March 1, 2018, EOHHS launched a MassHealth ACO program (the "MassHealth ACO Program"). Under the MassHealth ACO Program, each MassHealth ACO will be accountable for all managed care eligible items and services, including physical health and behavioral health services, and prescription drugs. In 2017, after undertaking a detailed financial analysis, the System's managed care partner announced that it would withdraw from its program proposal with the System, and the System subsequently determined that it would not participate in the MassHealth ACO Program. As it had been configured, given the System's mix of community hospitals and academic medical center, the characteristics of the System's service area, and the scope of the network, the program would not have been financially sustainable for the System. In April 2022, MassHealth released Request for Proposal for the next MassHealth ACO Program, UMMH applied for its employed physician primary care practices and was accepted into the five-year program with its payer partner Tufts Health Public Plans; the program began in April 2023. UMMH has received a preliminary settlement for the 2023 performance year earning $300,000 in preliminary savings for total cost of care and $1.9 million in quality and health equity incentive programs.

Free Care and Uncompensated Care

The Fund, now administered by MassHealth, is intended to maintain a health care safety net by reimbursing hospitals and community health centers for a portion of the cost of reimbursable services provided to low-income, uninsured, or underinsured residents of the Commonwealth. The Fund pays hospitals on a FFS basis for eligible services provided to eligible low-income patients. It uses Medicare pricing data and the most recent version of the Medicare DRG values to calculate inpatient medical pricing and includes adjustments for items such as high-cost outliers, transfer cases, special pay post-acute DRGs, partially eligible stays, and participation in the Acute Hospital Inpatient Quality Reporting program. Any significant changes to the Fund or in regulations governing the eligibility and payment on free care claims may have an adverse impact on the System.

Commercial Insurance and Managed Care Programs

Commercial payors negotiate contracts directly with hospitals, physician groups and physician-hospital organizations. Under these contracts, commercial payors make payments either directly, on behalf of self-funded employer accounts, health benefit plans, or other entities, primarily on the basis of established or discounted charges for covered services. Patients carrying the coverage are generally responsible to the hospitals providing services for certain co-payments and deductibles.

MCOs, including health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs"), are organizations that provide insurance coverage through a network of health care providers to members for a fixed monthly premium or provide administrative services to self-funded employers. To control costs, these organizations typically contract with hospitals and other providers, review medical services for medical necessity, and channel patients to contracted providers of health care services.

Under the traditional FFS method of health care delivery, hospitals, physicians, and other providers are compensated on a per-service basis. MCOs may contract with providers to provide health care services under a FFS payment methodology or under a budgeted per member per month ("PMPM") methodology. Under the FFS payment

methodology, providers are generally compensated on a per-service basis. A portion of the annual payment rate change may be contingent upon the provider meeting certain utilization or other performance goals. Under a budgeted PMPM payment arrangement, the provider bears some or all of the risk if the cost of services provided exceeds the amount of the budgeted PMPM payments. This payment methodology creates an incentive to control utilization of services.

The System has contracts with all the major MCOs in the region including, but not limited to, BCBSMA, Harvard Pilgrim Health Care ("HPHC"), Tufts Health Plan ("Tufts"), MGB Health Plan, and Fallon Community Health Plan ("Fallon"). These agreements are FFS with inpatient services based on negotiated DRGs, per diems or case rates and may include additional payments that are based on various performance measures. Payments for outpatient services are on the basis of fee schedules or discounted charges. The System has contracts with BCBSMA through September 30, 2025, HPHC through December 31, 2027, Fallon through December 31, 2026, and with Tufts through December 31, 2025, as Point32 Health, parent company to HPHC and Tufts will no longer sell commercial insurance products under the Tufts Health Plan beyond 2025.

The managed care plans referring the highest volume of inpatients to the System for 2022-2024 are summarized in the following table:

SYSTEM DISCHARGES BY PAYOR

	2022	2023	2024
Payor:			
Blue Cross – HMO	5.8%	5.7%	5.4%
Blue Cross – PPO and Other	6.4	6.3	6.1
Blue Cross – Senior	2.4	3.0	3.2
Harvard Pilgrim Health Care	2.9	3.1	3.9
Fallon Community Health Plan	1.1	0.1	0.0
Tufts Associated Health Plan	2.7	2.2	1.0
Other Managed Care	26.9	30.3	32.9
Subtotal	48.2%	50.7%	52.5%
Non-Managed Care	51.8	49.3	47.5
Total	100.0%	100.0%	100.0%

Source: System records.

Total managed care contracts accounted for approximately 53% of discharges at the System for 2024. The System is a participating provider in Medicare managed care products offered by certain major MCOs.

SYSTEM FACILITIES

The principal facilities of the Medical Center are located at the University, Memorial, Hahnemann, and Queen Street Campuses, all located in Worcester, Massachusetts. The facilities located at the University Campus consist of approximately 1,123,000 square feet of space owned by the University and used by the Medical Center pursuant to a 99-year occupancy agreement that terminates in 2097, which space was principally constructed in 1975. See "HISTORY AND TRANSACTION—Description of the Transaction." In 2006, a significant expansion to the University Campus of 296,000 square feet (included in the above number) was completed and known as the Lakeside Expansion. This project included a significant expansion of the University Campus emergency department facilities, along with construction of ten new operating rooms, 66 treatment rooms, 16 new ICU beds, and a reconfiguration of ambulance and UMass Memorial Life Flight access, including a new helipad. Shell space in the original project has since been fitted out to accommodate 16 additional ICU beds plus 18 step-down and medical/surgical beds. In 2010, the Medical Center moved several outpatient services—heart & vascular, oncology, musculoskeletal, and diabetes—into approximately 141,000 square feet of a new ambulatory care center on the University Campus. Also in 2010, the

University built the approximately 260,000 square foot ambulatory building, of which the Medical Center leased approximately 75%.

The facilities located at the Memorial Campus consist of approximately 728,000 square feet, with a significant renovation of inpatient facilities completed in 1996. The Hahnemann Campus is used for outpatient services and ambulatory surgery and consists of approximately 264,000 square feet. Various renovation projects have occurred at the Memorial and Hahnemann Campuses since 1996. The Medical Center also operates a 26-bed inpatient psychiatric treatment and recovery center at the Queen Street Campus. The Medical Center operates in nine off-site locations in approximately 58,000 square feet of various outpatient ambulatory services ranging from radiology, endoscopy, and primary care and specialty care services. The Medical Center also owns and operates four medical office locations of approximately 46,000 square feet with primary and specialty care services.

To address capacity needs and improve access to inpatient care in the central Massachusetts community, the System purchased the former Beaumont Rehabilitation and Skilled Nursing Center on Plantation Street in Worcester, Massachusetts (adjacent to the University Campus). UMMH renovated this 85,000 square foot property to create the North Pavilion, a new inpatient, acute-care medical surgical facility. The North Pavilion will add an additional 72 inpatient beds under the Medical Center license, subject to receipt of all required approvals. The System expects to open this facility in January 2025.

The principal facilities of HAC are located on three campuses in Leominster, Fitchburg (Burbank Campus), and Clinton Massachusetts. The current facility located on the Leominster Campus consists of one main campus building of approximately 420,000 square feet. Also on the Leominster Campus, HAC owns and operates two medical office buildings of approximately 90,000 square feet combined, occupied by primary care and specialty physician practices. In addition, HAC operates an urgent care center in approximately 5,700 square feet of leased space. In January 2022, HAC opened a 6,400 square foot multidisciplinary clinic on its Leominster campus, as well as finalizing the construction of a 5,900 square foot inpatient nine-bed extended care unit ("ECU") that is planned to open sometime early fall of 2022. The new ECU unit will serve to provide care to patients needing low acuity ventilator care and long length of stay inpatient care. The facility at the Fitchburg campus (the former site of Burbank Hospital) is approximately 160,000 square feet. HAC is also completing construction on a 12,600 square foot Wellness Center on its Fitchburg Campus that will primarily service physical therapy, oncology patients, improve access to palliative care services, and provide space for other community related oncology services. The current facilities located at the Clinton Campus consist of two buildings of approximately 102,000 square feet, collectively, of inpatient and outpatient services. In 2012, a new 14,000 square foot 24-hour emergency department was constructed with an additional 14,000 square foot of second floor shell space for future growth. HAC also owns and operates a 7,500 square foot medical office suite on the campus.

Harrington has two major locations: the main hospital campus in Southbridge, Massachusetts and a satellite hospital campus in Webster, Massachusetts. The main campus is approximately 190,000 square feet and consists of 105 medical surgical beds. The main campus is also the location of a comprehensive cancer center and a medical office building. The Webster campus is approximately 68,000 square feet and contains 40 inpatient mental health/substance abuse beds. The campus also has a 24/7 satellite emergency room, ancillary services, behavioral health services and a medical office building.

The principal facilities of Marlborough are located on one campus in Marlborough, Massachusetts. The current facility consists of one main campus building of approximately 167,000 square feet. In 2013, a 13,000 square foot cancer center addition was built, which houses an outpatient clinic and infusion services and linear accelerator services. In addition, there are three off-site clinical office locations of approximately 25,000 square feet, collectively, for endoscopy and physical therapy. In November 2020, Marlborough relocated its women's health services from Southborough, Massachusetts, to a new 3,800 square foot building located on its main campus that provides mammography and ultrasound services. Marlborough also owns and operates a 12,000 square foot ambulatory building on the campus that is occupied by physician practices.

The principal operations of CHL are located in Worcester, Massachusetts in nine facilities totaling 263,512 square feet and include outpatient clinics, counseling offices, and administrative space. There are also program sites located in Leominster, Fitchburg, and Gardner, Massachusetts. In addition, CHL operates approximately 48 residential sites

within the community totaling an additional 87,238 square feet. For more information about CHL, see "OTHER CORPORATE AFFILIATES."

The Medical Group facilities occupy 317,000 square feet of leased space in various communities throughout the Service Area (80 locations). For more information about the Medical Group, see "OTHER CORPORATE AFFILIATES."

In addition to the above facilities, the System leases approximately 364,000 square feet of general office space occupied by corporate functions.

The System has expended approximately $623 million on capital projects over the four fiscal years ended September 30, 2024, and anticipates future capital renovation, equipment, and improvement projects in the next few years. Management expects to fund such future expenditures, including IT expenditures through operating revenues, development funds and, depending upon the System's financial performance and market conditions, taxable and tax-exempt financing.

For a discussion of efforts by the City of Worcester to promote voluntary payments by nonprofit corporations in lieu of real estate taxes, see "BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY—Tax-Exempt Status."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STANDARDS

UMMH recognizes the need to focus on minimizing the impact of its operations on the environment. The System has emphasized environmental concerns in revisions to its procurement practices, where environmental conservation is awarded priority, and by establishing an environmentally friendly system that benefits the well-being of all team members, patients and the surrounding community. With sponsorship from the CEO, UMMH has established a Sustainability Task Force, with a goal of reducing the environmental footprint of the System to improve the health of its caregivers, patients, communities, and the long-term financial health of the system. Objectives of the Sustainability Task Force include:

- Satisfaction of all regulatory requirements;
- Reduction of greenhouse gas emissions;
- Reduction of landfill and food waste;
- Reuse of single use devices & products and recycle where possible;
- Receipt of additional grant dollars to support this work, and reduce costs while delivering more responsible solutions; and
- Increase of publicization of the System's efforts in these areas to generate additional ideas and improve employee engagement.

Health Equity Plans and Investments

UMMH is committed to improving the health of its community by providing community benefit, investing in community health activities, conducting a community health needs assessment which drives development of an implementation plan, funding community grants, and investing in the communities it serves through donations and charitable purpose sponsorships.

UMMH's Board of Trustees and senior leadership team are committed to addressing racism and improving health equity. In 2020, UMMH recruited Dr. Brian Gibbs, Ph.D, as the inaugural Vice President and Chief Diversity, Equity

and Inclusion Officer. Dr. Gibbs worked to create the Office of Diversity, Equity, Inclusion and Belonging ("ODEIB") and to appoint Dr. Arvin Garg as UMMH's Associate Chief Quality Officer for Health Equity.

In 2021, UMMH received the first ever The Joint Commission / Kaiser Permanente Bernard J. Tyson National Award for Excellence in Pursuant of Healthcare Equity for improvements made to well-child visits for Black and Hispanic children, in addition to closing the racial gap, after senior leadership identified well-child visits as an area in need of health equity intervention. Each year subsequently, senior leadership identifies a key performance indicator on which the System actively works to close the equity gap. Other clinical efforts have included approaches to reduce the inequity associated with colon cancer screening, osteoporosis, and capturing DOH among the System's patients.

Below are examples of recent actions taken by the System in furtherance of its health equity strategy:

- Joining forces with the City of Worcester, the System created a COVID-19 Equity Task Force to address the racial disparities arising during the COVID-19 pandemic. System caregivers at Marlborough worked with community partners such as the City of Marlborough, the Town of Hudson and faith-based organizations to provide COVID-19 vaccines for underserved populations. HAC caregivers conducted similar equity work through their collaboration with the Community Health Network of North Central Massachusetts.

- Establishing ODEIB to enhance UMMH's mission of healing, teaching, research and community service thru advancement of strategic partnerships, collaborations, programs, and interventions.

- Developing a $1 million program to fund ideas for promoting equity in the System's health care delivery and fostering a more equitable and inclusive workplace culture.

- Providing year-long antiracism training with human resources leadership and staff.

- Providing unconscious bias training, harassment prevention training, and bystander intervention training to over 4,000 caregivers in 2024.

- Conducting a series of listening sessions with Albanian and Ghanaian caregivers to identify challenges and opportunities to improve workplace culture, improve job readiness and career advancement, recruitment and outreach to their respective communities.

- Joining forces with the City of Worcester to conduct a job fair, resource fair, and a multicultural community health fair in partnership with local churches, small businesses, health and human service agencies, city and state government agencies, colleges, and universities to elevate access to employment opportunities, housing and food assistance, health education, insurance, screenings, job training, and educational opportunities for underrepresented, underserved and immigrant communities of color.

- Using patient responses to SDOH screening to determine barriers to safe discharge (*e.g.*, lack of stable housing, high levels of food insecurity, or utilities that have been turned off) and deploying inpatient case management and/or social work resources accordingly. At the Medical Center, referrals for inpatient will be placed automatically for these patients, and caregivers will still be able to manually place referrals based on their clinical judgement. Post-discharge, patients receive communications, regardless of their responses to the initial screening, to offer resource navigation support in eight different domains including housing, food, utilities, transportation, childcare, education/employment, medication costs and personal care.

- Launching a three-year plan to participate in the Human Rights Campaign's Healthcare Equality Index as a means of improving care for the LGBTQIA+ community in UMMH's service areas and cultivating an inclusive workplace for caregivers who are LGBTQIA+. This work will identify gaps in policies, procedures, training, services and community engagement to improve patient access, care, experience and outcomes, and caregiver experience and engagement.

- Planning to establish the inaugural Diversity, Equity, Inclusion and Belonging ("DEIB") Advisory Council, a systemwide standing committee that will be responsible for building, informing and expanding DEIB-

related strategies with the goal of ensuring that UMMH is a diverse, equitable and inclusive place to give and get care for all patients and caregivers.

- Establishing a System-wide Health Equity committee, which will have responsibility for overseeing clinical health equity improvement initiatives at each entity and across the System.

- In furtherance of the System's strategic plan, pledging to triple System purchases with minority- and women-owned businesses over the next five years.

Diversity Targets and Investments

UMMH is committed to prioritizing, representing, and promoting diversity, equity and inclusion in planning, processes and working practices.

UMMH strives for an organizational culture that is driven by its core values. Through UMMH's "Standards of Respect" (acknowledge, listen, communicate, be responsive, be a team player, be kind), UMMH values the diversity and cultural backgrounds of its patients and caregivers. Diversity at UMMH is an integral part of its core mission, strategy and key initiatives. Diversity is also a key component of UMMH's CARES values (consistently excelling at patient-centered care, acting with personal integrity and accountability, respecting one another, effecting change through teamwork and system thinking and supporting UMMH's diverse communities), which guide UMMH's decision-making as it moves into the future.

Other Community Investments - Anchor Mission

UMMH is committed to improving the overall social and economic health of it Service Area and, in furtherance of that commitment, has adopted an "Anchor Mission," through which the System leverages its economic power and resources to improve its community. The Anchor Mission is comprised of four central commitments:

- Investment commitment up to approximately $8 million from the System's long-term investment portfolio to invest in local partnerships that work toward improving the overall health and wellness of the System's community. The System's affiliation agreements with Harrington and Milford included Anchor Mission investment commitments.

- Updates to procurement practices to support local businesses, with particular focus on addressing areas of social disadvantage or inequality within the System's community.

- Reaffirmation of commitment to ensure the System hires employees who reflect the diversity of its community.

- Identification of volunteer opportunities within the System's community, where employees can get involved and contribute to the System's overall mission.

LITIGATION AND REGULATORY MATTERS

System affiliates, including members of the Obligated Group, are involved from time to time as both plaintiffs and defendants in a variety of litigation matters and reviews and investigations by government agencies. Management considers such litigation and regulatory matters to be a routine part of health care operations.

Meta Pixel Litigation. Three putative class action lawsuits have been filed against the System alleging that the System installed a piece of Facebook source code, known as the Meta Pixel, on various System websites and that the source code caused the transmission of patients' personal health information to Facebook and other third parties. Similar cases have been filed against dozens of other hospitals and health systems around the country. The System has retained experienced counsel, who are representing several other prominent health care systems in similar cases and will vigorously defend the matter. The parties had agreed to consolidate the three cases into a single case in the Business Litigation Session of the Massachusetts state Superior Court. All proceedings in the case were stayed pending the

outcome of a case at the State's Supreme Judicial Court ("SJC") which was brought by two other Massachusetts hospitals related to their meta pixel litigation challenging the plaintiffs' interpretation of the Massachusetts Wiretap Act. On October 24, 2024, the SJC issued its decision ruling that the State Wiretap Act did not clearly include the plaintiff's browsing activity on the hospitals' public websites in its definition of "communications" and thus that the hospitals' motion to dismiss should be granted. Following this SJC decision, the stay on the pending cases against the System ended, and plaintiffs amended their complaints to drop the State Wiretap Act claims and add federal Wiretap Act Claims. The System has filed a motion to remove the cases to federal court. There can be no assurance as to the outcome of this matter.

The ultimate effect, if any, of the matter described above on the System or the Obligated Group cannot currently be determined. Adverse resolution of the above matter could have a material adverse effect on the Obligated Group.

INFORMATION TECHNOLOGY AND CYBERSECURITY

The System relies on technology to conduct its operations. As a recipient and provider of personal, private and sensitive information, the System has been subject to multiple cyber threats including, but not limited to, viruses, malware, ransomware, hacking, breaches and other attacks on computer and sensitive digital networks and systems to gain unauthorized access. The System has implemented technologies to strengthen its core cybersecurity capabilities including: (i) preventive measures to control access to systems and sensitive information and prevent intrusions including multi-factor authentication, encryption, privileged access management, security patches, phishing detection and prevention software, and firewalls; and (ii) detection and response measurers intended to identify and thwart unauthorized access such as endpoint protection, security incident event management software, and privacy monitoring. The System carries cyber liability insurance.

No assurances can be given that the System's efforts to manage cyber threats and attacks will be successful or that any such attacks will not materially impact the operations or finances of the System.

INSURANCE

The Parent and certain of its affiliates are self-insured for certain professional and general liability, health insurance, workers' compensation benefit programs, and several other smaller lines of insurance or deductibles. In addition, a range of commercial insurance coverage is in place for certain exposures that are not self-insured, along with commercial excess insurance over the self-insured programs.

CPAC, a captive insurance company incorporate in Grand Cayman, British West Indies, provides professional malpractice coverage of $5 million per incident with a $10 million annual aggregate to employees (including residents) and physicians of the Medical Center, the Medical Group and other affiliates, and general liability coverage for System premises. The Parent purchases reinsurance of $65 million over the primary CPAC program. CPAC also funds the workers' compensation liability at statutory limits for the System, with excess insurance currently purchased on a commercial basis for claims exceeding a $750,000 self-insured retention. In addition to the above, CPAC also insures a quota share layer in the medical stop-loss program of $250,000 excess of the System $500,000 self-insured retention. Amounts in excess of the CPAC layer are commercially reinsured to unlimited. Other lines of insurance or deductibles self-insured through CPAC include Claim Handling Errors and Omissions ("E&O"), Directors & Officers deductible, HIV Indemnity, Employed Lawyers Gap coverage, the Managed Care E&O deductible, a cyber liability reinsurance quota share layer, and auto/ambulance and employer liability excess liability coverage.

Other types of insurance coverage, purchased commercially, include directors and officers and employment practices liability, fiduciary liability, cyber liability, firearms liability, property and business interruption, aviation and helipad, travel accident, crime and motor vehicle/ambulance.

HISTORY AND TRANSACTION

Formation of the Parent

The Parent was formed in 1997 as a result of the combination of the acute care hospital and related activities of two Worcester-based health care systems: (1) the state-owned clinical division of the University, which included a 337-bed

teaching hospital (the "Teaching Hospital"), a 559-member physician group practice (the "Group Practice"), and a number of affiliated health care providers and support organizations (collectively, "UMMC") and (2) a private, non-profit health care system controlled by Memorial Health Care, Inc. (the "Memorial Parent"), the parent corporation of Memorial Hospital, Inc. ("Memorial Hospital"), a 324-bed acute care hospital, and its affiliated entities, including a 115-member physician group practice (such combination is referred to herein collectively as the "Transaction").

The University is a public institution of higher education of the Commonwealth. Prior to the Transaction, the University operated the Teaching Hospital and the Group Practice. The Teaching Hospital opened in 1976 and had its origins in the 1965 selection of Worcester as the site of the University's new Medical School, which graduates over 100 medical students each year (175 for the academic year 2024). The University gradually expanded the scope of activities of the Teaching Hospital, and in 1981, the Teaching Hospital became a Level I trauma center.

In 1991, the former Worcester City Hospital site was acquired by the Worcester City Campus Corporation ("WCCC"), a corporation authorized by the Massachusetts Legislature to hold the Worcester City Hospital property and develop an integrated health care delivery system supporting the missions of the University. WCCC thereafter continued its expansion of the UMMC-affiliated network, which included acquiring controlling interests in Clinton Hospital, a 41-bed hospital located in Clinton, Massachusetts, and Marlborough, a 79-licensed bed hospital located in Marlborough, Massachusetts.

Prior to the Transaction, Memorial Hospital had separately existed as a private, not-for-profit hospital in the Worcester area since 1871. Memorial Hospital operated two main campuses, the Memorial Campus (which provided acute care services) and the Hahnemann Campus (which offered sub-acute and ambulatory care), and also provided various satellite services.

Description of the Transaction

Following execution of an agreement setting forth the principal terms of the proposed transaction, the University, WCCC, and the Memorial Parent obtained legislative approval for the transaction in November of 1997 as a result of the passage of Chapter 163 of the Acts of 1997 (the "Act"). Following enactment of the Act, various conforming changes were made to finalize the terms of the transaction, resulting in the execution of the Amended and Restated Definitive Agreement among the University, WCCC, the Memorial Parent, the Parent, and the Medical Center dated as of March 31, 1998 (the "Definitive Agreement").

Pursuant to the Definitive Agreement and the Act, effective March 31, 1998, the Memorial Parent merged with and into, the Parent, a new Massachusetts non-profit corporation named UMass Memorial Health Care, Inc., and Memorial Hospital merged with and into, the Medical Center, a new Massachusetts non-profit corporation named UMass Memorial Medical Center, Inc. Simultaneously, substantially all of the assets and liabilities of the clinical activities of UMMC were transferred to and assumed by the Parent or the Medical Center and one or more entities under the control of the Parent. Substantially all of the assets and liabilities and all of the affiliates of WCCC were transferred to the direct or indirect control of the Parent.

Other principal terms of the arrangement among the University, WCCC, and the Parent and/or its affiliates are set forth in a series of documents contemplated by or executed simultaneously with the Definitive Agreement. These include the following documents (which, together with the Definitive Agreement, are collectively referred to herein as the Transaction Agreements):

- An Occupancy and Shared Services Agreement (the "Occupancy Agreement"), pursuant to which the Medical Center is granted the right to occupy certain portions of the University's campus used principally by the Teaching Hospital for the clinical activities of UMMC and under which the University and the Medical Center agree to designated responsibility for various capital and operating expenses relating to the occupied premises;

- An Academic Affiliation and Support Agreement (the "Affiliation Agreement"), pursuant to which the Medical Center and Parent agree to make certain payments to the University, described further below;

- A License Agreement, pursuant to which the Parent and its affiliates are entitled to use the name UMass under certain circumstances; and

- One or more agreements relating to the leasing of certain employees by the University to the Medical Center or its affiliates pursuant to which the Medical Center agrees to indemnify the University for substantially all liabilities relating to such leased employees.

The Transaction Agreements and the Act contemplate a long-term, 99-year affiliation among the Parent, the Parent's affiliates, and the University. The Transaction includes a series of arrangements set forth in detail in the Transaction Agreements, as subsequently amended. Certain principal components of the Transaction are as follows:

- Pursuant to the 99-year Affiliation Agreement, the Medical Center retains its historic role as the principal teaching hospital for the University student training programs and remains the principal site for clinical trials for the University's research endeavors.

- Pursuant to the 99-year Occupancy Agreement, the Medical Center and the Parent are granted the right to use portions of the University's campus required for the operation of the former Teaching Hospital and other clinical activities. The Medical Center and the Parent are obligated to maintain, update, and replace the portion of the facilities occupied by the Medical Center and the Parent and to return the facilities to the University at the end of the Occupancy Agreement.

- So long as the University continues to operate the University with substantial numbers of students and amounts of research funding, the Medical Center and the Parent are jointly and severally obligated to pay to the University an annual fee which currently totals $23.1 million for the year ended September 30, 2024, which is adjusted manually for inflation, and a percent of the net combined operating income of the System (with certain exclusions for new affiliates located outside of Worcester County and other exceptions) based on a graduated formula designed to yield up to 20% of net combined operating income if the Medical Center and its affiliates produce substantial net operating income without regard to certain negotiated items (the "Base Payment"). This amount may be reduced under certain conditions if the University's ongoing programs and research activities substantially decrease. For a discussion of prior year payments, see footnote 18 to the audited consolidated financial statements and consolidating supplemental schedules as set forth in Appendix B-1 to this Official Statement.

- In the event the University were ever to cease to operate a medical school with substantial numbers of students and amounts of research funding during the 99-year term of the Occupancy Agreement and the Affiliation Agreement, the obligation to make the Base Payment will be converted into a rental payment at the then fair market value of the used premises, subject to certain adjustments.

BONDOWNERS' RISKS AND MATTERS AFFECTING THE HEALTH CARE INDUSTRY

Purchase of the Series N Bonds involves risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement, including the Appendices hereto, in order to make a judgment as to whether the Series N Bonds are an appropriate investment. Certain risks associated with the purchase of the Series N Bonds are described below. Such lists of possible factors, while not setting forth all the factors that must be considered, contain some of the factors which should be considered prior to purchasing the Series N Bonds. THE DISCUSSION OF RISK FACTORS IS NOT, AND IS NOT INTENDED TO BE, COMPREHENSIVE OR EXHAUSTIVE. Prospective purchasers of the Series N Bonds should give careful consideration to the matters referred to in the following summary. Such summary should not be considered exhaustive, but rather informational only.

General

Future economic and other conditions, some of which are described below, may adversely affect the Obligated Group's revenues and expenses and, consequently, payment of amounts due on or with respect to the Series N Bonds.

The Obligated Group is subject to a wide variety of federal and state legislative actions and to regulatory actions and policy changes by numerous governmental agencies including those that administer Medicare and Medicaid, CMS and EOHHS, and an array of other federal, state, and local government agencies, including MA DPH. These agencies frequently adopt regulations and policies that alter the operations, revenues, expenses, and excess (deficiency) of revenues over expenses of the Obligated Group.

In addition, the financial future of the Obligated Group may be affected by, among other things, demand for the services of the Obligated Group; the ability of the Obligated Group to provide the services required by patients, insurers, and employers; physician relationships; changes in private philanthropy; the success of the Obligated Group's strategic plans; economic conditions in the Obligated Group's service area; the Obligated Group's ability to control expenses; relationships with MCOs and other third-party payors; the level of investment returns; competition; policies and practices of third-party commercial health plans; federal and state legislation; government regulation; malpractice claims and other litigation; and licensure and accreditation requirements. The tax-exempt status of the Members of the Obligated Group could be adversely affected by, among other things, an adverse determination by a governmental entity, non-compliance with governmental regulations, or legislative changes. In addition, unanticipated events and circumstances may occur that adversely affect the Obligated Group.

The federal government and the Commonwealth are under continuing pressure to reduce healthcare spending, and there have been frequent reductions and changes to healthcare programs, including termination of specific programs, failure to fund the federal component of programs administered by the states, imposition of various prospective payment systems such as IPPS and OPPS, mandatory enrollment for certain providers in value based programs, and reductions to and offset for various inflation and geographic area adjusters. In general, these changes may result in payment substantially below the cost of care delivery to governmentally supported payments. Federal budgetary pressures also present a significant uncertainty for research funding. There can be no assurance that the Obligated Group will continue to receive funding from federal and state agencies consistent with current levels.

Additionally, the Commonwealth has taken action in recent years that has reduced or otherwise adversely affected Medicaid payments. Future reductions as the result of tax revenue shortfalls or other fiscal pressures may further increase the gap between the cost of providing care to such Medicaid patients and the funds provided for this purpose under MassHealth.

The federal government and the Commonwealth may continue to reduce payment for health care services. Some, but not all of these governmental cost containment efforts are described below.

Coronavirus or Other Pandemic or Public Health Emergency

A public health emergency, including a widespread outbreak of an infectious disease, such as the novel coronavirus, Ebola, Zika, or H1N1, may put stress on the capacity of all or a part of the Obligated Group's health care facilities, result in abnormally high or low demand for health care services, require that resources be diverted from one part of operations of the Obligated Group to another part, disrupt the supply chain for equipment and supplies necessary for the operation of the Obligated Group's facilities, or impair the operation of part or all of the Obligated Group's facilities. Public health emergencies can necessitate the cessation of outpatient treatment and elective procedures. In addition, unaffected individuals may decide to defer elective procedures or otherwise avoid medical treatment, resulting in reduced patient volumes and operating revenues at the Obligated Group's outpatient facilities. The effect of any future public health emergency or crisis on the Obligated Group's operations and finances could be material and cannot be predicted at this time.

The public health emergency associated with the coronavirus pandemic ended on May 11, 2023, resulting in the conclusion of many of the regulatory flexibilities and waivers granted by the federal government under public health emergency authority. Many of the federal and state legislative and regulatory measures allowing for flexibility in delivery of care and financial support for healthcare providers were available only for the duration of the coronavirus public health emergency. Most states have ended their state-level emergency declarations. Although the federal government may consider future coronavirus emergency response and relief legislation, the content and passage of any such legislation is uncertain. It is not yet clear what impact the withdrawal of any regulatory flexibilities will have, and there can be no assurance that it will not have a material negative financial impact on the Obligated Group.

The CARES Act created a $175 billion "Public Health and Social Services Emergency Fund" to reimburse eligible health care providers for "health care related expenses or lost revenues that are attributable to coronavirus" ("Provider Relief Fund"). The retention of funds from the Provider Relief Fund is conditioned on eligibility and the acceptance of terms and conditions, and other guidelines or requirements that may change from time to time, including with respect to recordkeeping and repayment requirements.

DHHS is actively auditing recipients of Provider Relief Fund funds to ensure compliance with the terms and conditions thereof. Failure to comply with such terms and conditions could result in recoupment, False Claims Act liability, or other penalty.

Affordable Care Act and Health Care Reform Initiatives

The ACA, was enacted in 2010, with a primary goal of making health care insurance available to otherwise uninsured or underinsured consumers, including by premium subsidies for consumers who fall below certain income levels.

The ACA made far-reaching changes to various aspects of the health care system, including substantial adjustments to Medicare reimbursement, establishment of individual and employer mandates for health insurance coverage, extension of Medicaid coverage to certain populations, provision of incentives for employer-provided health care insurance, restrictions on physician-owned hospitals, and increased efficiency and oversight provisions. The provisions of the ACA were structured to take effect over time, ranging from immediately upon passage to ten years from passage. Most of the significant health insurance coverage reforms began in 2014. The ACA also requires the promulgation of substantial regulations with significant effects on the health care industry.

The ACA provides for: state organized insurance markets in which individuals and small employers can purchase health care insurance; income-based subsidies for premium costs to individuals and families; various insurance reforms, such as prohibiting denials of coverage for pre-existing conditions; and expansion of existing public programs, such as Medicaid. The ACA also imposed new requirements on employers who provide health insurance to their employees and dependents.

Some of the specific provisions of the ACA that may affect hospital operations, financial performance or financial conditions are described below. This listing is not exhaustive. The ACA is complex, and includes many new programs and initiatives and changes to existing programs, policies, practices and laws.

- Annual inflation adjustments to Medicare payments have been reduced.

- Many state Medicaid programs have expanded to a broader population.

- Medicare has begun reducing payments to hospitals found to have an excess readmissions ratio for certain conditions.

- To reduce waste, fraud, and abuse in public programs, the ACA provides for provider enrollment screening, enhanced oversight periods for new providers and suppliers, enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs, increased penalties for fraud and abuse violations, and increased funding for anti-fraud activities.

- Medicare payments to certain hospitals to cover conditions acquired during hospitalization have been reduced and federal payments to states for Medicaid services related to hospital-acquired conditions are prohibited.

- A value-based purchasing program has been established under the Medicare program. Under this program, hospital payments will increase or decrease depending on a hospital's performance vis- a-vis established quality measures.

- Medicaid DSH allotments to each state have also been reduced, based on state-wide reduction in uninsured and uncompensated care.

While the provisions of the ACA that encourage health care coverage for individuals, to the extent not modified by subsequent legislation, were intended to increase demand for health care and reduce the amount of uncompensated care that hospitals, including certain Members of the Obligated Group, provide, the ACA did not ensure that reimbursement paid by the payors covering the newly insured would be adequate to cover costs. Other provisions have significantly modified coverage of, or payment for, hospital services, and some of these changes have reduced payments.

The American Rescue Plan Act modified the ACA by increasing both the amount of premium subsidies available on the ACA insurance exchanges and the number of people to whom such subsidies are available, but only for taxable years beginning in 2021 and 2022. As noted above, while this may increase demand for health care and further reduce uncompensated care, reimbursement on behalf of any newly insured individuals may not be adequate to cover costs. The Inflation Reduction Act of 2022 ("IRA") was passed on August 16, 2022 and, among other things, allows for CMS to negotiate prices for certain single-source drugs and biologics reimbursed under Medicare Part B and Part D, beginning with 10 high-cost drugs paid for by Medicare Part D starting in 2026, followed by 15 Part D drugs in 2027, 15 Part B or Part D drugs in 2028, and 20 Part B or Part D drugs in 2029 and beyond. The IRA also continued the expanded subsidies for individuals to obtain private health insurance under the ACA through 2025. Further, the subsequent elimination of these temporary subsidy enhancements may create increased confusion for consumers and healthcare providers or changes to healthcare delivery patterns with unforeseen and unpredictable consequences for the Members of the Obligated Group.

Members of Congress have proposed further changes to the ACA. Management is unable to predict the effect of any such changes, particularly since their effects will depend on the details and implementation of any legislation.

On January 1, 2021, the CMS Price Transparency Rule (the "Price Transparency Rule") went into effect, requiring hospitals to publish gross charges, discounted cash prices, payer-specific negotiated charges, and minimum and maximum negotiated charges for all items and services provided by the hospital. Hospitals are also required to publish a consumer-friendly list of standard charges for at least 300 shoppable services – generally, non-emergency services that patients can schedule in advance. Failure to comply with these requirements may result in daily monetary penalties to the hospital. Initially, the penalty for noncompliance by a hospital was a maximum of $109,500 annually. However, CMS, in response to widespread noncompliance with the Price Transparency Rule, finalized a rule change in 2022 that increased the maximum penalty for hospitals with over 550 beds to $2,007,500, and for hospitals with a range of 31 beds through 549 beds, a civil monetary penalty of $10 per bed per day, with the total maximum penalty being just under $2 million. Congress also adopted additional price transparency requirements as part of the surprise billing legislation included in the Consolidated Appropriations Act of 2021 ("CAA"). The Price Transparency Rule could result in further legislative or regulatory action to restrain hospital rates or charges. Additionally, the availability of competitively sensitive rate information among hospitals, insurers, and employer sponsors of group health plans could lead to market distortions and possible anti-competitive effects that could affect hospital rates and revenue. The publication of hospital standard charges, including negotiated charges, could also result in changes to patient choice that may negatively affect the Obligated Group. Accordingly, compliance with the Price Transparency Rule could have a material adverse effect upon the future financial condition and operations of the Obligated Group.

The "No Surprises Act" was passed as part of the CAA on December 27, 2020, to address costly bills that patients may receive after unknowingly receiving out-of-network care. The No Surprises Act requires that health plans hold patients harmless from surprise bills, requiring individuals to pay only the in-network cost-sharing amount for out-of-network emergency care, ancillary services provided at in-network facilities by out-of-network providers, and out-of-network care provided at in-network facilities without a patient's informed consent. The law provides for a 30-day negotiation period for providers and payers to settle out-of-network claims. If no agreement is reached after this period, either party may opt for a binding independent dispute resolution ("IDR") process. CMS regulations and guidance implementing the IDR process has been subject to a significant amount of provider-initiated litigation. As a result, portions of those regulations and guidance materials have been vacated by a federal district court, causing CMS to, on several occasions, pause and resume IDR process operations, causing significant delay in the processing of claims. Additionally, arguments made by the plaintiffs in such litigation have included allegations that CMS's regulations and guidance materials are favorable to payers. For these reasons, there can be no assurances that the Obligated Group will receive timely payments in connection with this process.

Additionally, the No Surprises Act includes transparency requirements for health plans to communicate in-network and out-of-network deductibles, as well as out-of-pocket maximums. The statute also includes language requiring health plans to have publicly available, online, and up-to-date directories for their in-network providers and to offer a price comparison tool for consumers.

Federal and state actions affecting the health care delivery system, and the practical consequences of such actions, cannot be foreseen. In particular, any legal, legislative or executive action that delays reduces federal health care program spending, increases the number of individuals without health insurance, reduces the number of people seeking health care, limits coverage for health care services or otherwise significantly alters the health care delivery system or insurance markets, could have a material adverse effect on the Obligated Group.

Challenges to the Affordable Care Act

The ACA has been subject to significant opposition in the political and judicial arenas. Multiple lawsuits challenging the constitutionality of the ACA have been filed by private and state parties in federal courts. In 2012, the U.S. Supreme Court largely upheld the ACA as constitutional. However, in the same decision it limited the scope of the ACA by restricting the federal government's ability to condition Medicaid funding on states' participation in the ACA's anticipated Medicaid expansion. As a result, states effectively have the option but not the obligation to extend Medicaid coverage to the indigent adult population specified in the ACA. In 2015, the Supreme Court rejected an effort to limit federal subsidies only to exchanges that were established directly by the states and not through the federal government. In 2021, the Supreme Court overturned for lack of standing a ruling by the United States Court of Appeals for the Fifth Circuit holding the ACA's individual mandate constitutional.

In 2020, the United States Supreme Court agreed to hear two consolidated cases, filed by the State of California and the United States House of Representatives asking the United States Supreme Court to review the ruling by the United States Court of Appeals for the Fifth Circuit holding the ACA's individual mandate unconstitutional and to review whether, if the mandate is unconstitutional, it can be separated from the rest of the ACA. On June 17, 2021 the United States Supreme Court dismissed the case, finding that the plaintiffs lacked standing. The Supreme Court did not opine about the plaintiffs' underlying claim that the ACA is unconstitutional.

Many issues remain to be determined about the ACA's impact, and sustained litigation and political strategies may seek to undermine portions, perhaps significant portions, of the ACA. Republican leaders of Congress have repeatedly cited health care reform, and particularly, repeal and replacement of the ACA, as a key goal. Several legislative efforts to further this agenda have so far failed. The Obligated Group cannot predict whether additional health care reform legislation will be enacted or the interim or ultimate effects of any such legislation.

In addition to the legislative changes discussed above, ACA implementation and the ACA insurance exchange markets can be significantly affected by executive branch actions. For example, the Biden Administration released a final rule in September 2021 seeking to improve access through the ACA insurance exchange markets and repealing provisions enacted by its immediate predecessor, the Trump Administration. Management cannot predict the effect of these executive branch actions on the Obligated Group's business or financial condition, though such effects could be material.

Accountable Care Organizations

The ACA includes a number of provisions that encourage the creation of new health care delivery programs for Medicare beneficiaries, such as patient-centered medical homes that feature interdisciplinary professional teams to support primary care practices, and the MSSP, under which ACOs composed of groups of providers will be held accountable for the quality, cost and overall care of Medicare beneficiaries attributed to an ACO and will share in the cost savings they achieve for the Medicare program and, in some models, the losses that they incur to the Medicare program. DHHS has significant discretion to determine key elements of the program, including what steps providers must take to be considered an ACO, how to decide if Medicare program savings have occurred, and what portion of such savings will be paid to ACOs. For a discussion of UMass Memorial ACO, the ACO entity within the System, see "OTHER CORPORATE AFFILIATES—UMass Memorial Accountable Care Organization, Inc."

Massachusetts Health Care Reform

In 2012, the Commonwealth enacted Chapter 224 of the Acts of 2012 ("Chapter 224") in an effort to reduce the rate of health cost growth while improving the quality and accessibility of health care in the Commonwealth. The law used delivery reform, incentives, targets, and increased public scrutiny to achieve these goals. It provided for the establishment of ACOs, creation of commissions and agencies that establish and monitor annual health care cost growth benchmarks and undertake health resource planning, the encouragement of alternative payment methodologies and delivery systems, including increased price transparency, investment in wellness and prevention, the expansion of the primary care workforce, and further support for health information technology. The agencies created by Chapter 224 include the Health Policy Commission (the "HPC") and CHIA. In addition, new responsibilities were assigned to MA DPH, the DOI and a new Health Planning Council within EOHHS. In January 2025, the Commonwealth enacted legislation (the "2025 Amendments") that expanded the scope of authority of the HPC.

Chapter 224 established a statewide health care cost growth goal for the health care industry, tied to the growth in the Commonwealth's overall economy. The HPC is able to require health care entities that exceed the benchmark to prepare and implement performance improvement plans identifying actions to be taken to address the cause of excessive cost growth. In addition, the 2025 Amendments permit the HPC to order cost and market impact reviews of health care entities that exceed the benchmark. At the conclusion of a cost and market impact review, the HPC must refer its findings to the Massachusetts Attorney General's Office ("AGO") for further investigation if it determines that the subject of the review meets certain criteria regarding market share, prices, and total medical expenditures.

In the case of Medicaid and other public programs, Chapter 224 added specific requirements for how and how much to pay providers and required private health plans to reduce the use of fee-for-service payment mechanisms. Chapter 224 instituted a certification process, through the Massachusetts Division of Insurance ("DOI"), for risk-bearing provider organizations, that is, organizations representing providers in negotiating payor contracts under which significant down-side risk is assumed. Certain Members of the Obligated Group are risk-bearing provider entities and have been so certified by DOI. Chapter 224 also instituted a review process for certain "material changes" involving insurers or providers to be undertaken by the HPC, to which the Obligated Group has been subject. See below under "Affiliation, Merger, Acquisition and Divestiture."

The HPC has the authority to certify ACOs in Massachusetts and to require registration of certain provider organizations. Chapter 224 also empowers Massachusetts' Division of Insurance to oversee the financial solvency of health care providers that enter into downside risk contracts with health insurers or with government agencies. Chapter 224 has a variety of other provisions increasing state government's ability to monitor and regulate the health care system and to increase its financial transparency.

Massachusetts Cost Control Initiatives

Various legislative proposals are filed in the Commonwealth's legislature each year to further regulate the health care system and some of these proposals could, if enacted, have an adverse impact on Massachusetts hospitals. For example, in January 2021, Governor Baker signed legislation that required coverage of telehealth services, expanded the scope of practice for advance practice nurses, and required increased disclosures around provider costs and network status, such as by requiring advance notice of whether procedures are or are not in network. Such legislation could result in a reduction in reimbursement to the Members of the Obligated Group for services provided to certain patients. Further, expanded telehealth could both create new business opportunities for Members of the Obligated Group and could introduce new competition for patients. Prior legislative efforts have emphasized health care cost containment, such as by establishing a council to set and enforce target reimbursement rates. The AGO has engaged in a variety of initiatives intended to restrain the growth of health care costs in the Commonwealth and has published reports critical of the contracting practices of large health care systems and health insurers.

Potential Depletion of the Medicare Trust Fund

The Medicare program has two separate trust funds, the Hospital Insurance ("HI") Trust Fund and the Supplementary Medical Insurance ("SMI") Trust Fund. The HI Trust Fund or Medicare Part A, helps to pay for hospital, home health, skilled nursing facility, and hospice care for the aged and disabled and is financed primarily by payroll taxes paid by workers and employers. The SMI Trust Fund consists of separate accounts for Medicare Part B, which helps pay for

physician, outpatient hospital, home health, and other services for individuals who have voluntarily enrolled and for Medicare Part D, which provides subsidized access to drug insurance coverage on a voluntary basis for all beneficiaries, as well as premium and cost-sharing subsidies for low-income enrollees. Due in part to the aging population and declining birth rates (lowering the employment base and thus the level of funding for the Medicare program), the trustees of the HI and SMI Trust Funds (the "Medicare Board of Trustees") currently project that the HI Trust Fund will be depleted in 2036 (as early as 2030 under high-cost assumptions) after which the HI Trust Fund will no longer be able to pay full benefits for beneficiaries. While funding of the SMI Trust Fund is not predicted by the Medicare Board of Trustees to be in jeopardy, any reduction in Medicare payments and depletion of the SMI Trust Fund would have a material adverse effect on the Obligated Group. Therefore, it is likely that statutory and regulatory attempts to contain increases in Medicare costs will continue in the future.

Children's Health Insurance Program

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

From time to time, Congress and/or the President may seek to expand or contract CHIP. In February 2018, President Trump signed the federal Bipartisan Budget Act of 2018, which extended CHIP through 2027. There is no guarantee of continued CHIP funding in the future, and any reduction in such funding could have a material adverse effect on the Obligated Group.

Section 340B Drug Pricing Program

Hospitals that participate in the prescription drug discount program established under the 340B Program are able to purchase certain outpatient prescription drugs for their patients at a reduced cost. This program has provided substantial financial support to hospitals in general, and, in aggregate, the System's four hospital campuses realized over $107 million of savings in fiscal year 2024. For more information on the System's participation in the 340B Program, see "MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE—Overview."

In recent years, the 340B Program has been the target of several administrative efforts to reduce its scope and benefits. Effective January 1, 2018, CMS imposed large cuts on such discounts in the 340B Program. These cuts were challenged by the American Hospital Association, and, in June 2022, the U.S. Supreme Court ruled that CMS's policy was unlawful. As a result of the Supreme Court's decision, CMS finalized for calendar year 2023 and is finalizing for 2024 a payment rate of average sales price plus 6% for 340B Program drugs, consistent with CMS policy for drugs not acquired through the 340B Program. A recent CMS final rule called for one-time lump sum payment for calendar years 2018-2022 for the approximately 1,600 affected hospitals. To meet the statutory requirement of budget neutrality, CMS also reduced future non-drug item and service payments by adjusting the OPPS conversion factor by a negative 0.5 percent beginning in 2025, estimating that it will take 16 years to accomplish the offset.

Additionally, Congressional and administrative efforts have also been made in the past, seeking to tighten 340B Program eligibility requirements and reduce the scope of the program. Future legal, legislative or administrative changes to the 340B Program which result in a loss of 340B Program eligibility, or further decreases in 340B Program drug discounts, could have a material adverse effect on the Obligated Group. In addition, the rules and regulations applicable to participation in the 340B Program are technical, complex, numerous and may not fully be understood or implemented correctly by billing or reporting personnel. Failure to comply with the 340B Program requirements or rules could result in the need for repayments or possibly exclusion from the 340B Program, which in either case could have a material adverse effect on the operations or financial condition of the Obligated Group.

Medicaid ACOs

Beginning in 2018, MassHealth began to shift away from a fee-for-service payment model to primarily an ACO model, with the goals of improving patient health and containing costs. The Obligated Group cannot predict the impact that the Medicaid ACO program will have on the Obligated Group's business or results of operations.

Commercial Payors and Managed Care Programs

Commercial payors negotiate contracts directly with hospitals. Under these contracts, commercial payors make payments either directly, on behalf of self-funded employer accounts, health benefit plans, or other entities, primarily on the basis of established or discounted charges for covered services. Patients carrying the coverage are generally responsible to the hospitals providing services for certain co-payments and deductibles. For a discussion of the System's contracts with commercial payors, "SOURCES OF PATIENT SERVICE REVENUE – Commercial Insurance and Managed Care Programs."

Managed care organizations, including HMOs and PPOs (collectively "health plans"), are organizations that provide insurance coverage and a network of providers of medical services to members for a fixed monthly premium. To control costs, these organizations typically contract with hospitals, physicians and other providers for discounted prices, review medical services to ensure that no unnecessary services are provided and create incentives for members to use providers within their network.

Under the traditional fee-for-service method of health care delivery, hospitals, physicians and other providers are compensated on a per-service basis and thus have a financial incentive to provide more services, which, in turn, generate revenue. Health plans may contract with providers to provide health care services under a fee-for-service payment methodology or under a capitated methodology. Under the fee-for-service payment methodology, primary care providers are generally compensated on a per-service basis with the payment less than their usual and customary charges. A portion of the payment may be withheld or an additional payment provided contingent upon the provider meeting certain utilization or other performance goals. Under a capitated payment arrangement, primary care providers are compensated based on subscriber enrollment using a "per member, per month" amount and, consequently, each primary care provider bears some or all of the financial risk if the cost of services provided both within and outside of the defined risk network exceeds the amount of the capitated payments. This payment methodology creates an incentive to control utilization of services.

Beginning in January 2021, each hospital operating in the United States must publish prices that hospitals charge to insurers in a machine-readable format in a consumer-friendly format. Members of the Obligated Group have attempted to come into full compliance with these requirements. However, CMS enforcement remains ongoing and in its early stages, so it is still uncertain how CMS will enforce and measure various technical requirements.

In 2021, Harvard Pilgrim Health Care and Tufts Health Plan combined to create a new health plan called Point32Health. This consolidation in the region's insurance market may reduce or otherwise affect reimbursement and the terms thereof that Members of the Obligated Group are able to receive for services provided to commercially insured patients.

Settlements Related to Third Party Payors

Under the terms of contractual agreements, certain elements of third–party reimbursement are subject to negotiation, audit, or final determination by third party payors. The Obligated Group's financials include certain estimates of final settlements. Based on these reviews, accruals for estimated settlements with Medicare and other third parties are established. The difference between the amount estimated and the actual final settlement is recorded as an adjustment to contractual allowances in the year in which the settlement or change of estimate occurs. Management believes that adequate accruals for these estimated settlements with the third parties have been established based on information consistent with the current regulatory environment.

Economic and Financial Market Risks

The Obligated Group derives a substantial portion of its excess of revenues over expenses from investment income and gifts. Any significant deterioration in the economy or in the securities markets generally or adverse changes in the discount rates used to value liabilities, in the valuations of the specific investments which the Obligated Group has made or in its ability to generate investment gains or receive gifts would reduce its income and cash flow and, therefore, could impair its ability to finance its operating and capital needs and future growth. Further, government policy and regulations affecting interest rates, taxes, ERISA program requirements, trading and valuation and accounting, among others, may negatively affect the investments, liabilities, cash flow and gift receipts of the Obligated Group.

Nonprofit Healthcare Environment

The Obligated Group and substantially all of its affiliates are nonprofit entities and most are exempt from federal income taxation as organizations described in Section 501(c)(3) of the Code. As nonprofit, tax-exempt organizations, each Member of the Obligated Group is subject to federal, state, and local laws, regulations, rulings, and court decisions relating to its organization and operation, including its operation for charitable purposes. At the same time, the Obligated Group conducts complex business transactions and is a significant employer in its communities. There can often be a tension between the rules designed to regulate a wide range of nonprofit organizations and the day- to-day operations of a large and complex health care organization. The Code subjects unrelated business income of tax-exempt organizations to taxation.

Many entities have challenged or questioned the operations or practices of healthcare providers to determine if they meet the regulatory requirements for nonprofit and tax-exempt organization status. These challenges range from concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, to examinations of core business practices. Areas examined include pricing practices, billing and collection practices, charitable care, community benefit, executive compensation, exemption of property from real property taxation and others. These challenges and questions have arisen from a variety of sources, including state attorneys general, the IRS and local and state tax authorities, Congress, state and local legislatures and patients, and in a variety of forums, including hearings, audits and litigation. The Obligated Group expects these efforts to continue in the future. Organizations such as labor unions and patient advocates, have also focused public attention on the activities of tax-exempt hospitals and raised questions about their practices. Proposals to increase the regulatory requirements for nonprofit hospitals' retention of tax-exempt status, such as by establishing a minimum level of charity care, have also been introduced repeatedly in Congress. Significant changes in the obligations of nonprofit, tax-exempt hospitals and challenges to or loss of the tax-exempt status of nonprofit hospitals could have a material adverse effect on the Obligated Group.

Tax-Exempt Status

The tax-exempt status of the Series N Bonds presently depends on the maintenance by the Obligated Group and certain other affiliates as organizations described in Section 501(c)(3) of the Code. The maintenance of the tax-exempt status of the Obligated Group and their affiliates depends on compliance with general rules regarding the organization and operation of tax-exempt entities, including their operation for charitable purposes and their avoidance of transactions that may cause their earnings or assets to inure to the benefit of any private individual, such as the private benefit and inurement rules.

Tax-exempt organizations are subject to scrutiny from and face the potential for sanctions and monetary penalties imposed by the IRS. If a tax-exempt organization is engaged in private inurement or impermissible private benefit, or for other reasons, the IRS may revoke its tax-exempt status under Section 501(c)(3) of the Code. Although the IRS has not frequently revoked the tax-exempt status of nonprofit hospitals, it could do so in the future. If one of the Members of Obligated Group or another benefited affiliate were to lose its tax-exempt status, interest on the Series N Bonds could become taxable, defaults in covenants regarding the Series N Bonds and other obligations of the Obligated Group would likely be triggered, and the Members of the Obligated Group could incur substantial tax liabilities on their income. For these reasons, any loss of the tax-exempt status of a Hospital or its affiliates could materially adversely affect the financial condition of the Obligated Group.

There are certain restrictions on the types of business arrangements that the Obligated Group may enter into without jeopardizing its tax-exempt status. The IRS has issued guidance in revenue rulings, private letter rulings and general counsel memoranda on some situations that give rise to private inurement, but there is no definitive body of law and no regulations or public advisory rulings that address many common arrangements between exempt health care providers and nonexempt individuals or entities. Members of the Obligated Group or one or more of its exempt affiliates may be audited by the IRS. There can be no assurance concerning the outcome of an audit or other investigation given the lack of clear authority interpreting the range of activities undertaken by the Obligated Group. An IRS audit ultimately could affect the tax-exempt status of UMMH or one or more of its exempt affiliates, as well as the exclusion from gross income for federal income tax purposes of the interest on the Series N Bonds and other tax-exempt debt issued for the benefit of the Obligated Group.

The IRS has intensified its scrutiny of a broad variety of contractual relationships commonly entered into by tax-exempt hospitals with physicians and for-profit entities, such as recruitment arrangements, income guarantees and joint ventures. The IRS has issued detailed hospital audit guidelines and has commenced intensive audits of select health care providers to determine whether the activities of these providers are consistent with their continued tax-exempt status. Any change in or violation of the applicable rules could adversely affect the status of UMMH or one or more of its affiliates as an organization described in Section 501(c)(3) of the Code. Such a change or violation may also require the dissolution of one or more joint ventures, which could have material adverse consequences to the Obligated Group. Further, the IRS has indicated that, in certain circumstances, violation of the fraud and abuse statutes could constitute grounds for revocation of a hospital's tax-exempt status. Any suspension, limitation, or revocation of the tax-exempt status of the Obligated Group or assessment of significant tax liability could have a material adverse effect on the Obligated Group and on the tax-exempt status of bonds issued for its benefit, such as the Series N Bonds.

With increasing frequency, the IRS has imposed substantial monetary penalties and future charity care or public benefit obligations on tax-exempt hospitals in lieu of revoking their tax-exempt status. These penalties and obligations are typically imposed on the tax-exempt hospital pursuant to a "closing agreement," a contractual agreement pursuant to which a taxpayer and the IRS agree to settle a disputed matter. Given the exemption risks involved in certain transactions, Members of the Obligated Group and their tax-exempt affiliates may be at risk for incurring monetary and other liabilities imposed by the IRS. These liabilities could be materially adverse.

Intermediate sanctions provisions of the Code impose penalty excise taxes in lieu of (and in certain situations, in addition to) revocation of tax-exempt status where an exempt organization is found to have engaged in an "excess benefit transaction" with a "disqualified person," meaning that organization insiders have received some type of unreasonable compensation or excessive economic benefit from the organization. The tax is imposed both on the disqualified person receiving such excess benefit and on any officer, director, trustee or other person having similar powers or responsibilities who participated in the transaction willfully or without reasonable cause, knowing it would involve "excess benefit," rather than on any tax-exempt organization itself, but these sanctions do not replace the other remedies available to the IRS mentioned above.

From time to time, Congress has introduced legislation affecting the tax-exempt status of nonprofit organizations. See "Nonprofit Healthcare Environment" above. In this regard, several U.S. Senate and House committees have conducted nationwide investigations of hospital billing and collection practices and prices charged to uninsured patients and have considered reforms to the nonprofit sector, including proposed reform in the area of tax-exempt health care organizations, as part of health care reform generally. Any challenge to the tax-exempt status of any Member of the Obligated Group could have adverse consequences for the Obligated Group.

Recently, the real property tax exemptions afforded to certain nonprofit health care providers by state and local taxing authorities have been challenged on the grounds that the health care providers were not engaged in sufficient charitable activities as to warrant exemption from taxation as a charitable institution. For example, the Illinois Supreme Court upheld a decision relating to a local taxing authority's decision to deny a request for property tax exemption for a nonprofit hospital on the basis that the hospital had not proven with clear and convincing evidence that it was operating within a charitable purpose under applicable Illinois law. Similar challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices and excessive financial margins. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements. A challenge to the

real property tax exemptions currently enjoyed by property owned by Members of the Obligated Group could adversely affect such real property tax exemptions and adversely financially affect Members of the Obligated Group.

The IRS and state, county, and local taxing authorities may undertake audits and reviews of the operations of tax-exempt hospitals with respect to the generation of unrelated business taxable income ("UBTI"). Members of the Obligated Group and their tax-exempt affiliates participate in activities that may generate UBTI. The level of these activities is currently immaterial to the System as a whole, but these activities could increase in the future. An investigation or audit could lead to a challenge that could result in taxes, interest and penalties with respect to UBTI, and in some cases, ultimately could affect the tax-exempt status of Members of the Obligated Group and their tax-exempt affiliates, as well as the exclusion from gross income for federal income tax purposes of the interest payable on the Series N Bonds and other tax-exempt debt incurred by the Obligated Group.

The City of Worcester has also recently promoted "voluntary" agreements with nonprofit entities to make payments in lieu of taxes ("PILOTs"). The majority of the System's real property is currently treated as exempt from real property taxation. Although the System's real property tax exemptions with respect to its core hospital facilities have not, tot the knowledge of Management, been the subject of a request for any PILOT agreement, there can be no assurance concerning this issue. In addition, an audit could lead to a challenge that could adversely affect the System's real property tax exemptions.

Counsel to the Obligated Group and Milford has provided an opinion with regard to the tax-exempt status of only the Parent, the Medical Center, Harrington, and Milford.

ACA Requirements for Tax-Exempt Status

As part of the ACA, Congress enacted Section 501(r) of the Code, which imposes additional requirements for hospitals and other designated health care organizations to be treated as tax-exempt under Code Section 501(c)(3). Under these rules, in order to maintain their tax-exempt status, hospitals must establish and publicize written financial assistance policies and a policy to provide emergency medical treatment without discrimination, conduct community health needs assessments at least once every three years and adopting the needs identified in such assessments. Tax-exempt hospitals are also subject to limitations on their collection activities and the amounts they can charge for emergency or other medically necessary care for individuals eligible for financial assistance. Each of the Obligated Group's hospitals is subject to these rules, and failure to comply can result in fines and the loss of a hospital's tax-exempt status. There have been no challenges to the tax-exempt status of the System hospitals, but there can be no assurance that a challenge will not occur in the future.

Tax Legislation Regarding Limitations or Elimination of Tax-Exempt Status of Interest on the Series N Bonds

Tax legislation (either proposed or future), administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series N Bonds under federal or state law or otherwise prevent beneficial owners of the Series N Bonds from realizing the full current benefit of the tax status of such interest and could affect the market prices or marketability of the Series N Bonds.

Prospective investors should consult with their tax advisors on the foregoing matters as they consider an investment in the Series N Bonds.

Competition

The Massachusetts health care industry is highly competitive. Many Massachusetts hospitals have merged, closed or affiliated with other hospitals or have been acquired by for-profit hospitals or investors in an effort to remain financially viable as health care delivery systems compete against each other and against non-hospital providers of health care services, including physician groups, specialty providers and other industry participants. Increased competition may adversely affect the utilization and revenues of hospitals. Existing and potential competitors may not be subject to various restrictions applicable to hospitals, and competition, in the future, may arise from new sources not currently anticipated or prevalent. Specialty facilities or ventures that attract an important segment of an existing hospital's admitting specialists and services that generate significant revenue may be particularly damaging.

Freestanding ambulatory surgery centers may attract away significant commercial outpatient services traditionally performed at hospitals. Commercial outpatient services, currently among the most profitable for hospitals, may be lost to competitors who can provide these services in an alternative, less costly setting. Full-service hospitals rely upon the revenues generated from commercial outpatient services to fund other less profitable services, and the decline of such business may result in a decline in operating income. Competing ambulatory surgery centers, more likely a for-profit business, may not accept indigent patients or low paying programs and would leave these populations to receive services in the full-service hospital setting. Consequently, hospitals are vulnerable to competition from ambulatory surgery centers.

Additionally, scientific and technological advances, new procedures, drugs and appliances, preventive medicine and outpatient health care delivery may reduce utilization and revenues of hospitals in the future or otherwise lead to new avenues of competition. In some cases, hospital investment in facilities and equipment for capital-intensive services may be lost as a result of rapid changes in diagnosis, treatment or clinical practice brought about by new technology or new pharmacology. Decreases in population in the hospitals' respective service areas may also reduce utilization.

Massachusetts hospitals and other industry participants continue to actively consider merger, affiliation and acquisition activities. See "Antitrust" and "Affiliation, Merger, Acquisition and Divestiture" below.

Regulation of the Health Care Industry

The health care industry is heavily regulated by federal and state governments and is dependent on governmental sources for a substantial portion of revenues. In the past, there have been periodic and often significant changes in the methods and standards used by government agencies to reimburse and regulate the operation of healthcare providers. The ACA implemented additional changes and there is reason to believe that further substantial changes will occur in the future. See "Affordable Care Act and Health Care Reform Initiatives" above.

In addition to the state and governmental regulation discussed elsewhere in this section, the Obligated Group providers are subject to regulatory and administrative actions by MA DPH, the Massachusetts Department of Mental Health, the AGO, the DOI, the HPC, the U.S. Food and Drug Administration ("FDA"), other components of HHS, the U.S. Department of Labor, the National Labor Relations Board, and other federal, state, and local government agencies. The System hospitals and certain of the services and educational programs that these hospitals offer are subject to accreditation by The Joint Commission, the Accreditation Council for Graduate Medical Education and other entities. Further, the Obligated Group's health care providers are subject to regulations that limit gifts and other payments to health care practitioners from representatives of pharmaceutical and medical device manufacturers.

While management believes that the Obligated Group providers are in substantial compliance with the standards of the aforementioned regulatory and accrediting bodies, there can be no assurance that a challenge or investigation will not occur in the future. An adverse finding by such organizations or agencies could have a material adverse effect on the future business or results of operations of the Obligated Group providers.

From time to time, the Obligated Group receives subpoenas, civil investigatory demands, audit requests and other formal inquiries from state and federal legislative committees, governmental agencies or investigators. It is often impossible to determine the specific nature of the investigation or whether the Obligated Group could have any potential liability under a cause of action that might subsequently be asserted by the government. Moreover, the Obligated Group is generally not informed when such investigations are resolved without the assertion of any claims. Management considers these investigations a routine part of operations in the current health care climate, and expects them to continue in the future. See "LITIGATION AND OTHER REGULATORY MATTERS."

Determination of Need Requirements; Limits on Reduction of Essential Services; Significant Capacity Expansions

The Commonwealth maintains a Determination of Need ("DON") program administered by MA DPH that requires healthcare facilities, including acute care hospitals, to obtain DON approval before (i) making a "substantial capital expenditure" in excess of a specified dollar threshold, (ii) making a substantial change in services defined, in part, as the initial provision, expansion or upgrade of a DON-required Service or procedure or medical equipment defined as

DON-required Equipment (as MA DPH may designate from time to time), or (iii) adding, expanding, or converting to services which may be provided by a facility that is not an acute care hospital. DPH has designated computerized tomographer ("CT"), magnetic resonance imager ("MRI"), and positron emission tomographer ("PET") including PET/CT and PET/MRI as DON-Required Equipment, and air ambulance and megavoltage radiation therapy as DON-Required Services. Effective October 1, 2021, acute care hospitals must obtain DON approval before expending funds in excess of $21.5 million on capital projects for inpatient services or in excess of $35.0 million on capital projects for outpatient services. These amounts are adjusted annually for inflation.

DON regulations effective in December 2018 implement legislative requirements that the DON Program be guided by the state health plan in furtherance of the plan's goals of ensuring appropriate allocation of healthcare resources, increased access and lower cost to consider, inter alia, any comments from CHIA, the HPC, and any other agency. The AGO may intervene. MA DPH may (and generally does) require an independent cost-analysis, conducted at the expense of the applicant, to demonstrate that the proposed project is consistent with the Commonwealth's health care cost-containment goals.

The DON program has several implications for the Obligated Group providers that are subject to DON. The DON Program may limit or delay a provider's ability to repair and renew its facilities on a timely basis, respond to competitive initiatives, or implement a provider's strategic plan. The DON program has also, in certain instances, served as a barrier to entry that prevents would-be competitors from entering or expanding operations in a particular field of service. If a provider fails to obtain required approvals, such provider will be subject to sanctions that may include, without limitation, civil fines and injunctions to restrain or prevent violations of the DON law. As a result of these sanctions, Medicare and Medicaid certification could be affected.

Massachusetts legislation and regulations also limit the ability of an acute care hospital to terminate "essential services" without prior notice to MA DPH, a public hearing, and various remedial actions, including in certain circumstances financial payments to support or continue public access to such services through other means. This may limit or delay the flexibility of hospitals to reconfigure their service lines in pursuit of cost reduction initiatives or other goals.

The 2025 Amendments require health care entities to submit a "notice of material change" with the HPC before they may undergo significant expansions in capacity. For more information on the HPC process following the submission of a "notice of material change," see "Affiliation, Merger, Acquisition and Divestiture" herein.

Federal and State Fraud and Abuse Laws and Regulations

Fraud in government funded health care programs is a significant concern of HHS and many states, including Massachusetts, and is one of the federal government's prime law enforcement priorities. Further, members of the U.S. Congress have expressed particular interest in healthcare fraud and abuse issues, including proposing legislation from time to time that would strengthen such laws. Federal and state governments impose a wide variety of complex and technical requirements intended to prevent over-utilization based on economic inducements, misallocation of expenses, overcharging, and other forms of fraud in state and federally-funded health care programs, including the Medicare and Medicaid programs. Fraud regulation affects a broad spectrum of hospital and other health care provider activity, including billing, accounting, recordkeeping, medical staff oversight, physician contracting and recruiting, cost allocation, clinical trials, discounts and other functions and transactions. Violations carry significant civil, criminal and administrative sanctions and may result in temporary or permanent exclusion from participation in Medicare, Medicaid and other federally-funded health care programs. Health care providers may reduce their financial exposure for fraud and abuse law violations through prompt repayment of sums received as a result of violations of applicable laws, prompt voluntary reporting to the government of illegal arrangements and implementation of effective corporate compliance programs. This financial exposure is generally uninsured.

In addition, much of this risk cannot be assessed accurately due to broadly worded prohibitions, limited case law and a lack of material guidance by CMS and the Office of the U.S. Inspector General ("OIG").

Anti-Kickback Law

The federal anti-kickback statute ("AKS") makes it a criminal offense to knowingly and willfully offer, pay, solicit or receive remuneration in return for or to induce referrals for any item or service that may be paid for, in whole or in part, under a federal health care program including, but not limited to, the Medicare or Medicaid programs. Activities subject to the AKS include almost any arrangement between a hospital and a person or entity in a position to generate business for the hospital or benefit from business from the hospital. The ACA amended the AKS to provide that a claim that includes items or services resulting from a violation of the AKS now constitutes a false or fraudulent claim for purposes of the federal False Claims Acts. In recent years, the government has aggressively enforced the AKS,

Violation of the AKS can result in a felony conviction, fines, imprisonment, civil monetary penalties, and exclusion from the Medicare and Medicaid programs. Violation or alleged violation of the AKS most often results in settlements that require significant (often multi-million) dollar payments and mandatory compliance agreements that typically include costly audit requirements. Safe harbor regulations, promulgated by the OIG, provide protections from prosecution or administrative enforcement action for a limited scope of arrangements. The safe harbors are narrow and a wide range of business arrangements common to most hospitals, physicians and other health care providers are not protected thereunder. However, because a violation of the AKS requires intent, failure to satisfy the conditions of a safe harbor does not necessarily indicate a violation of the applicable AKS provision.

Massachusetts has both a Medicaid anti-kickback statute and an all-payor anti-kickback statute that applies to services covered by commercial payors. Unlike the federal AKS, both of the Commonwealth's anti-kickback statutes lack an intent requirement and do not incorporate safe harbor provisions. Violations of the Massachusetts anti-kickback statutes may result in criminal and/or civil penalties.

False Claims Acts

The federal False Claims Acts are criminal and civil statutes that prohibit a person from knowingly presenting or causing to be presented a false or fraudulent claim for payment or approval to the federal government and from knowingly making, using or causing to be made a false record or statement to get a false or fraudulent claim paid or approved by the federal government. These prohibitions extend to claims submitted to federal health care programs including, but not limited to, Medicare and Medicaid. The terms "knowing" and "knowingly" are broadly defined and do not require proof of a specific intent to defraud in order to prove that the law has been violated. The ACA amended the False Claims Acts to expressly state that claims for items or services resulting from violations of the AKS are false or fraudulent for purposes of the False Claims Acts. Additionally, providers may be liable for the submission of false claims when they are not in full compliance with applicable legal and regulatory standards. Both the Fraud Enforcement and Recovery Act of 2009 and the ACA significantly expanded the scope of the False Claims Acts by subjecting to them (a) conspiracy to commit any substantive violation of the False Claims Acts, (b) knowingly retaining an overpayment from a federal health care program, and (c) payments made by, through or in connection with a health insurance exchange.

Violations of the criminal False Claims Act can result in imprisonment and/or fines, while violations of the civil False Claims Act may result in substantial monetary penalties. Private individuals may also bring suit under the *qui tam* provisions of the civil False Claims Act and may be eligible for incentive payments for providing information that leads to recoveries or sanctions that arise in a variety of contexts in which hospitals and health care providers operate. The ACA also eased the requirements for private individuals to bring suit under the civil False Claims Act. The Commonwealth has a state false claims act that is modeled on the federal statutes.

Stark Law

The federal statute commonly known as the Stark Law prohibits a physician or an immediate family member of such physician from referring a Medicare or Medicaid patient for certain designated health services to an entity with which the referring physician or the physician's family member. It also prohibits a hospital or other provider furnishing the designated services from billing the Medicare and Medicaid program for services performed pursuant to a prohibited referral. Unlike the AKS, neither knowledge nor intent is required to find a violation of the Stark Law. If certain substantive and technical requirements are not met, many ordinary business practices and economically desirable

arrangements between hospitals and physicians will likely constitute "financial relationships" within the meaning of the Stark Law, thus triggering the prohibition on referrals and billing. Most providers of designated health services with physician relationships have some exposure to liability under the Stark Law. Several rounds of revisions to the Stark regulations and the CMS comments preceding them have made the Stark Law more difficult to interpret clearly; this increases the possibility that inadvertent violations may occur. In addition, the ACA enacted various changes to the Stark Law that expand the scope of the Stark Law restrictions on hospitals, and CMS continues to revise, supplement and update the Stark Law.

Designated health services include clinical laboratory services, physical and occupational therapy services, radiology services, radiation therapy services and supplies, durable medical equipment, parenteral and enteral nutrients, including equipment and supplies, orthotic and prosthetic devices, speech language pathology, home health services, outpatient prescription drugs and inpatient and outpatient hospital services. The Stark Law defines a financial relationship as either an ownership or investment interest in the entity that provides designated health services or a compensation arrangement with such entity.

Many ordinary business practices and arrangements with physicians would trigger the prohibition on referrals and billing under the Stark Law. There are certain statutory and regulatory exceptions to the prohibition, but these exceptions are narrow and exacting to meet. Violations of the Stark Law can result in denial of payment, or a refund of amounts paid for the designated health services, substantial civil monetary penalties and exclusion from the Medicare and Medicaid programs, which could have a material adverse impact on a hospital. In certain circumstances, knowing violations may also create liability under the False Claims Acts.

CMS has established a voluntary self-disclosure program under which hospitals and other entities may report Stark Law violations in an effort to reduce potential refund obligations. Members of the Obligated Group may make self-disclosures under this program as it deems appropriate from time to time.

Civil Monetary Penalties Act

The federal Civil Monetary Penalties Act ("CMPA") provides for administrative sanctions, including civil money penalties and treble damages, against health care providers for a broad range of billing and other financial abuses. For example, a health care provider is liable under the CMPA if it knowingly presents, or causes to be presented, improper claims for reimbursement under Medicare, Medicaid and other federal health care programs or if it gives benefits or other inducements to Medicare or Medicaid beneficiaries that the provider knows or should know are likely to induce the beneficiaries to choose the provider for their care. In addition, a hospital that participates in arrangements (known as "gainsharing") under which a physician is paid to limit or reduce needed services to Medicare fee-for-service beneficiaries would be subject to CMPA penalties. The ACA added new exceptions to the CMPA permitting, among other things, arrangements that promote access to care and pose a low risk of harm to patients and the federal health care programs.

Health care providers may be found liable under the CMPA even when they did not have actual knowledge of the impropriety of their action. The imposition of civil money penalties on a health care provider could have a material adverse impact on the provider's financial condition.

OIG Compliance Guidance

The OIG has encouraged all health care providers to adopt and implement programs to promote compliance with federal and state laws, including the False Claims Acts, the AKS and the Stark Law. The OIG's Compliance Program Guidance ("CPG") and Supplemental Compliance Program Guidance provide recommendations to hospitals for adopting and implementing effective compliance programs. The CPG also identifies significant risk areas for hospitals. The ACA requires the establishment of a compliance program as a condition of enrollment under the Medicare and Medicaid programs. The OIG will consider the existence of an effective compliance program that pre-dated any governmental investigation when addressing the appropriateness of administrative penalties. However, the presence of a compliance program is not an assurance that a health care provider will not be investigated by one or more federal or state agencies that enforce health care fraud and abuse laws or that it will not be required to make repayments to various health care insurers, including Medicare and/or Medicaid. Hospitals are also required to create

a Medicaid Compliance Plan and to educate staff, agents and contractors about state and federal anti-fraud and abuse laws.

Enforcement Activity

Federal and state governments are intensifying their efforts to investigate and prosecute waste, fraud and abuse in both government and private health care programs, and pursuant to the ACA and other legislation, significant additional federal monies have been made available for these enforcement efforts. Enforcement activity against health care providers, such as investigations, audits or inquiries, has increased, and enforcement authorities are adopting more aggressive approaches. Enforcement authorities are sometimes in a position to compel settlements by providers charged with, or being investigated for, violations of the various federal and state fraud and abuse or false claims laws and regulations by threatened penalties, including withholding Medicare, Medicaid or similar payments or the possibility of a criminal action. The cost, time and management attention of defending or responding to an investigation or alleged violation and the facts of a particular case may dictate settlement, resulting in additional costs. Prolonged and publicized investigations could damage the reputation, business and credit of a provider, regardless of the outcome. Settlements, fines, prospective restrictions or other results of settlement agreements and negative publicity may have a materially adverse impact on a hospital's operations, financial condition and reputation.

The federal government has significant authority to enforce laws and regulations governing the conduct of clinical trials at hospitals. The DHHS Office of Human Research Protection ("OHRP") is one of the agencies with responsibility for monitoring federally-funded research. In recent years, OHRP has been pressured by both Congress and the OIG to strengthen protections for human subjects and to ensure its independence and the effectiveness of its enforcement efforts. While recently OHRP has been conducting fewer compliance evaluations, OHRP has reportedly increased the use of other mechanisms, such as contacting research institutions directly, to address allegations of noncompliance. The FDA also has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. The FDA has the authority to conduct both announced and unannounced inspections of clinical investigator sites. Reportedly, the FDA has a renewed focus on compliance with human subject protection regulations. The first substantial revision in 25 years to regulations governing human subject protections was fully implemented in January 2019. Similarly, the federal 21st Century Cures Act included provisions to modernize clinical research oversight and to harmonize FDA and DHHS human subject protection regulations. The status of these new requirements is unclear, creating ambiguity for research institutions such as the Obligated Group and for its clinical investigators. The Obligated Group providers receive payments for health care items and services under many research grants and are subject to complex and overlapping coverage principles and rules governing billing for items or services they provide to patients participating in clinical trials funded by governmental agencies and private sponsors. These agencies' enforcement powers range from substantial fines and penalties to exclusion of researchers and suspension or termination of entire research programs. Errors in billing the Medicare program for care provided to patients enrolled in clinical trials that are not eligible for Medicare reimbursement can subject these providers to sanctions as well as repayment obligations.

The Obligated Group conducts a variety of activities that pose varying degrees of risk under the foregoing federal and state fraud and abuse laws and accompanying regulations, federal laws and regulations governing the conduct of clinical trials at hospitals, and under the federal Health Insurance Portability and Accountability Act ("HIPAA"), as amended by the federal Health Information Technology for Economic and Clinical Health Act ("HITECH"). (See "Federal and State Laws Relating to the Privacy and Security of Personal Health Information; Cyber Security" below.) While management believes that the Obligated Group is in material compliance with such laws and regulations and is not aware of any current compliance investigations or proceedings except as set forth in LITIGATION AND REGULATORY MATTERS and INFORMATION TECHNOLOGY AND CYBERSECURITY there can be no assurance that a federal or state investigation or enforcement action may not commence in the future. Any such investigation or enforcement action, if it resulted in an adverse outcome, could have a material adverse effect on the Obligated Group.

Federal and State Laws Relating to the Privacy and Security of Personal Health Information; Cyber Security

Under HIPAA, DHHS has issued regulations to standardize and facilitate the electronic transfer of health care information to promote safe processing of health care payments, protection of patient medical records and other personal health information maintained by health care providers, regulation of health plans and health care clearinghouses, and confidentiality, integrity and availability of the electronic health information health care providers receive or create. HIPAA also requires that health care providers enter into business associate agreements to assure that entities doing business on their behalf protect the privacy and security of patient information.

The HIPAA privacy and security regulations were strengthened under HITECH. HITECH expanded certain provisions and created new avenues of enforcement, including the ability of state attorneys general to bring actions. HITECH also made business associates directly liable for HIPAA security compliance and established breach notification obligations for providers in the event of a breach that creates a risk of harm to individuals. The Obligated Group believes that its operations and information systems comply with the HIPAA standardized electronic transfer, privacy and security regulations, although there can be no assurance that the Obligated Group will not be found to have violated these regulations in a particular instance.

Regulations implementing major provisions of HITECH contained significant changes for covered entities and business associates with respect to permitted uses and disclosures of protected health information (which terms are defined under HIPAA and include most of the Obligated Group affiliates).

Under HITECH's breach notification requirements, covered entities must report breaches as soon as reasonably practicable, but no later than 60 days following discovery of the breach. Reports must be made to affected individuals and to appropriate officials. In some cases, breaches must also be reported through local and national media, depending on the size of the breach.

Covered entities are subject to audit under DHHS' HITECH-mandated audit program and may also be audited in connection with a privacy complaint. Covered entities are subject to prosecution and/or administrative enforcement and increased civil and criminal penalties for non-compliance, including a four-tiered system of monetary penalties adopted under HITECH. To avoid penalties under the HITECH breach notification provisions, covered entities must ensure that breaches of Protected Health Information are promptly detected and reported within the organization, so that the Covered Entity can make all required notifications on a timely basis. However, even if such reports are timely made, covered entities may still be subject to penalties for the underlying breach.

The federal 21st Century Cures Act introduced additional prohibitions on information blocking; regulations implementing these provisions took effect on April 5, 2021. These regulations are complex and it remains unclear how DHHS will handle enforcement. Implementation of these rules may impact Members of the Obligated Group both as healthcare providers and to the extent that any Member is considered a developer of certified health information technology.

Massachusetts also has state laws relating to the privacy and security of personal information. The so-called Data Breach Notification Law requires businesses to notify the AGO, the Director of Consumer Affairs and Business Regulation, and the affected individual in the event of a data breach. Businesses, including hospitals, must implement and document compliance with certain security standards such as vendor contracting provisions and encryption of portable devices. The AGO may bring an action under the unfair trade practices statute for violation of the Data Breach Notification Law. Additionally, the so-called Data Disposal Law requires businesses, including hospitals, to employ certain safeguards when disposing of or destroying personal information.

Despite the Obligated Group's implementation of network security measures, its information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. The Federal Bureau of Investigation has expressed concern that health care systems are a prime target for such cyber-attacks due to a higher financial payout for medical records in the black market, and health care systems have recently been subject to such attacks. Such events or issues could lead to the inadvertent disclosure of protected health information or other confidential information, which could materially impact the operations, financial position and cash flows of the Obligated Group.

Portions of the Obligated Group's IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration, maintenance or migration work that takes place from time to time. The Obligated Group may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely impact the Obligated Group's ability to provide services and interrupt other processes. Increased costs, damaged reputation, reduction in revenue or lost patients and business resulting from these disruptions could materially impact the operations, financial position or revenues and expenses of the Obligated Group.

Regulation of Patient Transfer

The federal Emergency Medical Treatment and Active Labor Act ("EMTALA") requires Medicare-participating hospitals that have emergency rooms to provide medical screening and stabilizing treatment before transferring a patient who is medically unstable or in labor to another facility, unless the patient asks to be transferred or a physician certifies that the benefits of the transfer outweigh the risks. The law further prohibits hospitals from delaying such screening or treatment in order to inquire about an individual's method of payment. Failure to comply with EMTALA can result in exclusion from the Medicare and/or Medicaid programs as well as civil penalties for each violation. In addition, hospitals may be liable for claims brought by any individual who has suffered harm as a result of such violation. Accordingly, failure of acute care hospitals to meet their responsibilities under EMTALA could adversely affect their financial condition.

Licensure and Accreditation

Health facilities are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements of state licensing agencies and The Joint Commission. The System hospitals are licensed by MA DPH and accredited by The Joint Commission. The Medical Center is accredited by the Accreditation Council for Graduate Medical Education for residencies and internships.

Renewal and continuation of the operating licenses, certifications and accreditations of the System hospitals are based on inspections, surveys, investigations and other reviews, some of which may require or include affirmative action or response by the hospitals. These activities are conducted in the normal course of business of health facilities, both in connection with periodic renewals and in response to specific complaints, which may be made to governmental agencies, private agencies or the media by patients, ombudsmen or employees, among others. Loss of, or limitations imposed on, hospital licenses or accreditations could reduce hospital utilization or revenues, or a hospital's ability to operate all or a portion of its facilities.

Affiliation, Merger, Acquisition and Divestiture

As part of its ongoing planning and property management functions, the Obligated Group reviews the use, compatibility and financial viability of most of its operations and from time to time may pursue changes in the use or disposition of its facilities. Likewise, the Obligated Group actively receives offers from, and conducts discussions with, third parties about the potential acquisition of operations or properties that may become part of the Obligated Group in the future or about the potential sale of some of the operations and properties of the Obligated Group. Some of the actions, including mergers, acquisitions and certain clinical and contracting affiliations, that the Obligated Group may contemplate may give rise to the need to submit a "notice of material change" with the HPC disclosing the nature of a proposed transaction or affiliation. The HPC has a time frame within which it reviews such notices, which can have the effect of delaying completion of the action. The HPC may conclude, based on the submission of a notice of material change, that the contemplated activity may require a more detailed examination and it may then initiate a cost and market impact review of the transaction or affiliation.

Discussions with respect to affiliation, merger, acquisition, disposition or change of use, including those that may affect the Obligated Group or any of its affiliates, including its providers or its MCOs, are held from time to time, usually on a confidential basis. As a result, it is possible that the assets currently owned by the Obligated Group may change from time to time, subject to the provisions in the Master Trust Indenture or the Series N Bonds that apply to merger, sale, disposition or purchase of assets. The Members of the Obligated Group evaluate affiliation opportunities

as they arise. Any affiliation or other similar transaction would be completed in compliance with the covenants in the Master Indenture. Certain merger and acquisition transactions are subject to review under applicable antitrust laws. See "Antitrust" below.

Antitrust

Enforcement of the antitrust laws against health care systems may arise in a wide variety of circumstances including medical staff privilege disputes; payor contracting; physician relations; joint ventures; merger, affiliation, acquisition and expansion activities; and certain pricing and salary setting activities. From time to time, the Obligated Group may be involved with some or all of these types of activities that could give rise to antitrust liability, and the Obligated Group cannot predict when or to what extent liability, if any, may arise.

Actions can be brought by federal and state enforcement agencies seeking criminal and civil penalties and, in some instances, by private litigants seeking damages for harm from allegedly anti-competitive behavior. Liability may be substantial, depending on the facts and circumstances of each case, and may include treble damages in certain cases. In certain actions, private litigants may be entitled to treble damages, and in others, government entities may be able to assess substantial monetary fines. In addition, if any provider with whom the Obligated Group is affiliated is determined to have violated the antitrust laws, the Obligated Group may be subject to liability as a joint actor.

The health care industry has experienced increased pressure from the FTC after President Biden signed an executive order on July 9, 2021 aimed at encouraging economic competition. The executive order highlights hospital consolidation as a cause contributing to inadequate and more expensive health care in the United States and encourages the Attorney General and the FTC Chair to review and consider revising the current horizontal and vertical merger guidelines to address industry consolidation. It cannot be predicted whether the second Trump administration will continue to exert pressure on the health care industry through federal antitrust enforcement.

Physician Medical Staff

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

Physician Supply

Sufficient community-based physician supply is important to hospitals. CMS annually reviews overall physician reimbursement formulas for Medicare and Medicaid. Changes to physician compensation under these programs could lead to physicians ceasing to accept Medicare or Medicaid patients. Regional differences in reimbursement by commercial and governmental payors, along with variations in the costs of living, may cause physicians to avoid locating their practices in communities with low reimbursement or high living costs. Hospitals may be required to invest additional resources in recruiting and retaining physicians, or may be compelled to affiliate with, and provide support to, physicians in order to continue serving the growing population base and maintain market share.

Action by Purchasers of Hospital Services and Consumers

Major purchasers of hospital services could take action to restrain hospital charges or charge increases. As a result of increased public scrutiny, it is also possible that the pricing strategies of hospitals may be perceived negatively by consumers, and hospitals may be forced to reduce fees for their services. In addition, consumers and groups on behalf of consumers are increasing pressure on hospitals and health care providers to be transparent and provide information about cost and quality of services that may affect consumer choices about where to receive health care services. Decreased utilization could result, and hospitals' revenues may be negatively affected.

Labor Relations and Collective Bargaining

Hospitals and other health care providers often are large employers with a wide diversity of employees. Increasingly, employees of hospitals and other providers are becoming unionized, and many hospitals and other providers have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance, and other trade personnel. Renegotiation of such agreements upon expiration may result in significant cost increases to affected Members. In addition, employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and reputation of the Obligated Group.

Ballot Initiatives and Legislation; Workforce Shortages; Operating Margins

Periodically organizations or interest groups involved in or focused on the delivery of healthcare in the Commonwealth seek to address issues of concern through public ballot initiatives. In recent years such initiatives have been introduced by the Massachusetts Nurses Association and the SEIU Local 1199 Union. There can be no assurance that organizations will not continue to initiate ballot initiatives or engage in other legislative activities that may adversely affect hospital operations, patient and physician satisfaction, financial condition, results of operations and fixture growth.

In recent years, the health care industry has suffered from a scarcity of physician specialists and sub specialists, nursing personnel, respiratory therapists, pharmacists, and other trained health care technicians. A current and significant nationwide nursing shortage is particularly affecting the health care sector and various studies have predicted that physician and nurse shortages will become more acute over time as practitioners retire and patient volumes exceed the growth in new practitioners. The coronavirus pandemic has contributed significantly to these trends, with practitioners, nursing staff and other personnel experiencing burnout and deciding to leave medicine, retire early, or take advantage of substantially increased wages being offered for contract labor. Many employers in a variety of sectors continue to struggle to fill available positions. These factors are expected to continue in the future, aggravating the general shortage and increasing the likelihood of hospital specific shortages. To the extent the Hospitals are unable to maintain adequate staffing levels, utilization and, thus, financial performance may be adversely affected.

Environmental Laws and Regulations

Health facilities are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. These include, but are not limited to: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the hospital; and requirements for training employees in the proper handling and management of hazardous materials and wastes.

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

Other Risk Factors

The following additional factors, among others, may adversely affect the operations of health care providers, including the Obligated Group, to an extent that cannot be determined at this time:

- Any increase in the quantity of indigent care provided that is mandated by law or required due to increased needs of the community in order to maintain the charitable status of the System hospitals;

- Employee-related risks, including labor relations and collective bargaining efforts, strikes and other related work actions, wage and hour class actions and litigation, contract disputes, discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, scarcity of qualified personnel and other risks that may flow from the relationships between employer and employee, including without limitation nurses, or between physicians, patients and employees;

- Costs of pension plans and benefit plans for employees, including the impact of interest rate movements on the requirements for funding for future liabilities;

- Increased unemployment or other adverse economic conditions in the service areas of the Obligated Group facilities that would increase the proportion of patients who are unable to meet fully their obligations for the cost of their care;

- Increases in cost and limitations in the availability of any insurance, such as fire, terrorism and/or business interruption, automobile and comprehensive general liability, medical professional liability, cyber security liability, and directors' and officers' liability, that the Obligated Group generally carries;

- Bankruptcy of an indemnity/commercial insurer, managed care plan or other payor;

- Damage to the condition or functionality of the Obligated Group's physical facilities - on which the Obligated Group is highly dependent - including as a result of natural disasters, deliberate acts of destruction, and system failures;

- The occurrence of a natural or man-made disaster that could damage the Obligated Group's facilities, interrupt utility service to the facilities, result in an abnormally high demand for health care services or otherwise impair the Obligated Group's operations and the generation of revenues from the facilities; and

- Any reduction in medical assistance expenditures to hospitals in the state budget.

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Appendix B-1

Consolidated financial statements of UMass Memorial Health Care, Inc. and its affiliates as of September 30, 2024 and 2023 and for each of the two years in the period ended September 30, 2024 and independent auditors' report

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UMass Memorial Health Care, Inc. and Affiliates

Consolidated Financial Statements with Supplemental Information for the Obligated Group
September 30, 2024 and 2023

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Report of Independent Auditors

To the Board of Trustees of UMass Memorial Health Care, Inc.

Opinion

We have audited the accompanying consolidated financial statements of UMass Memorial Health Care, Inc. and its affiliates (the "System"), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of operations, of changes in net assets and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the System as of September 30, 2024 and 2023, and the results of its operations, 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with US GAAS, we:

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplemental consolidating information as of and for the years ended September 30, 2024 and 2023 (the "supplemental information") is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information is not intended to present, and we do not express an opinion on, the financial position, results of operations, changes in net assets and cash flows of the individual companies. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

Boston, Massachusetts
December 16, 2024

UMass Memorial Health Care, Inc. and Affiliates
Consolidated Balance Sheets
September 30, 2024 and 2023

(in thousands of dollars)	2024	2023
Assets		
Current assets		
Cash and equivalents	$ 525,979	$ 308,124
Short-term investments	376,258	451,271
Current portion of assets whose use is limited	7,779	6,440
Patient accounts receivable	388,404	321,091
Inventories	73,425	62,199
Prepaid expenses and other current assets	86,939	70,007
Estimated settlements receivable from third-party payers	77,225	23,153
Total current assets	1,536,009	1,242,285
Assets whose use is limited	285,816	241,067
Long-term investments	748,605	673,229
Property and equipment, net	997,767	990,321
Operating lease right-of-use assets	92,274	112,009
Other assets	289,491	240,793
Total assets	$ 3,949,962	$ 3,499,704
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 331,499	$ 307,101
Accrued compensation	225,062	208,810
Estimated settlements payable to third-party payers	20,874	18,717
Current portion of debt	77,071	82,403
Current portion of operating lease liabilities	19,609	22,052
Due to the University	297,312	48,002
Total current liabilities	971,427	687,085
Estimated settlements payable to third-party payers, net	12,271	2,907
Other noncurrent liabilities	53,554	50,577
Accrued pension and postretirement benefit obligations	255,083	137,523
Estimated self-insurance costs	166,391	158,994
Debt, net of current portion	677,466	714,390
Operating lease liabilities, net of current portion	79,833	98,356
Total liabilities	2,216,025	1,849,832
Commitments and contingencies		
Net assets		
Unrestricted	1,609,213	1,544,242
With donor restrictions	124,724	105,630
Total net assets	1,733,937	1,649,872
Total liabilities and net assets	$ 3,949,962	$ 3,499,704

The accompanying notes are an integral part of these consolidated financial statements.

UMass Memorial Health Care, Inc. and Affiliates
Consolidated Statements of Operations
Years Ended September 30, 2024 and 2023

(in thousands of dollars)	2024	2023
Operating Revenue		
Patient service revenue	$ 4,016,709	$ 3,189,418
Other revenue	279,097	615,587
Net assets released from restrictions used for operations	5,230	4,016
Total operating revenue	4,301,036	3,809,021
Operating Expenses		
Salaries, benefits and contracted labor	2,174,131	2,022,699
Supplies and other	1,916,722	1,477,072
Depreciation and amortization	148,981	141,982
Interest	35,970	20,170
Total operating expenses	4,275,804	3,661,923
Income from operations	25,232	147,098
Nonoperating income (loss)		
Investment return, net	161,588	86,224
Other components of net periodic pension (cost) credit	(3,288)	2,984
Other nonoperating expenses	-	(16,089)
Total nonoperating income	158,300	73,119
Excess of revenues over expenses	183,532	220,217
Other changes in net assets		
Contributions for property and equipment	5	25
Net assets released from restrictions used for purchase of property and equipment	581	1,806
Pension-related changes other than net periodic cost	(118,830)	82,897
Other changes	(317)	10
Increase in unrestricted net assets	64,971	304,955
Unrestricted net assets, beginning of year	1,544,242	1,239,287
Unrestricted net assets, end of year	$ 1,609,213	$ 1,544,242

The accompanying notes are an integral part of these consolidated financial statements.

UMass Memorial Health Care, Inc. and Affiliates
Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2024 and 2023

(in thousands of dollars)	Unrestricted	With Donor Restrictions	Total
Net assets - September 30, 2022	$ 1,239,287	$ 100,915	$ 1,340,202
Excess of revenues over expenses	220,217	-	220,217
Contributions	25	2,077	2,102
Investment return, net	-	7,313	7,313
Net assets released from restrictions	1,806	(5,822)	(4,016)
Pension-related changes other than net periodic cost	82,897	-	82,897
Other	10	1,147	1,157
Total increase in net assets	304,955	4,715	309,670
Net assets - September 30, 2023	1,544,242	105,630	1,649,872
Excess of revenues over expenses	183,532	-	183,532
Contributions	5	6,144	6,149
Investment return, net	-	15,358	15,358
Net assets released from restrictions	581	(5,811)	(5,230)
Pension-related changes other than net periodic cost	(118,830)	-	(118,830)
Other	(317)	3,403	3,086
Total increase in net assets	64,971	19,094	84,065
Net assets - September 30, 2024	$ 1,609,213	$ 124,724	$ 1,733,937

The accompanying notes are an integral part of these consolidated financial statements.

UMass Memorial Health Care, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

(in thousands of dollars)	2024	2023
Cash flows from operating activities		
Change in net assets	$ 84,065	$ 309,670
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities:		
Net unrealized and realized gain on investments	(164,136)	(66,619)
Depreciation and amortization	148,981	141,982
Amortization of operating lease right-of-use assets	20,803	24,241
Undistributed earnings of equity method investees	(24,405)	(11,208)
Distributions from equity method investees	18,080	14,891
Pension-related changes other than net periodic cost	118,830	(82,897)
Contributions with donor restrictions	(2,088)	(440)
Gain on disposal of assets	-	(95)
Increase (decrease) in cash resulting from a change in:		
Patient accounts receivable	(66,262)	(41,567)
Inventories, prepaid expenses and other current assets	(29,209)	36,941
Accounts payable, accrued expenses and accrued compensation	54,944	30,936
Estimated settlements with third-party payers	(42,551)	228,453
Due to the University	249,227	(164,548)
Other noncurrent assets, liabilities and operating lease liabilities	(9,647)	(64,374)
Accrued pension and postretirement benefit obligations	(438)	(16,189)
Estimated self-insurance costs	7,397	(5,234)
Net cash provided by operating activities	363,591	333,943
Cash flows from investing activities		
Property and equipment additions	(210,915)	(156,706)
Contributions to joint ventures	(14,302)	(15,500)
Purchases of investments	(421,555)	(590,280)
Proceeds from sales and maturities of investments	539,179	582,928
Net cash used in investing activities	(107,593)	(179,558)
Cash flows from financing activities		
Repayments on revolving agreement	(6,237)	(5,000)
Payments on debt and finance leases	(36,019)	(33,515)
Contributions with donor restrictions	2,088	440
Cash received on contributions receivable for long-term purposes	1,964	1,246
Net cash used in financing activities	(38,204)	(36,829)
Net increase in cash, equivalents and restricted cash	217,794	117,556
Cash, equivalents and restricted cash - beginning of the year	308,185	190,629
Cash, equivalents and restricted cash - end of the year	$ 525,979	$ 308,185

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands of dollars)

1. Description of the Organization

UMass Memorial Health Care, Inc. (the Company), is the parent organization and sole corporate member of numerous organizations whose financial condition and operations are described in these consolidated financial statements. The Company and its affiliates operate under the brand of UMass Memorial Health. The terms UMass Memorial Health, We, Our, Us or the System as used herein, unless otherwise stated or indicated by context, refer collectively to the Company and its affiliated organizations.

UMass Memorial Health operates an academic medical center, community acute care hospitals, physician organizations, behavioral health organizations and home health and hospice services. We are committed to improving the health of the people of our diverse communities of Central New England through culturally sensitive excellence in clinical care, service, teaching and research. In addition, we are the primary academic partner of the UMass Chan Medical School (the University).

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the Company and its affiliates. Significant inter-affiliate accounts and transactions have been eliminated. The assets of any one of the members of the consolidated group may not be available to meet the obligations of other affiliates in the group. The Company, UMass Memorial Medical Center, Inc. (the Medical Center), UMass Memorial Health Ventures, Inc. (Ventures), UMass Memorial HealthAlliance-Clinton Hospital, Inc. (HealthAlliance-Clinton), UMass Memorial Health – Harrington Hospital, Inc. (Harrington) and UMass Memorial Health – Marlborough Hospital (Marlborough) are referred to herein as the Obligated Group.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 results could differ from those estimates. Significant estimates are made in the areas of patient accounts receivable, assets whose use is limited (AWUIL), investments, receivables and accruals for settlements with third-party payers, accrued professional liability, accrued compensation and benefits and reserves for self-insured claims.

Income Taxes

The Company and substantially all of its affiliates are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code or are disregarded entities for tax purposes. Accordingly, these entities will not incur any liability for federal income taxes except for tax on unrelated business taxable income.

The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We have determined that no material unrecognized tax benefits or liabilities exist as of September 30, 2024.

(in thousands of dollars)

Fair Value of Financial Instruments
The fair value of financial instruments approximates the carrying amounts reported in the consolidated balance sheets for cash and equivalents, investments, AWUIL, patient accounts receivable, accounts payable and accrued expenses.

Cash and equivalents
Cash and equivalents represent cash, certificates of deposit and highly liquid debt instruments with original maturities of three months or less at the date of purchase, excluding amounts classified as AWUIL and long-term investments. Our cash and equivalents are maintained with several banks, and cash deposits typically exceed federal insurance limits. Our policy is to monitor these banks' financial strength on an ongoing basis, and no losses have been experienced to date.

Inventories
Supplies and other inventories are stated at the lower of cost (based upon the FIFO method) or market.

Investments Accounted for at Fair Value
Investments in equity and debt securities with readily determinable fair values are measured at fair value. Alternative investments, consisting of hedge funds, commingled funds and private equity funds are valued based on amounts reported by the fund manager and evaluated by management.

Investments Accounted for Under the Equity Method
Investments in health care related entities, including joint ventures with 50% or less ownership, that are not under our direct control but for which we have the ability to exercise significant influence are accounted for under the equity method of accounting (equity method investments). Equity method investments are recorded at original cost and are periodically adjusted to recognize the applicable proportionate share of the investees' net income or losses after the date of investment, increases for additional contributions made, decreases for dividends or distributions received, and any impairment losses resulting from adjustments to net realizable value.

Assets Whose Use Is Limited
AWUIL include assets held by trustees under indenture and malpractice agreements and restricted contributions from donors pooled for investment purposes. We have combined the management of certain of our investments in the UMass Memorial Investment Partnership, LLP (Partnership). Each of the participating affiliates reports its proportionate share of the Partnership's investments in its financial statements. Pooled investment income and gains and losses of the Partnership are allocated to the participating affiliates based on their respective units in the Partnership.

Investment Income
Income from investments (including realized gains and losses, unrealized changes in value of investments, interest, dividends, changes in equity method investments, distributions from equity method investments and endowment income distributions) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income from investments is reported net of investment-related expenses.

Each year as part of our endowment spending policy, we establish a distribution percentage rate for spending. Distributions come from either income and/or net accumulated appreciation.

(in thousands of dollars)

Patient Accounts Receivable
The payments received for healthcare services rendered from federal and state agencies (under Medicare and Medicaid programs), managed care payers, commercial insurance companies and patients are subject to explicit and implicit discounts. These discounts are based on contractual agreements, discount policies and management's assessment of historical experiences and are reflected in the period of service.

Property and Equipment
Property and equipment is reported on the basis of cost less accumulated depreciation. Donated items are recorded at fair value at the date of contribution. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Depreciation is recorded over the estimated useful lives of each class of depreciable assets utilizing the half-year convention in the year of acquisition method at rates intended to depreciate the cost of assets over their estimated useful lives, which generally range from three to 40 years. Leasehold improvements are amortized over the shorter of the estimated useful life or the lease term. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized, net of any interest earned, as a component of the cost of acquiring those assets. Expenditures for maintenance, repairs and renewals are charged to expense as incurred.

Asset Retirement Obligation
An asset retirement obligation, reported in accounts payable and accrued expenses and other noncurrent liabilities, are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Any changes to the liability due either to the passage of time, better information or the settlement of an obligation are reflected in the current period.

Leases
We determine the lease classification, either an operating or financing lease, and recognize a right-of-use asset and lease liability at the inception of a contract that is determined to contain a lease. Leases with an initial term of 12 months or less are expensed as incurred.

Intangible Assets
Intangible assets are included in other assets and primarily consist of capitalized implementation costs and software licenses. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which ranges from three to 10 years.

Other Assets
Other assets consist of long-term receivables, beneficial interest in trusts, supplemental executive retirement plan funds, software costs and investments in healthcare related limited partnerships. The carrying value of other assets is evaluated for impairment if the facts and circumstances suggest that the carrying value may not be recoverable.

(in thousands of dollars)

Statements of Operations
Activities deemed by management to be ongoing, major, and central to the provision of healthcare services are reported as operating revenues and expenses. Other activities deemed to be nonoperating include net realized and unrealized gains and losses on investments, contributions from acquisitions, interest expense on advanced borrowings and components of net periodic pension cost other than service cost.

The consolidated statements of operations include excess (deficiency) of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess (deficiency) of revenues over expenses include contributions of property and equipment (including assets acquired using contributions which, by donor restrictions, were used for the purposes of acquiring such assets) and change in funded status of defined benefit plans other than net periodic costs.

Revenue
To determine the appropriate revenue recognition policy, we first assess whether the transaction is an exchange or nonexchange transaction in accordance with accounting guidance. In general, an exchange transaction consists of an exchange of goods and/or services for commensurate value. Transactions that consist of transferring goods and/or services without receiving commensurate value in return are considered nonexchange transactions.

For exchange transactions, revenue is recognized as goods and/or services are provided and is based on the amount expected to be received in exchange for those goods and/or services. Generally, revenue recognized as exchange transactions include patient service revenue and other revenue.

Nonexchange transactions include contributions and grants for which the funding provider does not receive commensurate value in return for the funding.

Contributions
Unrestricted contributions are reported as other revenue in the consolidated statements of operations. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give are reported at fair value at the date the conditions have been satisfied. Contributions are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated statements of operations.

Contributions of long-lived assets with explicit restrictions that specify use of the assets and contributions of cash or other assets that must be used to acquire long-lived assets are reported as additions to donor restricted net assets if the assets are not placed in service during the year.

Debt Issuance Costs and Original Issue Discount or Premium
Debt issuance costs and any original issue discount or premium are amortized over the period the related obligation is outstanding using the effective interest method.

Self-Insurance Reserves
The System is substantially self-insured for certain professional liability, general liability, health and dental insurance, and workers' compensation benefit claims. All but health and dental insurance are funded and insured through our wholly owned captive insurance company, Commonwealth

(in thousands of dollars)

Professional Assurance Company, Ltd. (CPAC). These costs are accounted for on an accrual basis and include estimates of future payments for claims incurred prior to year-end.

Estimated professional liability costs consist of estimated liabilities for medical or general liability claims which have been reported, as well as a provision for claims incurred but not reported. It is our policy to provide for such claims, to the extent self-insured, on a discounted basis.

Net Assets

Donor restricted net assets include (a) the historical dollar amounts of contributions and the income and gains on such contributions which are required by donors to be retained and (b) contributions and the income and gains on these contributions which can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, or time restrictions imposed by donors or implied by the nature of the contribution (capital projects, pledges to be paid in the future and life income funds) or by interpretations of law (gains available for appropriation but not appropriated in the current period). All remaining net assets are considered unrestricted, which are net assets without donor restrictions.

Realized gains and losses are classified as unrestricted unless they are restricted by the donor or law. Realized gains and net unrealized appreciation (depreciation) on donor restricted contributions are classified as donor restricted until appropriated for spending in accordance with policies established by the System and applicable provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Net losses on donor restricted endowment funds are classified as a reduction to donor restricted net assets.

Supplemental Disclosures of Cash Flow Information

Cash paid for interest, net of capitalized interest of $1,195 and $1,757, was $37,977 and $37,143 for the years ended September 30, 2024 and 2023, respectively. Cash payments for income taxes were $2,584 and $2,077 for the years ended September 30, 2024 and 2023, respectively.

Noncash investing and financing activities:

	2024	2023
Property and equipment included in accounts payable	$ 14,916	$ 23,595

(in thousands of dollars)

The following table provides a reconciliation of cash and equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts in the statement of cash flows.

	2024	2023
Cash and equivalents	$ 525,979	$ 308,124
Cash and restricted cash included in AWUIL	-	61
Total cash, equivalents and restricted cash shown in statement of cash flows	$ 525,979	$ 308,185

Reclassifications
Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

3. Liquidity and Availability

Financial assets available for general expenditure within one year of the balance sheet, comprise the following:

	2024	2023
Cash and equivalents	$ 525,979	$ 308,124
Short-term investments	376,258	451,271
Patient accounts receivable	388,404	321,091
Estimated settlements receivable from third-party payers	77,225	23,153
Other receivables	55,594	37,062
Total financial assets	$ 1,423,460	$ 1,140,701

Other receivables include interest, grants and other nonpatient accounts receivable.

UMass Memorial Health maintains an adequate level of cash to meet on-going operational requirements. In addition, management and the investment committee set forth the structure for investment of excess cash based on the financial needs of the System not utilized for other investments. We have an investment policy authorized by the investment committee that provides guidance and oversight for the management of cash and equivalents and investments.

As part of our liquidity management, financial assets are structured to be available as its general expenditures, liabilities and other obligations become due. In addition, we invest cash in excess of daily requirements in short-term investments.

To help manage unanticipated liquidity needs, the System has an accessible revolving loan agreement of $125,000 at September 30, 2024 on which it could draw. As of September 30, 2024, $85,000 was available to fund liquidity needs.

(in thousands of dollars)

Additionally, the System has long-term investments of $748,605 and $673,229, as of September 30, 2024 and 2023, respectively. Long-term investments are deemed liquid if they are readily marketable or have a redemption frequency that is less than one year. Although we do not intend to spend from our long-term investments, these investments can be sold before their maturity date to be available if certain redemption provisions are met.

4. Operating Revenue

Patient Service Revenue and Patient Accounts Receivable

UMass Memorial Health maintains agreements with the Centers for Medicare and Medicaid Services (CMS) under the Medicare program, the Commonwealth of Massachusetts (the Commonwealth) under the Medicaid program and various managed care payers that govern payment for services rendered to patients covered by these agreements. The agreements generally provide for per case or per diem rates or payments based on discounted charges for inpatient care and discounted charges or fee schedules for outpatient care. Certain arrangements also include quality and performance initiatives that may result in additional payments if quality measures are achieved.

We recognize patient service revenue for services provided to patients who have third-party payer coverage based on contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, we recognize revenue based on our standard rates, subject to discounts, for services provided. Based on our historical experience, a significant portion of uninsured patients are unable or fail to pay for the services provided. Consequently, we have provided implicit discounts to uninsured patients. These discounts represent the difference between amounts billed to patients and amounts expected to be collected based on historical experience. The following summarizes patient service revenue, net of contractual adjustments and discounts by significant payer for the years ended September 30:

	2024	2023
Insurance and all others	$ 1,443,682	$ 1,264,836
Medicare and Medicare Managed Care	1,374,212	1,249,469
Medicaid and Medicaid Managed Care	706,827	636,625
Medicaid Supplemental Funding	456,955	-
Self-pay	35,033	38,488
Patient service revenue	$ 4,016,709	$ 3,189,418

Patient service revenue includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. Contracts, laws, and regulations governing Medicare, Medicaid and charity care programs and managed care payer arrangements are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. A portion of the accrual for settlements with third-party payers has been classified as long-term because such amounts, by their nature or by virtue of regulation or legislation, will not be paid within one year.

We recognize changes in third-party payer settlements and other estimates in the year of the change in estimate. For the years ended September 30, 2024 and 2023, adjustments to prior year estimates

(in thousands of dollars)

resulted in an increase to income from operations of $3,802 and $20,353, respectively. Subsequent changes to estimated discounts are generally recorded as adjustments to patient service revenue in the period of change.

We provide either full or partial charity care to patients who cannot afford to pay for their medical services based on income and family size. Charity care is generally available to qualifying patients for medically necessary services. We report certain bad debts related to emergency services as charity care. As there is no expectation of collection, there is no patient service revenue related to charity care. We grant unsecured credit to our patients, most of whom are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at September 30, 2024 and 2023 was as follows:

	2024		2023	
Insurance and all others	$ 176,356	46%	$ 138,682	43%
Medicare and Medicare Managed Care	125,629	32%	108,843	34%
Medicaid and Medicaid Managed Care	70,131	18%	61,187	19%
Self-pay	16,288	4%	12,379	4%
Total patient accounts receivable	$ 388,404	100%	$ 321,091	100%

Other Revenue
Other revenue includes all other operating revenue sources, the most significant being the following:

	2024	2023
Specialty and retail pharmacy operations	$ 80,005	$ 110,166
Equity method investments	24,405	284,911
Government and other grants	32,757	71,664
FEMA reimbursement	40,964	57,359
Contract revenue	23,274	28,352
Rental income	8,336	8,446
Investment return, net	28,586	16,371
Other	40,770	38,318
Total other revenue	$ 279,097	$ 615,587

5. Community Benefit Programs

We have a long history of working closely with many stakeholders and supporting programs that address health disparities to improve the health and quality of life in Central Massachusetts through our community benefits programs. Building on the World Health Organization's (WHO) definition of health as a "state of complete physical, mental, and social well-being, and not merely the absence of disease", UMass Memorial Health, like WHO, understands that there are a host of social determinant factors that impact the ability to achieve optimal health.

(in thousands of dollars)

In adopting this broad definition of health, we charge ourselves with the duty of improving access to care and responding to those socio-cultural and economic barriers that negatively impact the health and well-being of individuals and the community. Not-for-profit acute care hospitals are required to conduct a Community Health Needs Assessment (CHNA) every three years for each of our respective service areas. The CHNA utilizes quantitative and qualitative data to identify and develop strategies to address the needs of the medically underserved in each hospital's respective services area. Working in collaboration with local health departments, neighborhood residents, community-based organizations, city and state officials, advocacy groups, schools, coalitions, faith-based organizations and other stakeholders, we are involved in community benefits activities that target long-term solutions while addressing the root causes of disease.

The Community Benefit Strategic Implementation Plan
Our Community Benefit Strategic Implementation Plan aligns with the priorities identified by the CHNA and Community Health Improvement Plans (CHIP) developed in collaboration with local Departments of Public Health in each of their respective areas. We have implemented programs and initiatives to address the identified needs of medically underserved patients as well as other priorities and strategies outlined in the CHIP.

The target populations include the underinsured/uninsured, those living in poverty, children and youth placed at-risk, seniors, ethnic and linguistic minorities, those facing food insecurity/hunger, residents of low-income neighborhoods and migrant families.

UMass Memorial Health was in the first cohort of hospitals in the nation to officially adopt a formal Anchor Institution Mission with the Democracy Collaborative, recognizing that there are other internal assets that can be leveraged to improve the economic status, and overall well-being of vulnerable, low-income populations. We continue to engage with the Health Anchor Network, a collaborative of health systems and anchor institutions throughout the country dedicated to achieving health equity through transformative initiatives in respective communities. The Anchor Mission efforts at UMass Memorial Health are aligned with the three (3) pillars that are standards of the Health Anchor Network: Investing (devoting a portion of our investment portfolio to initiate local projects that bring neighborhood revitalization and economic vitality to the community); Hiring (identifying opportunities to ensure employee diversity is reflective of our community); and Purchasing (supporting local businesses by buying locally). In addition, UMass Memorial Health has added Employee Volunteerism as a fourth pillar. This pillar helps our caregivers actualize and foster their spirit of taking care of others through volunteer efforts in our communities.

The Anchor Mission Investment Committee has also allocated funds from our investment portfolio to help address housing and neighborhood revitalization projects in Worcester, Fitchburg, and Southbridge. These include housing needs for individuals experiencing chronic homelessness or first-time buyers through a collaboration with bankers, philanthropic organizations and local government authorities.

Lastly, our leaders are engaged in continuous improvement processes to ensure cross-departmental collaboration to achieve health equity for marginalized groups that are most adversely affected by the Social Determinants of Health. This includes but is not limited to, building intentional and purposeful infrastructure informed by the following departments: Community Benefits, Health Equity and the Office of Clinical Integration, Supply Chain, Diversity, Equity, Inclusion, and Belonging, and Human Resources. The dismantling of silos will create and allow for implementation of a coherent vision and strategy across the UMass Memorial Health system.

(in thousands of dollars)

After three years of providing critical community pandemic mitigations to vulnerable populations, the UMass Memorial Health Ronald McDonald Care Mobile team (Care Mobile) has resumed regular operations. As of April 2023, the team has been conducting school physicals, semi-urgent medical visits, and reestablished the school dental program, providing fluoride treatments, dental assessments and applying dental sealants to school children. The team is also continuing its community Fall flu vaccine clinics. In August 2023, the team also began collaborating with the Massachusetts Department of Public Health to bring medical and dental services to three local migrant emergency shelters. Plans include adding services at additional emergency migrant shelters and opening a vaccine clinic in Clinton aimed at providing vaccines to children and some adults who do not yet have health insurance or a primary care provider.

Charity Care
We provide services to all emergent patients regardless of their ability to pay. Certain uninsured and underinsured patients qualify for care without charge or care at reduced rates based on our established policies. Patient eligibility under such policies is based on income using the federal poverty guideline levels or financial hardship if medical expenses to gross income meet predefined levels. Charges foregone under these policies are not reported as patient service revenue.

State Programs
The Commonwealth operates a program called the Health Safety Net (HSN) which is designed to reimburse hospitals for a portion of the uncompensated care provided to patients subject to certain eligibility rules. A portion of the funding for the HSN is paid by an assessment on acute care hospitals' charges for private sector payers. The statewide assessment was $165,230 and $165,000 in 2024 and 2023, respectively, and the assessment expense on our acute care hospitals was $12,876 and $13,399 in 2024 and 2023, respectively.

Management estimates that the cost associated with the charity care provided by the System was approximately $58,229 and $45,607 for the years ended September 30, 2024 and 2023, respectively. Such costs have been estimated based on the ratio of expenses to established patient service revenue charges. During 2024 and 2023, the System received HSN reimbursements in the amounts of $8,134 and $12,079, respectively.

Medicaid
Medicaid is a health insurance program jointly funded by the state and federal government. Each state administers its own program and sets rules for eligibility, benefits, and provider payments within broad federal guidelines and in some cases, within a waiver agreement between the state and federal governments. The program provides health care coverage to low-income adults and children. Eligibility is determined by a variety of factors which include income relative to the federal poverty line, age, immigrant status and assets. Medicaid payments to our providers do not cover the full cost of services provided to Medicaid patients.

Medicaid Supplemental Funding
For the year ended September 30, 2023, the Executive Office of Health and Human Services (EOHHS) received federal approval to expand and extend its innovative Medicaid (MassHealth) section 1115 waiver through December 2027. The agreement builds on previous reforms by extending and expanding key initiatives including Accountable Care Organizations (ACOs), the Community Partners program that provides wrap-around behavioral health and long-term services and supports for high-risk members, the Flexible Services program that provides nutrition and housing supports, and expanded behavioral health services. The agreement also authorizes new

(in thousands of dollars)

initiatives, including annual investments in health equity, an expanded hospital assessment and a value-based payment program for primary care.

In addition, included within this new waiver were provisions for annual Medicaid Supplemental Funding (MSF) of approximately $200,000, which are contingent on achieving specified quality and/or reporting metrics. For the year ended September 30, 2024, we achieved the specified quality metrics and recognized $456,955 of MSF. In 2023, the Commonwealth and CMS were negotiating the quality metrics related to MSF and agreed on the final metrics in 2024. As a result, for the year ended September 30, 2024, we recognized two years of MSF.

MSF receivables of $58,750 and $13,296 were recognized within estimated settlements receivable from third-party payers as of September 30, 2024 and 2023, respectively.

Support for State Programs
We provide services to patients covered by Medicaid and other state programs for low income individuals. These services are provided at a cost greater than the payments for those services. The revenue for these services includes both fee for service and Special Medicaid Payments. In addition, the System provides funding to the University to support its teaching and academic mission.

The support for these programs for September 30, was as follows:

	2024	2023
Cost of services provided		
Patient related costs	$ 1,032,706	$ 907,764
Medical education services and academic support	340,661	29,072
Total	1,373,367	936,836
Net reimbursements		
Medicaid patient service revenue	706,827	636,625
Medicaid supplemental funding	456,955	-
Total	1,163,782	636,625
Cost of services in excess of reimbursement	$ 209,585	$ 300,211

(in thousands of dollars)

Medicare
Medicare is a federally sponsored health insurance program for people age 65 or older, under age 65 with certain disabilities and any age with End-Stage Renal Disease. Medicare's payments historically have not kept pace with increases in the cost of care provided at many hospitals. Additionally, payments to physicians have seen little or no increase over the past several years. The continued shift from higher paying inpatient services to lower paying outpatient services continues to exacerbate this shortfall. Consequently, Medicare payments to our providers do not cover the full cost of services provided.

6. Investments and AWUIL

Investments, including those held within the Partnership, consist of the following at September 30:

	2024	2023
Investments:		
Mutual funds	$ 336,412	$ 358,678
Common stocks	313,067	224,113
Commingled funds	229,469	194,813
Cash equivalents	212,487	220,122
Private equity funds	135,392	118,753
Bonds and notes	134,723	210,862
Hedge funds	55,778	49,164
Total investments at fair value	1,417,328	1,376,505
Beneficial interest in trusts	17,970	14,758
Receivables:		
Due from brokers for securities sold	3,577	868
Accrued interest and dividends	1,100	1,901
Total receivables	4,677	2,769
Payable:		
Due to brokers for securities purchased	(3,547)	(7,267)
Total financial assets at fair value	$ 1,436,428	$ 1,386,765

(in thousands of dollars)

The System's composition of short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows.

	2024	2023
Current assets:		
Short-term investments	$ 376,258	$ 451,271
Current portion of AWUIL	7,779	6,440
	384,037	457,711
Long-term assets:		
AWUIL	285,816	241,067
Long-term investments	748,605	673,229
Beneficial interest in trusts	17,970	14,758
	1,052,391	929,054
Total investments	$ 1,436,428	$ 1,386,765

The composition of investment return for the years ended September 30 was as follows:

	2024	2023
Operations		
Interest and dividends, net of fees	$ 28,904	$ 17,426
Realized losses	(318)	(1,056)
	28,586	16,370
Nonoperating		
Interest and dividends, net of fees	11,052	24,543
Realized gains	11,380	445
Change in unrealized gains	139,156	61,236
	161,588	86,224
With donor restrictions		
Interest and dividends, net of fees	1,440	1,319
Realized gains (losses)	1,113	(91)
Change in unrealized gains	12,805	6,085
	15,358	7,313
System investment return, net	$ 205,532	$ 109,907

Equity Method Investments
Our investments in health care related joint ventures are accounted for under the equity method of accounting. The balance of these investments was $96,657 and $82,693 at September 30, 2024 and 2023, respectively, and due to their illiquid nature, reported within other assets. Income from these investments (changes in or distributions from equity method investments) is reported as other revenue in the consolidated statements of operations and amounted to $24,405 and $284,911 for the years ended September 30, 2024 and 2023, respectively. We received cash distributions from our joint venture investments of $18,080 and $288,594 for the years ended September 30, 2024 and 2023, respectively.

(in thousands of dollars)

For the year ended September 30, 2023, we recognized a gain of $273,703 on the sale of our joint venture investment in a pharmacy management company within other operating revenue.

7. Fair Value Measures

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Assets and liabilities reported at fair value are classified and disclosed in one of the following three categories:

Level 1 – Observable inputs such as quoted prices for identical assets and liabilities in active markets at the measurement date. The fair value hierarchy gives the highest priority to Level 1 inputs;

Level 2 – Valuations using observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets and liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; broker or dealer quotations; or inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

NAV – Values are based on the calculated net asset value. The calculated net asset values for underlying investments are fair value estimates determined by an external fund manager and other sources based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector factors.

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the consolidated financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability based on the best information available in the circumstances.

The System primarily uses market values as provided by the custodian along with consideration of the prices as provided by the investment managers. These market values are set with reference to market activity for highly liquid assets such as U.S. Treasury and agency securities and agency residential mortgage-backed securities, and matrix pricing for other asset classes, such as commercial mortgage and other asset-backed securities. Values for corporate bonds, convertible bonds and municipal bonds may be determined using discounted cash flow pricing models considering adjustments for spreads and prepayments for the instruments. Prices for fixed income securities may also be priced using dealer quotes.

Management has ongoing procedures in place to evaluate and monitor new and ongoing third-party valuations including regular communication with investment advisors, monthly and quarterly performance benchmarking, and the review of partnership financial statements.

(in thousands of dollars)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Investments may be classified as Level 2 when market information is available, yet the investment is not traded in an active market. Market information, subscription, and redemption activity, if applicable, and the length of time until the investment will become redeemable are considered when determining the proper categorization of the investment's fair value measurement within the fair valuation hierarchy. Investments that have observable market inputs, but not directly quoted prices in an active market, and we have the ability to redeem at the measurement date are classified in the fair value hierarchy as Level 2.

The following fair value hierarchy table presents information about the System's financial assets measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations.

	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued Using NAV as a Practical Expedient	Total
Financial assets at fair value					
Investments:					
Mutual funds	$ 336,412	$ -	$ -	$ -	$ 336,412
Bonds and notes	86,437	48,286	-	-	134,723
Commingled funds	-	-	-	229,469	229,469
Cash equivalents	212,487	-	-	-	212,487
Common stocks	308,996	-	4,071	-	313,067
Private equity funds	-	-	-	135,392	135,392
Hedge funds	-	-	-	55,778	55,778
Total investments at fair value	944,332	48,286	4,071	420,639	1,417,328
Beneficial interest in trusts	-	-	17,970	-	17,970
Total assets at fair value	$ 944,332	$ 48,286	$ 22,041	$ 420,639	$ 1,435,298
Receivables:					
Due from brokers for securities sold					3,577
Accrued interest and dividends					1,100
Total receivables					4,677
Payable:					
Due to brokers for securities purchased					(3,547)
Total financial assets at fair value					1,436,428

(in thousands of dollars)

	September 30, 2023				
	Fair Value at Reporting Date Using:				
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued Using NAV as a Practical Expedient	Total
Investments:					
Mutual funds	$ 358,678	$ -	$ -	$ -	$ 358,678
Bonds and notes	51,413	159,449	-	-	210,862
Commingled funds	-	-	-	194,813	194,813
Cash equivalents	220,122	-	-	-	220,122
Common stocks	220,795	-	3,318	-	224,113
Private equity funds	-	-	-	118,753	118,753
Hedge funds	-	-	-	49,164	49,164
Total investments at fair value	851,008	159,449	3,318	362,730	1,376,505
Beneficial interest in trusts	-	-	14,758	-	14,758
Total assets at fair value	$ 851,008	$ 159,449	$ 18,076	$ 362,730	1,391,263
Receivables:					
Due from brokers for securities sold					868
Accrued interest and dividends					1,901
Total receivables					2,769
Payable:					
Due to brokers for securities purchased					(7,267)
Total financial assets at fair value					$ 1,386,765

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions on model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. For the years ended September 30, 2024 and 2023, there were no transfers between levels.

Valuation Techniques

Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in methodologies used as of September 30, 2024 and 2023.

The fair value of investments is determined in accordance with the current fair value guidance and as described below. NAV would not be used as a practical expedient for fair value when it is determined to be probable that the investment would sell for an amount different than the reported net asset value. In such situations, management would estimate the fair value of the investment in good faith based on the available information and will update the fair value methodology if a significant event occurs which has the potential of impacting the ultimate value of the investment.

Cash Equivalents – The carrying value of cash equivalents approximates fair value as original maturities are less than three months and/or include money market funds that are based on quoted prices and are actively traded. Other short-term investments designated as Level 2 investments primarily consist of commercial paper and certificates of deposit.

(in thousands of dollars)

Mutual Funds and Common Stocks – The fair values of mutual funds and common stocks are based on quoted market prices or net asset value. These mutual funds are required to publish the NAV and to transfer at that price. The mutual funds held by the System are deemed to be actively traded. The fair value of domestic and international equity securities is principally based on quoted market prices that are traded in an active market. Common stock categorized as level 3 is valued using a weighted average of the adjusted tangible book value, merger/sale, and IPO/Recap approach.

Commingled Funds – The fair value of common collective trusts is based on the NAV of the fund, representing the fair value of the underlying investments, which are generally securities traded on an active market. The NAV is used as a practical expedient to estimate fair value.

Private Equity and Hedge Funds – The estimated fair values of these investments for which no quoted market prices are readily available, are determined based upon the information provided by the fund managers. Such information is generally based on the NAV of the fund, which is used as a practical expedient to estimate fair value. Certain investments may be subject to a minimum holding period or lockup, may not be able to redeem at the measurement date or within 90 days thereof, can be subject to redemption notice periods more than 90 days, or have the ability to limit the aggregate amount of shareholder redemptions. Investment gains, losses, and expenses are allocated to the investors based on the ownership percentage as described in the respective partnership or hedge fund agreements.

Bonds and Notes – Certain bonds are valued at the closing price reported in the active market in which the bond is traded. Other bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Beneficial Interest in Trusts – The estimated fair values of our beneficial interest in trusts are determined based upon information provided by the trustees. Such information is generally based on the pro rata interest in the net assets of the underlying investments. The assets held in trust consist primarily of cash equivalents and marketable securities. The fair values of the perpetual trusts are measured using the fair value of the assets contributed to the trusts.

The System holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the NAV per share (or its equivalent) of the investment company. The investment companies (a) do not have a readily determinable fair market value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The System's investments in commingled and hedge funds can be redeemed within one year or less, with a maximum redemption notice period of 90 days. Investments in private equity funds are illiquid and cannot be redeemed. For the years ended September 30, 2024 and 2023, the System had unfunded commitments relating to private equity investments of $66,619 and $70,202, respectively. Commitments not called during the investment period may expire and not be funded.

The investments in private equity funds may also include contractual commitments to provide capital contributions during the investment period and may extend to the end of the fund term. During these contractual periods, investment managers may require us to invest in accordance with the terms of the agreement. Commitments not called during the investment period may expire and not be funded.

(in thousands of dollars)

8. Property and Equipment

Property and equipment consist of the following at September 30:

	2024	2023
Land and land improvements	$ 36,954	$ 32,625
Buildings and building improvements	1,130,525	1,087,265
Computer equipment and software	497,962	490,425
Major movable, fixed equipment and finance leases	519,765	454,347
	2,185,206	2,064,662
Accumulated depreciation and amortization	(1,330,461)	(1,195,177)
	854,745	869,485
Construction in progress	143,022	120,836
Property and equipment, net	$ 997,767	$ 990,321

Depreciation and amortization expense recognized was $148,981 and $141,982 for the years ended September 30, 2024 and 2023, respectively.

9. Intangible assets

Capitalized software and implementation costs at September 30, 2024 and 2023 are:

	2024	2023
Software costs	$ 149,584	$ 52,712
Accumulated amortization	(43,606)	(26,076)
	105,978	26,636
Projects in process	31,781	63,787
Intangibles, net	$ 137,759	$ 90,423

Amortization expense recognized was $17,530 and $7,151 for the years ended September 30, 2024 and 2023, respectively. Amortization expense expected to be recognized during the periods ending September 30:

2025	$ 20,935
2026	21,236
2027	19,884
2028	17,079
2029	17,427
Later Years	41,198
Total	$ 137,759

(in thousands of dollars)

10. Pledges

Pledges consist of future unconditional promises to give. Pledges are reported at their present value, net of allowances and discounts, at a discount rate of 4.48% and 5.01% at September 30, 2024 and 2023, respectively. At September 30, pledges are expected to be received according to the following schedule:

	2024	2023
In one year or less	$ 1,422	$ 590
Between one year and five years	1,651	366
More than five years	25	50
Total	3,098	1,006
Discount to present value	(113)	(37)
Allowance for doubtful pledges	(19)	(19)
Pledges receivable, net	$ 2,966	$ 950

Total conditional contributions awarded but not yet recognized were $17,341 and $19,680 for the years ended September 30, 2024 and 2023, respectively.

(in thousands of dollars)

11. Net Assets

Unrestricted and donor restricted net assets at September 30, consist of the following balances:

	2024	2023
Unrestricted amounts:		
Undesignated	$ 1,609,213	$ 1,544,242
Total unrestricted net assets	1,609,213	1,544,242
Amounts restricted by purpose or time:		
Amounts subject to expenditure for specific purpose:		
Health care services	17,966	14,988
Buildings and equipment	4,040	1,689
Research	3,885	3,248
Medical education	3,532	3,108
Charity care	3,429	2,735
Net assets restricted by purpose	32,852	25,768
Amounts subject to spending policy and appropriations	25,299	18,577
Amounts subject to passage of time	20,936	15,708
Total net assets restricted by purpose or time	79,087	60,053
Amounts with perpetual donor restrictions:		
Endowment funds, income of which is used for program support and general operations	45,637	45,577
Total net assets with donor restrictions	124,724	105,630
Total net assets	$ 1,733,937	$ 1,649,872

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, consist of the following balances:

	2024	2023
Health care services	$ 4,551	$ 4,394
Buildings and equipment	682	817
Charity care	191	182
Research	184	176
Medical education	203	253
Total net assets released from restrictions	$ 5,811	$ 5,822

(in thousands of dollars)

Endowment

The System's endowment consists of numerous individual funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The System has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result, the System classifies as net assets with donor restrictions, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by Massachusetts UPMIFA. In accordance with Massachusetts UPMIFA, the System and the Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds: the duration and preservation of the fund; the purposes of the System and the donor restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the System; and the investment policies of the System.

Changes in endowment net assets for the year ended September 30 are as follows:

	September 30, 2024	
	With donor restrictions	Total
Endowment net assets, beginning of year	$ 88,773	$ 88,773
Investment return, net	15,331	15,331
Gifts and change in beneficial interest in trusts	3,405	3,405
Appropriation of endowment assets for expenditure	(4,286)	(4,286)
Endowment net assets, end of year	$ 103,223	$ 103,223

	September 30, 2023	
	With donor restrictions	Total
Endowment net assets, beginning of year	$ 78,270	$ 78,270
Investment return, net	7,292	7,292
Gifts and change in beneficial interest in trusts	7,009	7,009
Appropriation of endowment assets for expenditure	(3,798)	(3,798)
Endowment net assets, end of year	$ 88,773	$ 88,773

(in thousands of dollars)

From time to time, the fair value of endowment funds associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires us to retain as a fund of perpetual duration, underwater endowments.

The primary long-term management objective for the System's endowment funds is to maintain the permanent nature of each endowment fund, while providing a predictable, stable, and constant stream of earnings. Consistent with that objective, the primary investment goal is to earn an average annual return equal to or greater than an assumed 5% annual spending policy rate for the endowment funds plus the rate of inflation, net of all fees, including investment management and related fees and expenses, over the long-term. The endowment funds are invested in the Partnership to diversify exposure and minimize risk consistent with System investment policy.

12. Pension and Postretirement Healthcare Benefit Plans

UMass Memorial Health sponsors several defined contribution and defined benefit plans covering substantially all employees who have met age and service requirements. The System recognizes the funded status of each defined pension, retiree health care and postemployment benefit plan.

Defined Contribution Retirement Plans
We make annual contributions to our defined contribution plans based on specific percentages of annual compensation and/or employee contributions. Pension expense related to these defined contribution plans was approximately $48,288 and $44,923 for the years ended September 30, 2024 and 2023, respectively.

Defined Benefit Retirement Plans
The benefits under the defined benefit plans are based primarily on years of service and employees' compensation. The funding policy is to make contributions to the plans at least equal to the minimum amount required by law. Plan assets consist principally of mutual funds, bonds and notes and common stock. In addition, we sponsor certain postretirement medical plans.

Funded Status
The funded status of our plans are recognized as liabilities. Unrecognized actuarial losses and prior service costs previously recorded as charges to net assets are "recycled" out of net assets as components of net periodic cost.

The following are the components of net periodic cost for our defined benefit plans:

	2024	2023
Net periodic cost		
Service cost	$ 39,636	$ 46,142
Interest cost	62,147	58,312
Expected return on plan assets	(56,458)	(55,190)
Net prior service credit amortization	(3,923)	(7,515)
Net loss amortization	-	27
Settlements	206	-
Net periodic cost	$ 41,608	$ 41,776

(in thousands of dollars)

Assumptions used in determining net periodic cost of the defined benefit plans were:

	2024	2023
Discount rate	6.15% - 6.28%	5.61-5.65%
Rate of compensation increase (based on age and position classification)	5.55% - 2.05%	5.55-2.05%
Expected return on plan assets	6.50%	6.50 %

The following tables provide a reconciliation of benefit obligations, plan assets and the funded status of our defined benefit plans and the related amounts that are recognized in the accompanying consolidated balance sheets at September 30:

	2024	2023
Accumulated benefit obligation	$ 1,262,889	$ 1,022,300
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	$ 1,054,907	$ 1,076,317
Service cost	39,636	46,142
Interest cost	62,147	58,312
Actuarial loss (gain)	233,154	(53,233)
Benefits paid	(61,912)	(72,631)
Settlements	(1,326)	-
Other adjustments	23	-
Projected benefit obligation at end of year	$ 1,326,629	$ 1,054,907
Change in plan assets		
Fair value of plan assets at beginning of year	$ 948,981	$ 870,921
Actual return on plan assets	180,233	91,320
Employer contributions	42,363	59,371
Benefits paid	(61,912)	(72,631)
Settlements	(1,326)	-
Fair value of plan assets at end of year	1,108,339	948,981
Underfunded status at end of year	$ 218,290	$ 105,926

The actuarial change is primarily due to changes in the discount rate for the years ended September 30, 2024 and 2023.

(in thousands of dollars)

The amounts recognized in the consolidated balance sheets for the defined benefit plans as of September 30 were as follows:

	2024	2023
Amounts recognized as liabilities in the consolidated balance sheet consist of the following:		
Accounts payable and accrued expenses	$ 2,432	$ 1,705
Accrued pension and postretirement benefit obligations	215,858	104,221
	$ 218,290	$ 105,926

We used the following assumptions in determining our September 30 projected benefit obligation amounts:

	2024	2023
Discount rate	5.03% - 4.87%	6.28-6.15%
Rate of compensation increase (based on age and position classification)	5.55% - 2.05%	5.55-2.05%
Expected return on plan assets	7.00%	6.50%

Changes in plan assets and benefit obligations recognized in unrestricted net assets for the years ended September 30, include:

	September 30, 2024		
	Pension	Postretirement Benefits	Total
Current year actuarial net loss	$ (109,380)	$ (4,998)	$ (114,378)
Amortization of prior actuarial net loss	-	(712)	(712)
Amortization of prior service credit	(3,923)	-	(3,923)
Settlement	206	-	206
Other adjustments	(23)	-	(23)
	$ (113,120)	$ (5,710)	$ (118,830)

	September 30, 2023		
	Pension	Postretirement Benefits	Total
Current year actuarial net gain	$ 89,364	$ 1,521	$ 90,885
Amortization of prior actuarial net gain (loss)	27	(500)	(473)
Amortization of prior service credit	(7,515)	-	(7,515)
	$ 81,876	$ 1,021	$ 82,897

(in thousands of dollars)

The following table presents the assets of the defined benefit plans measured at fair value on a recurring basis using the fair value hierarchy, as of:

	September 30, 2024			
	Fair Value at Reporting Date Using:			
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Valued Using NAV as a Practical Expedient	Total
Financial assets at fair value				
Investments:				
Commingled funds	$ -	$ -	$ 562,778	$ 562,778
Private equity funds	-	-	286,592	286,592
Mutual funds	30,552	-	-	30,552
Bonds and notes	5,221	64,408	-	69,629
Hedge funds	-	-	89,046	89,046
Common stocks	48,467	-	-	48,467
Cash equivalents	29,568	-	-	29,568
Total investments at fair value	$ 113,808	$ 64,408	$ 938,416	1,116,632
Receivables:				
Due from brokers for securities sold				558
Accrued interest and dividends				978
Total receivables				1,536
Payable:				
Due to brokers for securities purchased				(9,829)
Total financial assets at fair value				$1,108,339

	September 30, 2023			
	Fair Value at Reporting Date Using:			
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Valued Using NAV as a Practical Expedient	Total
Financial assets at fair value				
Investments:				
Commingled funds	$ -	$ -	$ 429,796	$ 429,796
Private equity funds	-	-	242,634	242,634
Mutual funds	88,286	-	-	88,286
Bonds and notes	5,303	53,261	-	58,564
Hedge funds	-	-	62,018	62,018
Common stocks	60,851	-	-	60,851
Cash equivalents	7,613	-	-	7,613
Total investments at fair value	$ 162,053	$ 53,261	$ 734,448	949,762
Receivables:				
Due from brokers for securities sold				435
Accrued interest and dividends				864
Total receivables				1,299
Payable:				
Due to brokers for securities purchased				(2,080)
Total financial assets at fair value				$ 948,981

(in thousands of dollars)

Our investment strategy is to utilize broadly diversified passive vehicles where appropriate, with an investment mix and risk profile consistent with pension liabilities. Periodic studies are undertaken to determine the asset mix that will meet pension obligations at a reasonable cost to the System and which are consistent with the fiduciary requirements of pension regulations.

In selecting the expected long-term rate of return on assets, we considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of these plans. This included considering the plans asset allocation and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year.

The following is a summary of the actual allocation and target allocation of the plan assets by asset category for the benefit plans as of:

	September 30, 2024		September 30, 2023	
	Actual allocation	Target allocation	Actual allocation	Target allocation
Public Equity	43%	42%	52%	54%
Fixed Income	30%	30%	20%	28%
Private Credit	2%	2%	0%	0%
Real Estate	0%	0%	5%	3%
Hedge Funds	9%	13%	4%	3%
Private Market	14%	13%	18%	12%
Cash	2%	0%	1%	0%
	100%	100%	100%	100%

The defined benefit plans' investments in commingled and hedge funds can be redeemed within one quarter or less, with a maximum redemption notice period of 60 days. Investments in private equity funds are illiquid and cannot be redeemed. For the years ended September 30, 2024 and 2023, the defined benefit plans had unfunded commitments relating to private equity investments of $73,433 and $37,444, respectively. Commitments not called during the investment period may expire and not be funded.

Investments in the private equity funds may also include contractual commitments to provide capital contributions during the investment period and may extend to the end of the fund term. During these contractual periods, investment managers may require us to invest in accordance with the terms of the agreement. Commitments not called during the investment period will expire and not be funded.

(in thousands of dollars)

The amounts in unrestricted net assets that are not yet recognized as a component of net periodic (cost) credit are as follows:

	September 30, 2024		
	Pension	Postretirement Benefits	Total
Net prior service credit	$ 2,116	$ -	$ 2,116
Net actuarial (loss) gain	(259,175)	1,948	(257,227)

	September 30, 2023		
	Pension	Postretirement Benefits	Total
Net prior service credit	$ 6,039	$ -	$ 6,039
Net actuarial (loss) gain	(149,978)	7,658	(142,320)

Funding Contributions
We expect to contribute approximately $72,655 to the defined benefit pension plans during the year ending September 30, 2025.

Estimated Future Benefit Payments
The following benefit payments, which reflect expected future service, are expected to be paid during the periods ended September 30:

2025	$ 111,361
2026	111,588
2027	111,588
2028	113,537
2029	114,408
2030 through 2034	493,918

UMass Memorial Postretirement Medical Benefits

We provide postretirement medical benefits to certain of our employees. Benefits are funded from the unrestricted assets of the System on a current basis. Such plans pay a portion of health insurance costs for eligible participants. Presented below is financial information related to the postretirement medical plans for the years ended September 30, 2024 and 2023.

(in thousands of dollars)

The following are the components of net periodic cost for our postretirement medical plans:

	2024	2023
Net periodic cost		
Service cost	$ 13	$ 23
Interest cost	2,028	1,882
Net gain amortization	(712)	(500)
Net periodic cost	$ 1,329	$ 1,405

Assumptions used in determining net periodic cost of the postretirement medical plans were:

	2024	2023
Discount rate	5.97% - 6.06%	5.43-5.49%
Health care cost trend rate assumed for current year	6.50%	6.75%
Health care cost trend rate assumed for next year	6.50%	6.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.75%	4.75%
Year that the rate reaches the ultimate trend rate	2030	2030

The changes in projected benefit obligation, plan assets and funded status and the amounts recognized on our consolidated balance sheets were as follows:

	2024	2023
Change in accumulated postretirement benefit obligation		
Accumulated postretirement benefit obligation at beginning of year	$ 34,471	$ 35,064
Service cost	13	23
Interest cost	2,028	1,882
Actuarial loss (gain)	4,998	(1,521)
Benefits paid	(1,011)	(977)
Accumulated postretirement benefit obligation	40,499	34,471
Change in plan assets		
Employer contributions	1,011	977
Benefits paid	(1,011)	(977)
Fair value of plan assets	-	-
Underfunded status at end of year	$ 40,499	$ 34,471

(in thousands of dollars)

The amounts recognized in our consolidated balance sheets for the postretirement benefit plans as of September 30 were as follows:

	2024	2023
Amounts recognized as liabilities in the consolidated balance sheets consist of the following:		
Accounts payable and accrued expenses	$ 1,274	$ 1,169
Accrued pension and postretirement benefit obligations	39,225	33,302
	$ 40,499	$ 34,471

We used the following assumptions in determining the September 30 projected benefit obligation amounts:

	2024	2023
Discount rate	4.96% - 5.02%	5.97-6.06%
Health care cost trend rate assumed for current year	6.25%	6.50%
Health care cost trend rate assumed for next year	6.25%	6.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.75%	4.75%
Year that the rate reaches the ultimate trend rate	2030	2030

Funding Contributions

We expect to contribute approximately $1,306 to the postretirement benefit plans during the year ending September 30, 2025.

Estimated Future Benefit Payments

The following benefit payments related to the postretirement benefit plan are expected to be paid during the periods ended September 30**:**

2025	$ 1,341
2026	1,531
2027	1,698
2028	1,865
2029	2,016
2030 through 2034	11,685

(in thousands of dollars)

Estimated Medicare Part D Subsidies
The following Medicare Part D subsidies related to the postretirement benefit plan are expected to be received during the periods ended September 30:

2025	$	35
2026		41
2027		47
2028		54
2029		61
2030 through 2034		430

13. Self-Insurance Cost

Estimated malpractice costs, as calculated by CPAC's consulting actuaries, consist of specific reserves to cover the estimated liability resulting from medical or general liability incidents, as well as potential claims which have been reported and a provision for claims incurred but not reported. Estimated malpractice liabilities are based on claims reported, historical experience and industry trends. These liabilities include estimates of future trends in loss severity and frequency and other factors that could vary as the claims are ultimately settled. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the reserves for claims are adequate. These estimates are periodically reviewed, and necessary adjustments are recorded in the year the need for such adjustments becomes known. Management is unaware of any claims that would cause the final expense for medical malpractice risks to vary materially from the amounts provided. As of September 30, 2024 and 2023, CPAC estimates that the expected claims liabilities on an undiscounted basis, were approximately $151,000 and $142,000 respectively, assuming losses are limited to $5,000 for professional liability and $3,000 for general liability per individual claim, respectively. These amounts are then discounted at 3% as of September 30, 2024 and 2023 over an estimated payout period of 12 years.

Excess Liability Coverage
The System has excess liability coverage of $65,000, for malpractice losses in excess of $5,000 per individual claim and for annual aggregate malpractice losses in excess of $60,000 on a claims-made basis. The existence of this reinsurance coverage does not relieve us of our primary obligation with respect to losses incurred. We would be liable for claims ceded to reinsurers in the event such reinsurers were unable to meet their obligations. We record the gross exposure of claim liabilities and a corresponding receivable for insurance recoveries when such circumstances are present.

(in thousands of dollars)

14. Debt

Debt consists of the following at September 30:

	Interest Rate at September 30, 2024	Final Maturity	2024	2023
Massachusetts Development Finance Agency (MDFA) Bonds				
UMass Memorial, Variable Rate, Series F	2.16%	2035	$ 17,675	$ 18,860
UMass Memorial, Series I	4.00-5.00%	2046	141,195	148,075
UMass Memorial, Variable Rate, Series J	5.32%	2029	21,875	26,042
UMass Memorial, Series K	4.00-5.00%	2038	50,595	51,630
UMass Memorial, Series L	3.63-5.00%	2044	109,865	109,865
UMass Memorial, Master Lease	2.04%	2026	20,063	28,686
Taxable bond, master lease and other notes payable				
UMass Memorial, Series M	5.36%	2052	300,000	300,000
Collateralized revolving loan agreement	1.942-2.055%	2027	10,225	13,807
Term Loan agreement	1.46%	2027	27,285	36,160
Other notes payable [(1)]	2.71-5.07%	2023-2027	677	795
Revolving loan	5.83%	2025	40,000	46,237
Total debt			739,455	780,157
Net unamortized original issue premium			21,609	23,536
Debt issuance costs			(6,527)	(6,900)
Current portion			(77,071)	(82,403)
Debt, net of current portion			$ 677,466	$ 714,390
Finance lease obligations			23,323	23,511
Total			$ 700,789	$ 737,901

[(1)] *Non-Obligated Group debt.*

(in thousands of dollars)

Annual principal payments and sinking fund requirements on debt for the next five years and thereafter are as follows at September 30, 2024:

2025	$ 77,071
2026	36,163
2027	33,800
2028	20,197
2029	21,677
Thereafter	550,547
Total debt	$ 739,455

The Company and certain of its affiliates formed the Obligated Group. Obligated Group members are jointly and severally obligated under a Master Trust Indenture (MTI) to make all payments required with respect to obligations under the MTI.

The MTI defines the terms and conditions upon which obligations will be issued, authenticated, delivered, and accepted as well as setting forth certain economic covenants. Each member of the Obligated Group pledges and grants to the Master Trustee a lien on and security interest in its gross receipts. Any obligation issued under the MTI may also be collateralized by depreciation reserves, debt service or interest reserves or debt service or similar funds.

Our debt agreements contain limitations on additional indebtedness, mergers, and other covenants, including required debt service coverage ratios. Several of the debt agreements limit the transfer of assets outside of the Obligated Group. Accordingly, the assets of an affiliate included in the consolidated financial statements may not be available to meet the obligations of other affiliates.

Revolving Loan Agreement
We have a $125,000 variable rate line of credit that bears interest at the Secured Overnight Financing Rate plus 0.90% which expires in April 2025. Interest on all outstanding principal is payable quarterly in arrears, on the last day of each calendar quarter. The line bears interest of 5.83% at September 30, 2024. As of September 30, 2024, and 2023 the balance outstanding under this agreement was $40,000 and $46,237, respectively.

(in thousands of dollars)

15. Leases

We lease certain office space, vehicles, and clinical and other equipment under operating and finance leases.

Operating leases are reported in operating lease right-of-use assets, current portion of operating lease liabilities, and operating lease liabilities, net of current portion, in the consolidated balance sheets. Finance leases are included in property and equipment, net, accounts payable and accrued expenses and other noncurrent liabilities, in the consolidated balance sheets. The lease liabilities are measured at the lease commencement date and determined using the present value of the unpaid minimum lease payments. The System's incremental borrowing rate approximates the rate at which it could borrow, on a collateralized basis, over the term of a lease in the applicable economic environment on the basis of information available at commencement. The interest rate implicit in the lease is generally not determinable in transactions where the System is the lessee.

The System's real estate leases generally contain options to extend the lease. The System reevaluates its leases on a regular basis to consider the economic and strategic value of exercising the renewal options at that time. In addition, many of the System's real estate leases are for medical office space, where there is a level of unpredictability due to physician's changing geographic locations, retiring, or leaving the System. Thus, to the extent the renewal options are not reasonably certain of being exercised at lease commencement, they are not included within the lease term and associated payments are not included in the measurement of the right-of-use asset and lease liability at lease commencement.

For its leases, the System accounts for lease components and non-lease components as a single lease component. Certain leases contain non-lease components, such as maintenance of the asset, taxes, or insurance, that are part of the fixed payments. These fixed payments are considered part of the lease payment and included in the calculation of the right-of-use assets and lease liabilities. Variable lease costs, such as additional payments based on index-based rate increases, or non-lease components that are not part of the fixed payments, are expensed as incurred in the consolidated statements of operations.

The System's lease agreements do not contain any significant residual value guarantees or material restrictive covenants imposed by the leases.

(in thousands of dollars)

The components of net lease expense for the years ended September 30 were as follows:

	2024	2023
Operating lease cost [(1)]	$ 24,577	$ 28,077
Finance lease cost:		
Amortization of right-of-use assets	12,598	5,991
Interest on lease liabilities	1,204	906
Total finance lease cost	13,802	6,897
Short-term and other lease cost [(1)]	5,829	5,352
Variable lease cost [(1)]	14,431	11,685
Sublease income	(701)	(2,278)
Net lease cost	$ 57,938	$ 49,733

(1) Operating, short-term and variable lease costs are primarily recorded in the supplies and other expense line item in the consolidated statements of operations.

Supplemental cash flow information related to leases for the years ended September 30 was as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows paid for operating leases	$ 23,237	$ 28,507
Operating cash flows paid for interest portion of finance leases	1,204	800
Financing cash flows paid for principal portion of finance leases	8,993	5,408
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 8,175	$ 1,954
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 9,821	$ 11,087

(in thousands of dollars)

Lease related assets and liabilities were as follows as of September 30:

	2024	2023
Operating leases:		
Operating lease right-of-use assets	$ 92,274	$ 112,009
Current portion of operating lease liabilities	19,609	22,052
Operating lease liabilities, net of current portion	79,833	98,356
Total operating lease liabilities	$ 99,442	$ 120,408
Finance leases:		
Property and equipment, net	$ 35,042	$ 23,457
Accounts payable and accrued expenses	8,136	7,266
Other noncurrent liabilities	15,187	16,245
Total finance lease liabilities	$ 23,323	$ 23,511
Weighted average remaining lease term		
Operating leases	5.4 years	6.5 years
Finance leases	2.8 years	6.1 years
Weighted average discount rate		
Operating leases	3.97%	2.94%
Finance leases	4.79%	5.03%

A summary of future minimum lease payments under noncancelable operating and finance leases with initial or remaining terms in excess of one year at September 30, 2024 was as follows:

	Operating Leases	Finance Leases
2025	$ 23,534	$ 8,950
2026	21,542	8,873
2027	19,865	6,683
2028	14,491	361
2029	10,855	102
Thereafter	14,822	-
Total lease payments	105,109	24,969
Imputed interest	(5,667)	(1,646)
Present value of lease liability	$ 99,442	$ 23,323

(in thousands of dollars)

For the years ended September 30, 2024, and 2023, the future minimum lease payments above have not been reduced by minimum sublease rentals of $6,665 and $2,278 due in the future under noncancelable subleases.

16. Commitments and Contingencies

Surety Bond

For the years ended September 30, 2024 and 2023, the System has surety bonds in the aggregate amount of $22,968 and $26,505 related to our workers' compensation self-insurance programs.

Other Contingencies

The System is party to various legal proceedings and potential claims arising in the ordinary course of business.

Further, the health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at the time. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations. These could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services. Management believes we are in compliance with current laws and regulations and does not believe that these matters will have a material adverse effect on the consolidated financial statements.

Meta Pixel Litigation

Three putative class action lawsuits have been filed against the System alleging that the System installed a piece of Facebook source code, known as the Meta Pixel, on various System websites and that the source code caused the transmission of patients' personal health information to Facebook and other third parties. Similar cases have been filed against dozens of other hospitals and health systems around the country. The parties have agreed to consolidate the three cases into a single case in the Business Litigation Session of the Massachusetts state Superior Court. The System has retained experienced counsel, who are representing several other prominent health care systems in similar cases and will vigorously defend all of the cases. All proceedings in the case were stayed pending the outcome of a case at the State's Supreme Judicial Court (SJC) which was brought by two other Massachusetts hospitals related to their Meta Pixel litigation challenging the plaintiffs' interpretation of the Massachusetts Wiretap Act. On October 24, 2024, the SJC issued its decision ruling that the State Wiretap Act did not clearly include the plaintiff's browsing activity on the hospitals' public websites in its definition of "communications" and thus that the hospitals' motion to dismiss should be granted. Following this SJC decision, the stay on the pending cases against the System ended and further activity is expected. There can be no assurance as to the outcome of this matter.

(in thousands of dollars)

17. Transactions with the University

The Medical Center is the primary academic and medical teaching partner of the University and there are significant transactions between the two organizations subject to contractual arrangements and state legislation (the Definitive Agreement). These agreements include:

Medical Education Services
We compensate the University for the costs of teaching and education services and support the University's contributions to the delivery of medical care. The cost for these services is recorded as supplies and other expense. Certain of the amounts due to and from the University are subject to settlement between the System and the University. Management has recorded its best estimate of the amounts due to and from the University. Differences between current estimates and final settlements are included in operations in the year in which the settlement or change in estimate occurs.

Salaries, Benefits and Contracted Labor
The System contracts University employees for medical residency, physician, and other services. The cost of these contracted employees is reported as salaries, benefits and contracted labor in the consolidated financial statements.

Purchased Services
The Obligated Group reimburses and is reimbursed by the University for certain common services purchased and provided.

Annual Fee
We are required to make certain payments to the University including: (1) an annual fee subject to annual inflation adjustments, so long as the University continues to operate a medical school with substantial numbers of students and amounts of research funding, and (2) a percent of the net combined operating income of the System (with certain exceptions) based on an agreed-upon formula (Participation Payment), which may be adjusted under certain conditions if the University's ongoing programs and research activities substantially decrease.

Rent and Related Expenses
The Obligated Group has a long-term office building finance lease through 2097 with the University that requires us to pay certain operating and other expenses related to the leased building. We also have three additional building operating leases from the University.

The Obligated Group was granted the right to occupy certain portions of the University's Worcester, Massachusetts campus (the Occupancy and Shared Services Agreement). The University and the Medical Center agreed to share responsibility for various capital and operating expenses related to the occupied premises.

Academic Investment Funds (AIF)
We have internally designated approximately $42,000 of funds for use for academic purposes. These funds at such time as the Chancellor of the University and the Chief Executive Officer of UMass Memorial Health mutually agree to the use of these funds. The Medical Group funds AIF at the University and recognizes these contributions within supplies and other expense in the financial statements. The use of the AIF is controlled jointly by the University and the System.

(in thousands of dollars)

Transactions with the University

Expenses related to transactions with the University for the years ended September 30 consisted of the following:

	2024	2023
Medical education services	$ 310,457	$ -
Salaries, benefits and contracted labor	115,503	101,726
Purchased services	28,119	34,101
Annual fee	23,104	21,972
Rent and related expenses	10,311	10,347
AIF	7,100	7,100
Total transactions with the University	$ 494,594	$ 175,246

Due to the University

The amounts due to the University at September 30 consisted of the following:

	2024	2023
Medical education services	$ 284,285	$ 33,324
Accrued compensation and benefits	7,305	3,311
Net accounts payable and other	5,722	11,367
Total due to the University, net	$ 297,312	$ 48,002

(in thousands of dollars)

18. Functional Expenses

The following tables present expenses by function and natural classification. Expenses directly attributable to providing patient care plus the direct support costs are classified as healthcare services. The System's general administration is centralized and benefits multiple functional areas. These indirect costs that benefit multiple functional areas have been allocated based on the number of employees involved or the amount of time spent. Functional expenses are an expense of the year in which the expense or service was incurred and, accordingly, are charged to operations on a current basis with the exception of certain components of periodic pension cost and interest expense on advanced borrowings which are recorded within nonoperating income (loss).

The functional expense classifications and allocations are as follows:

	September 30, 2024			
	Healthcare services	General administration	Fundraising	Total
Operating expenses				
Salaries, benefits and contracted labor	$ 1,957,130	$ 213,965	$ 3,036	$ 2,174,131
Supplies and other	1,727,625	188,632	465	1,916,722
Depreciation and amortization	134,319	14,662	-	148,981
Interest	32,430	3,540	-	35,970
Total operating expenses	3,851,504	420,799	3,501	4,275,804
Nonoperating expenses				
Other components of net periodic pension cost	2,964	324	-	3,288
Total nonoperating expenses	2,964	324	-	3,288
Total expenses	$ 3,854,468	$ 421,123	$ 3,501	$ 4,279,092

	September 30, 2023			
	Healthcare services	General administration	Fundraising	Total
Operating expenses				
Salaries, benefits and contracted labor	$ 1,830,701	$ 189,198	$ 2,800	$ 2,022,699
Supplies and other	1,338,249	138,161	662	1,477,072
Depreciation and amortization	128,701	13,281	-	141,982
Interest	18,283	1,887	-	20,170
Total operating expenses	3,315,934	342,527	3,462	3,661,923
Nonoperating expenses				
Other components of net periodic pension credit	(2,705)	(279)	-	(2,984)
Interest	-	16,089	-	16,089
Total nonoperating expenses	(2,705)	15,810	-	13,105
Total expenses	$ 3,313,229	$ 358,337	$ 3,462	$ 3,675,028

(in thousands of dollars)

19. Subsequent Events

The System recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheets. The System does not recognize subsequent events that provide evidence about conditions that did not exist at the dates of the consolidated balance sheets but arose after the consolidated balance sheet dates but before the consolidated financial statements are issued. For these purposes, UMass Memorial Health has evaluated events occurring subsequent to the consolidated balance sheet dates through December 16, 2024, the date the consolidated financial statements were issued.

Milford Affiliation Agreement
Effective October 1, 2024, UMass Memorial Community Entities, Inc. became the sole corporate member of UMass Memorial Health – Milford Regional Medical Center, Inc. (Milford) (formerly known as Milford Regional Medical Center, Inc.). Milford is a non-profit community healthcare system including a 148-bed medical center in Milford, Massachusetts with over 300 primary care and specialty physicians on staff and the Milford Regional Physician Group. This transaction aligns with our regional strategy to provide high quality, cost-effective care to all of Central Massachusetts.

In accordance with applicable accounting guidance, we preliminarily expect to record contribution income of approximately $80,000 reflecting the fair value of the contributed net assets of Milford and its subsidiaries on the transaction date. Of this amount, approximately $75,000 is expected to be recorded as unrestricted net assets and approximately $5,000 will be recorded as net assets with donor restrictions. These amounts are preliminary and subject to change once we finalize our assessment of fair value of the assets and liabilities acquired. There was no consideration exchanged in this transaction. Acquisition costs were expensed as incurred.

(in thousands of dollars)

The preliminary fair value of assets, liabilities and net assets contributed by Milford at October 1, 2024, were as follows:

	10/1/2024 (Unaudited)
Current assets	
Cash and equivalents	$ 10,366
Short-term investments	14,062
Current portion of assets whose use is limited	2,386
Patient accounts receivable	34,572
Inventories	3,547
Prepaid expenses and other current assets	9,194
Total current assets	74,127
Assets whose use is limited	41,429
Property and equipment, net	142,590
Operating lease right-of-use assets	43,534
Other assets	1,483
Total assets acquired	$ 303,163
Current liabilities	
Accounts payable and accrued expenses	$ 21,243
Accrued compensation	21,542
Estimated settlements payable to third-party payers	8,685
Current portion of debt	2,769
Current portion of operating lease liabilities	5,661
Total current liabilities	59,900
Other noncurrent liabilities	16,123
Debt, net of current portion	108,209
Operating lease liabilities, net of current portion	38,690
Total liabilites assumed	222,922
Net assets	
Unrestricted	74,913
With donor restrictions	5,328
Total net assets	80,241
Total liabilities and net assets	$ 303,163

(in thousands of dollars)

A summary of the consolidated financial results for the year ended September 30, 2024, as if the affiliation had occurred on October 1, 2023, is as follows (unaudited):

	2024
Total operating revenue	$ 4,696,550
Total operating expenses	4,692,469
Income from operations	4,081
Total nonoperating income	245,001
Excess of revenues over expenses	249,082
Contributions for property and equipment	5
Net assets released from restrictions used for purchase of property and equipment	1,548
Pension-related changes other than net periodic cost	(118,830)
Other changes	(317)
Increase in unrestricted net assets	$ 131,488

SUPPLEMENTAL CONSOLIDATING INFORMATION

UMass Memorial Health Care, Inc. and Affiliates
Supplemental Consolidating Balance Sheet Information - Obligated Group
September 30, 2024
(In thousands of dollars)

	UMass Memorial Health Care, Inc.	UMass Memorial Medical Center, Inc.	UMass Memorial Health Ventures, Inc.	UMass Memorial HealthAlliance-Clinton Hosp., Inc.	UMass Memorial Health - Harrington Hosp., Inc.	UMass Memorial Health - Marlborough Hosp., Inc.	Eliminations	Total Obligated Group	Non-Obligated Group Entities	Eliminations and Consolidating Entries	Consolidated
Assets											
Current assets											
Cash and equivalents	$ 463,585	$ 26,816	$ 7,964	$ 2,585	$ (777)	$ 1,849	$ -	$ 502,022	$ 23,340	$ 617	$ 525,979
Short-term investments	375,269	-	-	536	-	453	-	376,258	-	-	376,258
Current portion of assets whose use is limited	7,779	-	-	-	-	-	-	7,779	-	-	7,779
Patient accounts receivable (unapplied cash)	(65,730)	293,048	-	43,227	24,507	17,447	-	312,499	75,543	362	388,404
Inventories	8	61,565	-	5,599	4,204	2,004	-	73,380	39	6	73,425
Prepaid expenses and other current assets	40,438	18,404	14,345	298	2,882	95	-	76,462	10,477	-	86,939
Current portion of notes receivable from affiliates	20,175	-	-	-	-	-	(20,175)	-	-	-	-
Due from related parties	523,040	346,303	28,103	143,191	21,164	69,829	(631,838)	499,792	464,576	(964,368)	-
Estimated settlements receivable from third-party payers	3,028	66,567	-	1,237	554	557	-	71,943	5,282	-	77,225
Total current assets	1,367,592	812,703	50,412	196,673	52,534	92,234	(652,013)	1,920,135	579,257	(963,383)	1,536,009
Assets whose use is limited	74,413	-	-	25,287	204	5,958	-	105,862	179,954	-	285,816
Long-term investments	414,502	59,221	71,036	69,447	38,486	25,444	-	678,136	70,469	-	748,605
Property and equipment, net	272,664	454,272	22,887	111,980	54,840	30,048	-	946,691	50,786	290	997,767
Operating lease right-of-use assets	-	31,005	-	3,307	7,316	402	-	42,030	50,244	-	92,274
Notes receivable from affiliates, net	382,770	-	-	-	-	-	(382,770)	-	-	-	-
Other assets	127,863	193,730	25,367	16,374	13,797	579	(89,290)	288,420	26,992	(25,921)	289,491
Total assets	$ 2,639,804	$ 1,550,931	$ 169,702	$ 423,068	$ 167,177	$ 154,665	$ (1,124,073)	$ 3,981,274	$ 957,702	$ (989,014)	$ 3,949,962
Liabilities and Net Assets											
Current liabilities											
Accounts payable and accrued expenses	$ 162,548	$ 108,307	$ 6,393	$ 16,162	$ 11,780	$ 8,044	$ -	$ 313,234	$ 17,962	$ 303	$ 331,499
Accrued compensation	67,481	59,720	-	5,314	5,661	3,085	-	141,261	83,801	-	225,062
Estimated settlements payable to third-party payers	712	7,757	-	1,086	2,077	699	-	12,331	8,543	-	20,874
Current portion of notes payable to affiliates	-	16,463	520	1,560	1,015	617	(20,175)	-	-	-	-
Current portion of debt	76,699	-	-	-	-	-	-	76,699	372	-	77,071
Current portion of operating lease liabilities	-	4,195	-	675	1,123	225	-	6,218	13,391	-	19,609
Due to related parties	360,441	400,833	16,314	167,861	42,543	67,477	(631,838)	423,631	540,737	(964,368)	-
Due to the University of Massachusetts, net	(416)	295,065	-	127	-	-	-	294,776	2,536	-	297,312
Total current liabilities	667,465	892,340	23,227	192,785	64,199	80,147	(652,013)	1,268,150	667,342	(964,065)	971,427
Estimated settlements payable to third-party payers, net	-	5,430	-	327	374	371	-	6,502	5,769	-	12,271
Other noncurrent liabilities	25,464	13,591	10,179	1,393	254	526	-	51,407	1,734	413	53,554
Accrued pension and postretirement benefit obligations	255,083	-	-	-	-	-	-	255,083	-	-	255,083
Estimated self-insurance costs	40,114	11,300	-	447	467	116	(12,331)	40,113	151,520	(25,242)	166,391
Notes payable to affiliates, net	-	276,682	16,461	55,561	22,960	11,106	(382,770)	-	-	-	-
Debt, net of current portion	677,160	-	-	-	-	-	-	677,160	306	-	677,466
Operating lease liabilities, net of current portion	-	26,810	-	2,614	6,248	181	-	35,853	43,980	-	79,833
Total liabilities	1,665,286	1,226,153	49,867	253,127	94,502	92,447	(1,047,114)	2,334,268	870,651	(988,894)	2,216,025
Net assets											
Unrestricted	897,917	247,819	119,835	135,935	64,396	56,380	-	1,522,282	87,051	(120)	1,609,213
With donor restrictions	76,601	76,959	-	34,006	8,279	5,838	(76,959)	124,724	-	-	124,724
Total net assets	974,518	324,778	119,835	169,941	72,675	62,218	(76,959)	1,647,006	87,051	(120)	1,733,937
Total liabilities and net assets	$ 2,639,804	$ 1,550,931	$ 169,702	$ 423,068	$ 167,177	$ 154,665	$ (1,124,073)	$ 3,981,274	$ 957,702	$ (989,014)	$ 3,949,962

The accompanying notes are an integral part of the supplemental consolidating information.

UMass Memorial Health Care, Inc. and Affiliates
Supplemental Consolidating Balance Sheet Information - Obligated Group
September 30, 2023
(In thousands of dollars)

	UMass Memorial Health Care, Inc.	UMass Memorial Medical Center, Inc.	UMass Memorial Health Ventures, Inc.	UMass Memorial HealthAlliance-Clinton Hosp., Inc.	UMass Memorial Health - Harrington Hosp., Inc.	UMass Memorial Health - Marlborough Hosp., Inc.	Eliminations	Total Obligated Group	Non-Obligated Group Entities	Eliminations and Consolidating Entries	Consolidated
Assets											
Current assets											
Cash and equivalents	$ 206,689	$ 50,658	$ 15,884	$ 11,159	$ 1,096	$ 1,827	$ -	$ 287,313	$ 20,366	$ 445	$ 308,124
Short-term investments	411,009	29,879	-	6,719	-	452	-	448,059	3,212	-	451,271
Current portion of assets whose use is limited	6,440	-	-	-	-	-	-	6,440	-	-	6,440
Patient accounts receivable	-	218,968	-	28,929	18,205	10,873	-	276,975	43,791	325	321,091
Inventories	-	51,558	-	5,076	3,511	2,049	-	62,194	-	5	62,199
Prepaid expenses and other current assets	38,380	12,619	5,345	1,049	3,140	202	-	60,735	9,272	-	70,007
Current portion of notes receivable from affiliates	19,779	-	-	-	-	-	(19,779)	-	-	-	-
Due from related parties	430,778	116,896	341,712	51,465	37	44,345	(731,469)	253,764	196,931	(450,695)	-
Estimated settlements receivable from third-party payers	3,077	13,296	-	191	213	-	-	16,777	6,376	-	23,153
Total current assets	1,116,152	493,874	362,941	104,588	26,202	59,748	(751,248)	1,412,257	279,948	(449,920)	1,242,285
Assets whose use is limited	62,934	-	-	21,444	204	5,090	-	89,672	151,395	-	241,067
Long-term investments	367,838	73,218	49,334	64,827	33,570	21,144	-	609,931	63,298	-	673,229
Property and equipment, net	245,587	470,002	23,714	118,036	53,711	27,987	-	939,037	50,899	385	990,321
Operating lease right-of-use assets	-	34,315	-	3,662	13,834	224	-	52,035	59,974	-	112,009
Notes receivable from affiliates, net	402,945	-	-	-	-	-	(402,945)	-	-	-	-
Other assets	111,994	161,073	21,852	14,889	6,668	729	(76,779)	240,426	25,202	(24,835)	240,793
Total assets	$ 2,307,450	$ 1,232,482	$ 457,841	$ 327,446	$ 134,189	$ 114,922	$ (1,230,972)	$ 3,343,358	$ 630,716	$ (474,370)	$ 3,499,704
Liabilities and Net Assets											
Current liabilities											
Accounts payable and accrued expenses	$ 145,315	$ 107,350	$ 1,775	$ 15,560	$ 14,354	$ 5,774	$ -	$ 290,128	$ 16,692	$ 281	$ 307,101
Accrued compensation	34,581	75,710	-	6,212	5,861	3,330	-	125,694	83,116	-	208,810
Estimated settlements payable to third-party payers	-	9,861	-	591	646	1,185	-	12,283	6,434	-	18,717
Current portion of notes payable to affiliates	-	15,916	491	1,494	1,290	588	(19,779)	-	-	-	-
Current portion of debt	82,140	-	-	-	-	-	-	82,140	263	-	82,403
Current portion of operating lease liabilities	-	5,246	-	910	1,251	226	-	7,633	14,419	-	22,052
Due to related parties	428,673	378,956	102	98,919	3,587	34,861	(731,469)	213,629	237,066	(450,695)	-
Due to the University of Massachusetts	4,511	41,456	-	123	-	-	-	46,090	1,912	-	48,002
Total current liabilities	695,220	634,495	2,368	123,809	26,989	45,964	(751,248)	777,597	359,902	(450,414)	687,085
Estimated settlements payable to third-party payers, net	-	(2,274)	-	421	-	616	-	(1,237)	4,144	-	2,907
Other noncurrent liabilities	28,825	6,093	11,807	1,018	1,157	350	-	49,250	854	473	50,577
Accrued pension and postretirement benefit obligations	137,523	-	-	-	-	-	-	137,523	-	-	137,523
Estimated self-insurance costs	38,582	10,868	-	447	467	116	(11,898)	38,582	144,721	(24,309)	158,994
Notes payable to affiliates, net	-	293,145	16,981	57,121	23,975	11,723	(402,945)	-	-	-	-
Debt, net of current portion	713,858	-	-	-	-	-	-	713,858	532	-	714,390
Operating lease liabilities, net of current portion	-	29,080	-	2,738	13,182	-	-	45,000	53,356	-	98,356
Total liabilities	1,614,008	971,407	31,156	185,554	65,770	58,769	(1,166,091)	1,760,573	563,509	(474,250)	1,849,832
Net assets											
Unrestricted	628,561	196,194	426,685	112,368	62,329	51,079	-	1,477,216	67,146	(120)	1,544,242
With donor restrictions	64,881	64,881	-	29,524	6,090	5,074	(64,881)	105,569	61	-	105,630
Total net assets	693,442	261,075	426,685	141,892	68,419	56,153	(64,881)	1,582,785	67,207	(120)	1,649,872
Total liabilities and net assets	$ 2,307,450	$ 1,232,482	$ 457,841	$ 327,446	$ 134,189	$ 114,922	$ (1,230,972)	$ 3,343,358	$ 630,716	$ (474,370)	$ 3,499,704

The accompanying notes are an integral part of the supplemental consolidating information.

UMass Memorial Health Care, Inc. and Affiliates
Supplemental Consolidating Statement of Operations Information - Obligated Group
Year Ended September 30, 2024
(In thousands of dollars)

	UMass Memorial Health Care, Inc.	UMass Memorial Medical Center, Inc.	UMass Memorial Health Ventures, Inc.	UMass Memorial HealthAlliance-Clinton Hosp., Inc.	UMass Memorial Health - Harrington Hosp., Inc.	UMass Memorial Health - Marlborough Hosp., Inc.	Eliminations	Total Obligated Group	Non-Obligated Group Entities	Eliminations and Consolidating Entries	Consolidated
Operating Revenue											
Patient service revenue	$ 68,713	$ 2,772,091	$ -	$ 269,048	$ 166,220	$ 120,129	$ -	$ 3,396,201	$ 617,150	$ 3,358	$ 4,016,709
Other revenue	600,373	119,257	12,645	25,882	22,598	2,255	(442,395)	340,615	319,835	(381,353)	279,097
Net assets released from restrictions used for operations	177	3,130	-	947	7	310	-	4,571	659	-	5,230
Total operating revenue	669,263	2,894,478	12,645	295,877	188,825	122,694	(442,395)	3,741,387	937,644	(377,995)	4,301,036
Operating Expenses											
Salaries, benefits and contracted labor	260,002	984,368	449	91,456	96,766	46,179	(9,813)	1,469,407	704,946	(222)	2,174,131
Supplies and other	339,590	1,755,840	815	174,947	78,042	70,226	(404,384)	2,015,076	279,534	(377,888)	1,916,722
Depreciation and amortization	47,662	67,074	826	13,079	6,907	3,575	-	139,123	9,762	96	148,981
Interest	36,460	20,286	1,126	2,825	2,691	723	(28,198)	35,913	38	19	35,970
Total operating expenses	683,714	2,827,568	3,216	282,307	184,406	120,703	(442,395)	3,659,519	994,280	(377,995)	4,275,804
Income (loss) from operations	(14,451)	66,910	9,429	13,570	4,419	1,991	-	81,868	(56,636)	-	25,232
Nonoperating income (loss)											
Investment return, net	83,306	10,228	7,096	11,567	4,916	4,187	-	121,300	40,288	-	161,588
Other components of net periodic pension cost	(3,288)	-	-	-	-	-	-	(3,288)	-	-	(3,288)
Other nonoperating income (expenses)	-	-	-	-	-	-	-	-	-	-	-
Total nonoperating income (loss)	80,018	10,228	7,096	11,567	4,916	4,187	-	118,012	40,288	-	158,300
Excess (deficiency) of revenues over expenses	65,567	77,138	16,525	25,137	9,335	6,178	-	199,880	(16,348)	-	183,532
Other changes in net assets											
Contributions for property and equipment	-	5	-	-	-	-	-	5	-	-	5
Net assets released from restrictions used for purchase of property and equipment	-	29	-	552	-	-	-	581	-	-	581
Pension-related changes other than net periodic cost	(118,830)	-	-	-	-	-	-	(118,830)	-	-	(118,830)
Other changes	(380)	-	-	-	-	-	-	(380)	63	-	(317)
Transfers from (to) related parties	322,999	(25,547)	(323,375)	(2,122)	(7,268)	(877)	-	(36,190)	36,190	-	-
Increase (decrease) in unrestricted net assets	269,356	51,625	(306,850)	23,567	2,067	5,301	-	45,066	19,905	-	64,971
Unrestricted net assets, beginning of year	628,561	196,194	426,685	112,368	62,329	51,079	-	1,477,216	67,146	(120)	1,544,242
Unrestricted net assets, end of year	$ 897,917	$ 247,819	$ 119,835	$ 135,935	$ 64,396	$ 56,380	$ -	$ 1,522,282	$ 87,051	$ (120)	$ 1,609,213

The accompanying notes are an integral part of the supplemental consolidating information.

UMass Memorial Health Care, Inc. and Affiliates
Supplemental Consolidating Statement of Operations Information - Obligated Group
Year Ended September 30, 2023
(In thousands of dollars)

	UMass Memorial Health Care, Inc.	UMass Memorial Medical Center, Inc.	UMass Memorial Health Ventures, Inc.	UMass Memorial HealthAlliance-Clinton Hosp., Inc.	UMass Memorial Health - Harrington Hosp., Inc.	UMass Memorial Health - Marlborough Hosp., Inc.	Eliminations	Total Obligated Group	Non-Obligated Group Entities	Eliminations and Consolidating Entries	Consolidated
Operating Revenue											
Patient service revenue	$ 2,666	$ 2,143,470	$ -	$ 228,181	$ 162,009	$ 101,673	$ -	$ 2,637,999	$ 548,502	$ 2,917	$ 3,189,418
Other revenue	536,350	189,262	283,293	27,526	9,564	4,065	(386,546)	663,514	303,336	(351,263)	615,587
Net assets released from restrictions used for operations	118	2,764	-	444	-	326	-	3,652	364	-	4,016
Total operating revenue	539,134	2,335,496	283,293	256,151	171,573	106,064	(386,546)	3,305,165	852,202	(348,346)	3,809,021
Operating Expenses											
Salaries, benefits and contracted labor	232,836	904,577	10	89,068	96,177	42,937	(9,496)	1,356,109	666,790	(200)	2,022,699
Supplies and other	245,376	1,426,081	1,305	148,758	61,393	54,200	(358,727)	1,578,386	246,941	(348,255)	1,477,072
Depreciation and amortization	38,963	66,615	841	13,774	6,823	3,402	-	130,418	11,476	88	141,982
Interest	21,265	12,521	742	2,462	1,017	430	(18,323)	20,114	35	21	20,170
Total operating expenses	538,440	2,409,794	2,898	254,062	165,410	100,969	(386,546)	3,085,027	925,242	(348,346)	3,661,923
Income (loss) from operations	694	(74,298)	280,395	2,089	6,163	5,095	-	220,138	(73,040)	-	147,098
Nonoperating income (loss)											
Investment return, net	48,521	5,365	2,156	5,542	4,590	1,997	-	68,171	18,053	-	86,224
Other components of net periodic pension cost	2,984	-	-	-	-	-	-	2,984	-	-	2,984
Other nonoperating income (expenses)	(16,089)	-	-	-	-	-	-	(16,089)	-	-	(16,089)
Total nonoperating income (loss)	35,416	5,365	2,156	5,542	4,590	1,997	-	55,066	18,053	-	73,119
Excess (deficiency) of revenues over expenses	36,110	(68,933)	282,551	7,631	10,753	7,092	-	275,204	(54,987)	-	220,217
Other changes in net assets											
Contributions for property and equipment	-	25	-	-	-	-	-	25	-	-	25
Net assets released from restrictions used for purchase of property and equipment	-	1,180	-	506	-	120	-	1,806	-	-	1,806
Pension-related changes other than net periodic cost	82,897	-	-	-	-	-	-	82,897	-	-	82,897
Other changes	(199)	-	-	-	-	-	-	(199)	209	-	10
Transfers from (to) related parties	8,682	(31,818)	(4,582)	(2,217)	(12,339)	(898)	-	(43,172)	43,172	-	-
Increase (decrease) in unrestricted net assets	127,490	(99,546)	277,969	5,920	(1,586)	6,314	-	316,561	(11,606)	-	304,955
Unrestricted net assets, beginning of year	501,071	295,740	148,716	106,448	63,915	44,765	-	1,160,655	78,752	(120)	1,239,287
Unrestricted net assets, end of year	$ 628,561	$ 196,194	$ 426,685	$ 112,368	$ 62,329	$ 51,079	$ -	$ 1,477,216	$ 67,146	$ (120)	$ 1,544,242

The accompanying notes are an integral part of the supplemental consolidating information.

(in thousands of dollars)

1. Basis of Presentation

The accompanying supplemental consolidating information includes the consolidating balance sheets and the consolidating statements of operations of the individual consolidated affiliates of the System. All intercompany accounts and transactions between affiliates have been eliminated in consolidation. The consolidating information presented is prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America consistent with the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements and is not required as part of the basic financial statements.

2. Affiliate Notes Payable

Certain of the affiliates have borrowed funds from other affiliates. Total outstanding notes payable between the affiliates was $402,945 and $422,724 at September 30, 2024 and 2023, respectively. The notes bear interest at rates ranging from 1.46% - 5.00% and are due between 2027 and 2046. The notes are recorded as notes receivable and notes payable to affiliates in the supplemental consolidating information.

Appendix B-2

Consolidated financial statements and other financial information of Milford Regional Medical Center, Inc. and affiliates for the years ended September 30, 2024 and 2023 with independent auditors' report

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Milford Regional Medical Center, Inc. and Affiliates

Consolidated Financial Statements
and Other Financial Information

For the Years Ended September 30, 2024 and 2023
With Independent Auditors' Report

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MILFORD REGIONAL MEDICAL CENTER, INC. AND AFFILIATES

Consolidated Financial Statements
and Other Financial Information

For the Years Ended September 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Milford Regional Medical Center, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of Milford Regional Medical Center, Inc. and Affiliates (the Organization), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, and the results of their operations, changes in net assets and their 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern for a period of one year after the date the financial statements are issued or available to be issued.

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

Baker Newman & Noyes LLC

Portland, Maine
December 18, 2024

MILFORD REGIONAL MEDICAL CENTER, INC. AND AFFILIATES

CONSOLIDATED BALANCE SHEETS

September 30, 2024 and 2023

ASSETS	2024	2023
Current assets:		
Cash and cash equivalents	$ 10,366,456	$ 2,143,608
Investments	14,062,446	26,902,538
Current portion of assets whose use is limited or restricted	2,386,114	3,222,590
Patient accounts receivable	34,572,122	34,431,052
Inventories	3,547,182	4,715,646
Prepaid expenses and other current assets	9,193,704	9,900,363
Total current assets	74,128,024	81,315,797
Assets whose use is limited or restricted:		
Board designated	25,442,553	19,251,773
Assets held in trust under debt agreements	9,308,807	9,309,777
Donor restricted	6,677,225	5,568,887
Total assets whose use is limited or restricted	41,428,585	34,130,437
Property, plant and equipment, net	142,589,592	134,042,937
Right-of-use assets	43,533,722	41,239,921
Other assets	1,483,000	2,000,000
Total assets	$303,162,923	$292,729,092

LIABILITIES AND NET ASSETS	2024	2023
Current liabilities:		
Accounts payable and accrued expenses	$ 21,242,175	$ 17,324,887
Accrued salary and wages	21,542,028	19,520,048
Estimated third-party payor settlements	8,685,312	7,172,074
Current portion of bonds payable and finance lease liabilities	2,769,349	2,200,000
Current portion of operating lease obligations	5,661,101	5,565,005
Total current liabilities	59,899,965	51,782,014
Other liabilities:		
Bonds payable and finance lease liabilities, net of current portion	108,209,363	97,195,285
Operating lease liabilities, less current portion	38,690,091	36,308,760
Other long-term liabilities	16,122,418	12,371,251
Total other liabilities	163,021,872	145,875,296
Total liabilities	222,921,837	197,657,310
Net assets:		
Without donor restrictions	74,912,735	88,396,214
With donor restriction	5,328,351	6,675,568
Total net assets	80,241,086	95,071,782
Total liabilities and net assets	$303,162,923	$292,729,092

See accompanying notes.

MILFORD REGIONAL MEDICAL CENTER, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended September 30, 2024 and 2023

	2024	2023
Revenues and other support:		
Patient service revenue	$379,187,514	$374,277,364
Other revenue and net assets released from restrictions used for operations	16,326,015	17,315,317
Total revenues and other support	395,513,529	391,592,681
Expenses:		
Salaries and wages	254,636,357	239,713,901
Supplies and other expenses	139,134,161	144,686,792
Depreciation	12,206,881	12,669,318
Interest	5,155,339	4,322,199
Uncompensated care pool assessment	5,532,372	5,532,372
Total expenses	416,665,110	406,924,582
Operating loss	(21,151,581)	(15,331,901)
Nonoperating gains (losses):		
Investment income, net	2,432,032	6,470,713
Unrestricted donations	768,253	763,132
Unrealized gains (losses) on investments	3,563,648	(383,404)
Other losses	(62,447)	(7,882)
Total nonoperating gains	6,701,486	6,842,559
Deficiency of revenues over expenses	(14,450,095)	(8,489,342)
Net assets released from restrictions used for purchases of property, plant and equipment	966,616	1,226,175
Decrease in net assets without donor restrictions	$ (13,483,479)	$ (7,263,167)

See accompanying notes.

MILFORD REGIONAL MEDICAL CENTER, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended September 30, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, October 1, 2022	$ 95,659,381	$ 7,328,819	$102,988,200
Deficiency of revenues over expenses	(8,489,342)	–	(8,489,342)
Contributions	–	209,805	209,805
Net assets released from restrictions	1,226,175	(1,459,048)	(232,873)
Unrealized loss on investments	–	(662,945)	(662,945)
Net realized gains on sale of investments	–	1,258,937	1,258,937
Change in net assets	(7,263,167)	(653,251)	(7,916,418)
Net assets, September 30, 2023	88,396,214	6,675,568	95,071,782
Deficiency of revenues over expenses	(14,450,095)	–	(14,450,095)
Contributions	–	881,705	881,705
Net assets released from restrictions	966,616	(3,086,448)	(2,119,832)
Unrealized gain on investments	–	415,610	415,610
Net realized gains on sale of investments	–	441,916	441,916
Change in net assets	(13,483,479)	(1,347,217)	(14,830,696)
Net assets, September 30, 2024	$ 74,912,735	$ 5,328,351	$ 80,241,086

See accompanying notes.

MILFORD REGIONAL MEDICAL CENTER, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$(14,830,696)	$ (7,916,418)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,206,881	12,669,318
Amortization of bond issuance costs and accretion of premium	(285,654)	(285,654)
Net unrealized (gains) losses on investments	(3,979,258)	1,046,349
Net realized gains on sale of investments	(2,088,498)	(5,965,969)
Restricted contributions	(881,705)	(209,805)
Loss on disposal of property, plant and equipment	62,447	7,882
Increase (decrease) in cash resulting from changes in:		
Investments classified as trading	18,050,322	10,661,662
Patient accounts receivable	(141,070)	(1,251,907)
Inventories, prepaid expenses and other current assets	1,875,123	(496,443)
Other assets	517,000	(337,000)
Accounts payable, accrued salary, wages and other liabilities	9,690,435	3,516,835
Estimated third-party payor settlements	1,513,238	(773,927)
Operating lease obligations	183,626	190,238
Net cash provided by operating activities	21,892,191	10,855,161
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	366,630	–
Purchases of property, plant and equipment	(6,887,649)	(4,634,749)
Changes in assets whose use is limited or restricted	(6,416,237)	(4,121,684)
Net cash used by investing activities	(12,937,256)	(8,756,433)
Cash flows from financing activities:		
Principal payments on bonds payable and finance lease liabilities	(2,425,883)	(2,095,000)
Restricted contributions	1,693,796	1,242,633
Net cash used by financing activities	(732,087)	(852,367)
Increase in cash and cash equivalents	8,222,848	1,246,361
Cash and cash equivalents at beginning of year	2,143,608	897,247
Cash and cash equivalents at end of year	$ 10,366,456	$ 2,143,608
Supplemental disclosures:		
Cash paid for interest	$ 4,973,546	$ 4,753,523
Change in pledges receivable	$ (812,091)	$ (1,032,828)
See Note 9 with respect to certain noncash activities related to leases.		

See accompanying notes.

1. Organization

The consolidated financial statements include the accounts of Milford Regional Medical Center, Inc. (the Medical Center), Milford Regional Physician Group, Inc. (the Physician Group), Milford Regional Healthcare Foundation, Inc. (the Foundation) and MRHC Management Services, Inc. (collectively, the Organization). The Organization operates for the purpose of providing inpatient, outpatient and emergency care services for the residents of Milford, Massachusetts and the surrounding communities.

During 2021, registered nurses employed by the Medical Center voted to form a nurses union which now operates under the Massachusetts Nurses Association. In November 2022, the union ratified its contract with the Medical Center which expires December 31, 2024.

In September 2023, the Organization and UMass Memorial Health signed a nonbinding letter of intent to affiliate the organizations. Expected benefits of the affiliation include enhancing mutually beneficial opportunities and strengthening retention of employees and providers, making expanded capital investments to enhance services and maintaining clinical programs and services that are valued by the community. The transaction was finalized and effective October 1, 2024.

2. Significant Accounting Policies

Principles of Consolidation

These consolidated financial statements include the accounts of the Medical Center, the Foundation (included with the Medical Center) and the Physician Group and are prepared in accordance with accounting principles generally accepted in the United States of America. MRHC Management Services, Inc. had no activity during fiscal years 2024 or 2023. Upon consolidation, all significant intercompany accounts and transactions have been eliminated.

The accounting policies that affect the more significant elements of the consolidated financial statements of the Organization are summarized below:

Net Assets With Donor Restrictions

Net assets with donor restrictions include those assets whose use by the Organization has been limited by donors or law to a specific time period or purpose. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for overall revenue recognition, certain accrued liabilities, third-party payor settlements and assessment of litigation and contingencies. Actual results could differ from those estimates.

2. Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less when purchased, excluding amounts included in investments and assets whose use is limited or restricted.

Patient Accounts Receivable

Revenues are recorded during the period the health care services are provided, based upon the estimated net realizable amounts due from patients, third-party payors and others for services rendered. Patient accounts receivable represent expected payment amounts for commercial and governmental payors as well as amounts that are patient responsibilities.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as contributions or support until such time as the conditions are substantially met.

Inventories

Supplies are recorded at the lower of cost (first-in, first-out method) or net realizable value.

Property, Plant and Equipment

Property, plant and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to operations, as incurred.

Assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of the asset may not be recoverable. Assets to be disposed of are recorded at the lower of carrying amount or fair value, less cost to sell.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include: assets set aside by the Board of Trustees over which the Board retains control and may, at its discretion, use for various purposes assets specified by donors or grantors for specific purposes and assets set aside in accordance with loan agreements.

2. Significant Accounting Policies (Continued)

Investments

The Organization classifies its investments as trading with investment income (including realized and unrealized gains and losses on investments, interest and dividends) included in the deficiency of revenues over expenses as a component of investment income, net, unless the income is restricted by donor or law.

Donated investments are recorded at fair value at the date of receipt. Investments in equity securities with readily determinable fair values, and all investments in debt securities, are recorded at fair value in the accompanying consolidated balance sheets. 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 as of the measurement date. Investment gains (losses) and income are reported as increases or decreases to net assets with or without donor restrictions depending on the existence or absence of donor restrictions.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the reported amounts.

Patient Service Revenue

Patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Under the terms of various agreements, regulations and statutes, certain elements of third-party reimbursement to the Organization are subject to negotiation, audit and/or final determination by the third-party payors. Variances between preliminary estimates of patient service revenue and final third-party settlements are included in patient service revenue in the year in which the settlement or change in estimate occurs. Laws governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Charity Care

The Medical Center provides charity care, without charge, to patients who meet certain criteria under its free care policy. Patient service revenue in the accompanying consolidated financial statements is recorded net of charity care.

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations and changes in net assets as net assets released from restrictions.

2. Significant Accounting Policies (Continued)

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support and are excluded from deficiency of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the donated assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, expiration of donor restrictions is reported when donated or acquired long-lived assets are placed in service.

Statement of Operations

For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as nonoperating gains (losses), which consist primarily of unrestricted donations, investment income, net, unrealized gains (losses) on investments and other losses.

Deficiency of Revenues Over Expenses

The consolidated statements of operations include the deficiency of revenues over expenses. Changes in net assets without donor restrictions that are excluded from the deficiency of revenues over expenses include net assets released from restrictions used for purchase of property, plant and equipment consistent with industry practice.

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding and are included as part of long-term bonds payable.

Bond Premium

Bond premium proceeds are being accreted over the period the related obligation is outstanding.

Fair Value of Financial Instruments

The carrying amount of the Organization's financial instruments approximates fair value.

Income Taxes

The Medical Center, the Physician Group, the Foundation, and MRHC Management Services, Inc. have been determined to be tax-exempt corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In accordance with generally accepted accounting principles, the Organization annually evaluates its tax status and tax positions taken with respect to its operations and financial position. No provision for income taxes has been made in the accompanying consolidated financial statements.

2. Significant Accounting Policies (Continued)

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through December 18, 2024, which is the date the financial statements were available to be issued.

3. Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk at September 30, 2024.

The Organization grants credit, without collateral, to its patients, many of whom are local residents and are insured under third-party payor agreements.

Patient accounts receivable as of September 30, 2024, 2023 and 2022 totaled $34,572,122, $34,431,052 and $33,179,145, respectively.

The composition of accounts receivable from patients and third-party payors was as follows as of September 30:

	2024	%	2023	%
Medicare	$ 6,759,821	20%	$ 6,636,525	19%
Medicaid	4,416,478	13	3,947,777	12
HMOs	14,384,852	42	15,024,616	44
Self-pay patients	4,597,981	13	4,211,669	12
Commercial	4,412,990	12	4,610,465	13
Patient accounts receivable	$34,572,122	100%	$34,431,052	100%

Management monitors and evaluates revenue recognition policies to ensure that receivables are stated at their net realizable value.

4. Uncompensated Care

As a community provider of health care services, the Organization maintains programs to promote the overall well-being of the community which it serves. These include: human service programs, health clinics, operation of an emergency room and the provision of inpatient and outpatient hospital services. These services are available to all individuals regardless of their ability to pay for such services. Those unable to pay for the care they receive are eligible to benefit from the Organization's charity care policy.

The Organization maintains records to identify and monitor the level of free care it provides. To calculate the cost associated with these charges, the Organization utilizes a cost-to-charge ratio. This cost-to-charge ratio is computed by taking the total operating costs and dividing by patient service revenue.

The following represents the charity care provided by the Organization for the years ending September 30:

	2024	2023
Charity care charges based on established rates	$6,298,000	$4,849,000
Estimated costs and expenses incurred to provide charity care	$3,229,000	$2,327,000

In accordance with the Commonwealth of Massachusetts' Health Safety Net (HSN) guidelines, the Medical Center maintains records to identify and monitor the volume of patients to whom it provides free care. These records include completed applications for eligible patients and the dates and amounts for all charges furnished under the Medical Center's free care policies and are submitted to the HSN.

Amounts are paid to the HSN based on the relationship between the Medical Center's private sector (i.e., nongovernmental) charges and those charges identified as free care. HSN reimburses providers based on a claims methodology.

Effective October 1, 2016, the gross amount of the HSN assessment was increased in accordance with Chapter 115 of the Acts of 2016 to support the MassHealth waiver investments. This increased assessment was partially offset from payments received from the Medicaid Delivery Reform Trust Fund.

On September 28, 2022, the Centers for Medicare and Medicaid (CMS) approved Massachusetts' request to extend the MassHealth Section 1115 Demonstration (1115 waiver). The 1115 waiver extension will continue progress in improving health outcomes and closing health disparities for patients. The new demonstration extends and expands reforms through December 2027. The increase in the assessment is being offset by payments received through the waiver which include a Medicaid Rate Add-on, Clinical Quality Initiatives, and Health Quality Equity payments.

5. Patient Service Revenue

Revenues generally relate to contracts with patients in which the Organization's performance obligations are to provide health care services to patients. Revenues are recorded during the period obligations to provide health care services are satisfied. Performance obligations for inpatient services are generally satisfied over a period of days. Performance obligations for outpatient services are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans and commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by Medicare and Medicaid or negotiated with managed care health plans and commercial insurance companies, the third-party payors. The payment arrangements with third-party payors for the services provided to related patients typically specify payments at amounts less than standard charges. Medicare generally pays for inpatient and outpatient services at prospectively determined rates based on clinical, diagnostic and other factors. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member. Agreements with commercial insurance carriers, managed care and preferred provider organizations generally provide for payments based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates. Management continually reviews the revenue recognition process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals.

Revenues are based upon estimated amounts that the Organization expects to be entitled to receive from patients and third-party payors. Revenues under managed care and commercial insurance plans are based upon the payment terms specified in the related contractual agreements. Revenues related to uninsured patients and uninsured copayment and deductible amounts for patients who have health care coverage may have discounts applied (uninsured discounts and contractual discounts) and the recorded revenue is based primarily on historical collection experience.

The Medical Center and the Physician Group maintain agreements with the Centers for Medicare and Medicaid Services (CMS) (under the Medicare program) and the Commonwealth of Massachusetts (under the Medicaid program) and various commercial insurance carriers, health maintenance organizations and preferred provider organizations. These agreements govern payment to the Medical Center and the Physician Group for services rendered to subscribers and beneficiaries covered by these programs. Certain of these agreements require the Medical Center to prepare and file various annual cost reports which summarize actual and allowable cost and charge data.

The Medicare program of CMS (the Program) reimburses acute care hospitals under the Prospective Payment System (PPS) for most inpatient services.

The Medical Center outpatient services provided to Medicare patients are reimbursed by the Program on a prospective basis under the system referred to as Ambulatory Payment Classifications (APC). This system establishes rates of payment based on the services provided to outpatients using the current procedural terminology.

5. Patient Service Revenue (Continued)

The Commonwealth of Massachusetts Executive Office of Health and Human Services (EOHHS) (Medicaid) pays hospitals on a prospective basis, which varies according to the intensity of service required by the patient. Medicaid pays for outpatient services using a prospective payment system which includes a combination of a payment amount per episode and fee schedules.

The Organization has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Organization under these agreements includes discounts from established charges and per diem daily rates.

Revenues from third-party payors and the uninsured are summarized as follows at September 30:

	2024	2023
Governmental payors	$200,173,570	$196,251,035
Commercial	173,339,402	171,400,576
Patients	5,674,542	6,625,753
Patient service revenue	$379,187,514	$374,277,364

The collection of outstanding receivables for Medicare, Medicaid, managed care payors, other third-party payors and patients is the Organization's primary source of operating cash and is critical to operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon management's assessment of historical writeoffs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical writeoffs and collections at facilities that represent a majority of the Organization's revenues and accounts receivable as a primary source of information in estimating the collectibility of accounts receivable.

The Organization received approximately $855,000 and $100,000 related to the *Federal Emergency Management Agency's* (FEMA) *Public Assistance* grant program during the years ended September 30, 2024 and 2023, respectively, and approximately $2,600,000 from the Commonwealth of Massachusetts *Coronavirus State Fiscal Recovery Fund* established pursuant to the *American Rescue Plan Act* (ARPA) during the year ended September 30, 2023. During the year ended September 30, 2023, the Organization also received approximately $1,300,000 from the Medicaid Executive Office of Health and Human Services. Amounts have been recorded as other revenue during the year of receipt based on management's analysis of the compliance and reporting requirements of each funding source.

5. Patient Service Revenue (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Organization believes that it is substantially in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing specific to the Organization. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenue in the year that such amounts become known.

Included in revenue for the years ended September 30, 2024 and 2023 are changes in estimates relative to the Organization's prior year third-party settlements. Such amounts resulted in an increase in patient service revenue of approximately $2,530,000 and $2,400,000, respectively.

As of September 30, 2024, settlements for years 2021 through 2024 are considered open.

6. Investments and Assets Whose Use is Limited or Restricted

Investments and assets whose use is limited or restricted consisted of the following at September 30:

	2024	2023
Cash and money market investments	$18,630,693	$ 12,707,550
U.S. Government securities	8,261,648	8,084,121
Marketable equity securities and mutual funds	28,942,657	40,427,465
Corporate bonds	1,560,497	1,759,758
Pledges receivable, net	353,644	1,165,735
Interest receivable	128,006	110,936
Total investments and assets whose use is limited or restricted	$57,877,145	$ 64,255,565

6. Investments and Assets Whose Use is Limited or Restricted (Continued)

Investments and assets whose use is limited or restricted are reported in the consolidated balance sheets as follows at September 30:

	2024	2023
Investments	$14,062,446	$26,902,538
Current portion of assets whose use is limited or restricted	2,386,114	3,222,590
Assets whose use is limited or restricted:		
Board designated	25,442,553	19,251,773
Assets held in trust under debt agreements	9,308,807	9,309,777
Donor restricted	6,677,225	5,568,887
	41,428,585	34,130,437
	$57,877,145	$64,255,565

The composition of investment income (loss) for the years ended September 30 was as follows:

	2024	2023
Without donor restrictions (included in nonoperating gains (losses):		
Interest and dividends income (included in investment income, net)	$ 785,450	$ 1,763,681
Net realized gains on sale of investments (included in investment income, net)	1,646,582	4,707,032
Unrealized gains (losses) on investments	3,563,648	(383,404)
	5,995,680	6,087,309
With donor restrictions:		
Net realized gains on sale of investments	441,916	1,258,937
Unrealized gains (losses) on investments	415,610	(662,945)
	857,526	595,992
	$6,853,206	$ 6,683,301

Pledges receivable included in donor restricted investments are due as follows at September 30, 2024:

Due in one year	$386,185
Due in two to five years	7,893
	394,078
Less unamortized discount	(849)
Less allowable for uncollectible pledges	(39,585)
	$353,644

Pledges receivable are included in current portion of assets whose use is limited or restricted and donor restricted assets whose use is limited or restricted.

7. Property, Plant and Equipment

Property, plant and equipment consisted of the following at September 30:

	2024	2023
Land and improvements	$ 10,900,036	$ 10,850,225
Buildings and improvements	160,758,595	147,468,443
Equipment	126,521,920	124,251,420
	298,180,551	282,570,088
Less accumulated depreciation	(155,733,940)	(149,041,234)
	142,446,611	133,528,854
Construction in progress	142,981	514,083
Property, plant and equipment, net	$ 142,589,592	$ 134,042,937

Depreciation expense for the years ended September 30, 2024 and 2023 was $12,206,881 and $12,669,318, respectively.

8. Bonds Payable and Finance Lease Liabilities

Bonds Payable and Finance Lease Liabilities

Bonds payable and finance lease liabilities consisted of the following at September 30:

	2024	2023
Series F Revenue Bonds	$ 39,395,000	$ 40,310,000
Series G Revenue Bonds	51,510,000	52,795,000
	90,905,000	93,105,000
Series F Revenue Bond Premium, net	106,892	112,421
Series G Revenue Bond Premium, net	7,238,055	7,584,097
	98,249,947	100,801,518
Building lease financing with required monthly principal payments ranging from $78,227 to $99,884 through March 2044	13,488,908	–
Equipment lease financing with required monthly principal payments of $12,371 through December 2028	580,173	–
Less current portion	2,769,349	2,200,000
Less debt issuance costs	1,340,316	1,406,233
Bonds payable and finance lease liabilities, net	$108,209,363	$ 97,195,285

Interest expense was $5,155,339 and $4,322,199 in 2024 and 2023, respectively.

8. Bonds Payable and Finance Lease Liabilities (Continued)

Revenue Bonds

In 2014, the Medical Center issued $45,660,000 of Massachusetts Development Finance Agency (MDFA) Series F Revenue Bonds (Series F Bonds) to finance construction and renovation projects and to advance refund the Massachusetts Health and Educational Facilities Authority (MHEFA) Series C Revenue Bonds. The Series F Revenue Bonds are payable in various annual installments through July 15, 2043 and bear interest at rates ranging from 5.00% to 5.75%.

On September 3, 2020, the Medical Center issued $56,650,000 of MHEFA Series G Bonds (Series G Bonds). The proceeds were used to advance refund the Series E Bonds and retire a capital lease. The Series G Bonds are payable in various annual installments through 2046 and bear interest at a coupon rate of 5.00%.

The Medical Center and the Physician Group are members of the obligated group for the Series F and Series G Bonds.

Collateral

The Series F and Series G Bonds are collateralized by a mortgage on the Medical Center campus at 14 Prospect Street, Milford, and a lien on gross receipts.

Debt Covenants

The Medical Center's debt agreements contain limitations on additional indebtedness, mergers and other restrictive covenants, and maintenance of minimum debt service coverage ratios. The Medical Center did not meet the minimum debt service coverage ratio as of September 30, 2024, however, has 240 days to deliver an Officer's Certificate to the Master Trustee and hire a consultant to make recommendations to increase and meet such ratio in the following fiscal year. Management is currently underway in this process.

Scheduled Principal Payments

Aggregate principal payments on bonds payable and finance lease liabilities at September 30, 2024 are as follows:

2025	$ 2,769,349
2026	2,904,970
2027	3,051,520
2028	3,199,043
2029	3,283,613
Thereafter	89,765,586
	$104,974,081

8. Bonds Payable and Finance Lease Liabilities (Continued)

Assets Held in Trust

The Medical Center is required to make annual sinking fund payments for each of the outstanding bond issues. For the Series G Bonds, the payments range from $1,160,000 to $6,775,000 through September 30, 2046. For the Series F Bonds, the payments range from $685,000 to $5,455,000 through July 15, 2043. The terms of the bond agreements required the establishment of certain reserve funds. The Medical Center is also required to set up funds to hold proceeds from MDFA obligations until those funds are expended for their intended purpose. Balances in these funds are as follows at September 30:

	2024	2023
Debt service fund	$ 1,999,929	$ 1,979,654
Debt service reserve fund	9,308,807	9,309,777
	$11,308,736	$11,289,431

The principal of these funds and the income earned thereon are limited by the Trust Agreement or other loan agreements and are primarily to be used for the retirement of the Series F and Series G Bonds. These funds are held by a trustee and are included in current portion of assets whose use is limited or restricted and assets held in trust under debt agreements.

9. Leases

The Organization utilizes finance and operating leases for the use of certain medical office buildings and medical equipment. Leases are classified as either operating or finance in accordance with ASC 842. All lease agreements generally require the Organization to pay maintenance, repairs, property taxes and insurance costs, which are variable amounts based on actual costs incurred during each applicable period. Such costs are not included in the determination of the right-of-use (ROU) asset or lease liability. Variable lease cost also includes escalating rent payments that are not fixed at commencement but are based on an index that is determined in future periods over the lease term based on changes in the Consumer Price Index or other measure of cost inflation. Most leases include one or more options to renew the lease at the end of the initial term, with renewal terms that generally extend the lease at the then market rate of rental payment. Certain leases also include an option to buy the underlying asset at or a short time prior to the termination of the lease. All such options are at the Organization's discretion and are evaluated at the commencement of the lease, with only those that are reasonably certain of exercise included in determining the appropriate lease term.

Finance lease ROU assets of $13,879,746 in 2024 (net of accumulated amortization of $442,158) are reported on the Organization's consolidated balance sheet within property, plant and equipment, net. The Organization's lease liabilities are reported on the consolidated balance sheet as obligations under leases according to their related lease classification.

9. Leases (Continued)

The components of operating and finance lease costs for the years ended September 30 are as follows:

Description	Consolidated Statement of Operations Classification	2024	2023
Operating lease expense	Supplies and other	$7,817,951	$7,221,707
Variable leases costs	Supplies and other	1,114,689	1,016,681
Finance lease costs:			
Amortization of right-of-use assets	Depreciation	442,158	–
Interest on lease liabilities	Interest	327,876	–

The weighted-average lease terms and discount rates for operating and finance leases are as follows for the years ended September 30:

	2024	2023
Weighted-average remaining lease term:		
Operating lease	11.19 years	10.69 years
Finance lease	18.87	N/A
Weighted-average discount rate:		
Operating lease	3.94%	3.88%
Finance lease	4.56%	N/A

Supplemental cash flow and other information related to leases is as follows as of and for the years ended September 30:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases (fixed payments)	$ 7,587,001	$ 6,985,415
Operating cash flows from finance leases (interest payments)	276,589	–
Financing cash flows from finance leases (liability reduction)	225,883	–
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	8,401,917	2,809,144
Finance leases	14,235,032	–

9. Leases (Continued)

A summary of the future lease payments under lease liabilities is as follows at September 30, 2024:

	Operating Leases	Finance Leases
2025	$ 7,280,118	$ 1,087,171
2026	6,460,836	1,087,171
2027	5,676,221	1,087,171
2028	4,672,218	1,087,171
2029	3,765,756	1,014,157
Thereafter	27,479,837	16,070,220
	55,334,986	21,433,061
Less imputed interest	(10,983,794)	(7,363,980)
Total liabilities	$ 44,351,192	$ 14,069,081

Lease Income

The Medical Center leases property under certain operating leases. Total rental income for the years ending September 30, 2024 and 2023 for the leases was $1,774,055. Rental income in future years approximates the 2024 amount.

Property being leased to others includes $18,716,613 of buildings and improvements, net of total accumulated depreciation of $7,850,201 at September 30, 2024.

10. Employee Retirement Plan

Subject to certain eligibility requirements, employees may participate in the Organization's defined contribution retirement plan. Eligible employees must contribute a minimum of 2% of their gross salary. The Organization may elect to contribute a discretionary match. The expenses recognized by the Organization related to the plan were $4,028,841 and $3,400,885 in 2024 and 2023, respectively.

The Organization sponsors a 457(b) deferred compensation plan for certain qualifying employees. The amounts ultimately due to employees are to be paid upon the employees attaining certain criteria, including age. At September 30, 2024 and 2023, $10,510,473 and $7,239,180, respectively, is reflected in board designated assets whose use is limited or restricted and $10,821,840 and $7,537,460, respectively, in other long-term liabilities on the accompanying consolidated balance sheets related to such agreements

11. Professional Liability Insurance

Malpractice Insurance

The Organization maintains malpractice insurance coverage on a claims-made basis. The claims-made policies renew on an annual basis and cover only claims made during the term of the policies, but not those occurrences for which claims may be made after expiration of the policies. The Organization has renewed its coverage and has no reason to believe that it will be prevented from renewing such coverage.

In accordance with ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2024 and 2023, the Organization recorded a liability of $2,048,000 and $2,600,000 (other long-term liabilities), respectively, related to potential exposure arising from professional liability losses. At September 30, 2024 and 2023, the Organization also recorded a receivable of $1,483,000 and $2,000,000 (other assets), respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. At September 30, 2024 and 2023, the Organization recorded an estimated liability of potentially incurred but not reported claims of approximately $1,551,000 and $1,143,000, respectively.

Self-Insurance

The Organization is self-insured for certain unemployment, employee health and dental insurance claims. Provision has been made in the accompanying consolidated financial statements to cover liabilities under these self-insurance plans.

12. Fair Value Measurements

Fair value framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the hierarchy are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

12. Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Marketable equity securities and mutual funds: Valued at the quoted price reported in the active market in which the investment is traded. When quoted prices are not available for identical or similar mutual funds and equity securities, the investment is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Cash and cash equivalents, U.S. treasury and government agency securities and corporate bonds: Valued at the quoted price reported in the active market in which the investment is traded. Other cash and cash equivalents are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Fixed income securities are valued based on inputs not quoted in active markets, but corroborated by market data.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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 fair value measurement at the reporting date.

12. Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2024 and 2023:

	Level 1	Level 2	Level 3	Total
2024				
Cash and money market investments	$ 7,252,599	$11,378,094	$ –	$18,630,693
U.S. Treasury securities	–	7,549,447	–	7,549,447
U.S. Government agency securities:				
Federal Home Loan Bank	–	595,743	–	595,743
Mortgage-backed	–	116,458	–	116,458
Corporate bonds:				
Domestic	–	1,560,497	–	1,560,497
Marketable equity securities:				
Consumer discretionary	324,626	–	–	324,626
Consumer staples	499,383	–	–	499,383
Energy	1,267,034	–	–	1,267,034
Financial services	691,200	–	–	691,200
Healthcare	2,899,327	–	–	2,899,327
Industrial	1,624,894	–	–	1,624,894
Materials	969,314	–	–	969,314
Technology	2,942,781	–	–	2,942,781
Telecommunications	469,411	–	–	469,411
Utilities	414,235	–	–	414,235
Mutual funds:				
Equity funds	5,050,635	–	–	5,050,635
Fixed income funds	11,162,246	–	–	11,162,246
International equity funds	627,571	–	–	627,571
Accrued interest and other	128,006	–	–	128,006
Total investments at fair value	$36,323,262	$21,200,239	$ –	$57,523,501

Total investments, excluding pledges receivable, net, included the following as of September 30, 2024:

Short-term investments	$14,062,446
Assets whose use is limited or restricted	43,461,055
	$57,523,501

12. Fair Value Measurements (Continued)

	Level 1	Level 2	Level 3	Total
2023				
Cash and money market investments	$ 904,448	$11,803,102	–	$12,707,550
U.S. Treasury securities	–	6,566,457	–	6,566,457
U.S. Government agency securities:				
Federal Home Loan Bank	–	553,180	–	553,180
Federal Farm Credit Bank	–	774,156	–	774,156
Mortgage-backed	–	190,328	–	190,328
Corporate bonds:				
Domestic	–	1,759,758	–	1,759,758
Marketable equity securities:				
Consumer discretionary	1,006,583	–	–	1,006,583
Consumer staples	1,777,956	–	–	1,777,956
Energy	1,627,108	–	–	1,627,108
Financial services	2,919,197	–	–	2,919,197
Healthcare	2,903,840	–	–	2,903,840
Industrial	2,883,861	–	–	2,883,861
Materials	1,201,457	–	–	1,201,457
Technology	5,565,487	–	–	5,565,487
Telecommunications	1,711,811	–	–	1,711,811
Utilities	372,456	–	–	372,456
Mutual funds:				
Equity funds	7,588,915	–	–	7,588,915
Fixed income funds	9,076,366	–	–	9,076,366
International equity funds	1,792,428	–	–	1,792,428
Accrued interest and other	110,936	–	–	110,936
Total investments at fair value	$41,442,849	$21,646,981	$ –	$63,089,830

Total investments, excluding pledges receivable, net, included the following as of September 30, 2023:

Short-term investments	$26,902,538
Assets whose use is limited or restricted	36,187,292
	$63,089,830

13. Commitments and Contingencies

Various claims and legal actions are pending against the Organization which have arisen in the normal course of business. In the opinion of management, no claims have been asserted against the Organization which, either individually or in the aggregate, are considered to be material or will be in excess of its insurance coverage.

14. Functional Expenses

The Organization provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended September 30, 2024 and 2023:

	Healthcare	General and Administrative	Total
2024			
Salaries and wages	$191,321,047	$16,335,965	$207,657,012
Employee benefits	43,359,717	3,619,628	46,979,345
Supplies and other	121,232,810	23,433,723	144,666,533
Interest	327,876	4,827,463	5,155,339
Depreciation	12,197,228	9,653	12,206,881
	$368,438,678	$48,226,432	$416,665,110
2023			
Salaries and wages	$177,615,178	$20,130,261	$197,745,439
Employee benefits	38,326,125	3,642,337	41,968,462
Supplies and other	140,495,605	9,723,559	150,219,164
Interest	–	4,322,199	4,322,199
Depreciation	11,273,107	1,396,211	12,669,318
	$367,710,015	$39,214,567	$406,924,582

15. Related Party Transactions

During the years ended September 30, 2024 and 2023, the Organization utilized services of companies where the Organization's board members maintained significant influence. Total amounts, by type of service, deemed to be paid to related parties were as follows for the years ended September 30:

	2024	2023
Physician services	$1,783,126	$2,442,686
Rental payments	4,084,095	2,018,823
Supplies and services	245,759	393,249
	$6,112,980	$4,854,758

16. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at September 30:

	2024	2023
Purpose restriction:		
Purchase of property, plant and equipment	$ 354,702	$1,212,238
Health care services	4,345,708	4,835,389
	4,700,410	6,047,627
Perpetual in nature:		
Donor restricted	627,941	627,941
	$5,328,351	$6,675,568

Income from net assets with donor restrictions is expendable to support healthcare services.

17. Financial Assets and Liquidity Resources

Financial assets available for general expenditure within one year of the balance sheet date consist of the following at September 30, 2024:

Cash and cash equivalents	$10,366,456
Patient accounts receivable	34,572,122
Investments	14,062,446
Board designated investments	14,932,080
	$73,933,104

The Organization regularly monitors liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

The Organization's governing Board has designated a portion of unrestricted resources for future purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. Accordingly, these assets have been included in the quantitative information above.

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INDEPENDENT AUDITORS' REPORT
ON OTHER FINANCIAL INFORMATION

Board of Trustees
Milford Regional Medical Center, Inc. and Affiliates

We have audited the consolidated financial statements of Milford Regional Medical Center, Inc. and Affiliates as of and for the years ended September 30, 2024 and 2023, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Newman & Noyes LLC

Portland, Maine
December 18, 2024

MILFORD REGIONAL MEDICAL CENTER, INC. AND AFFILIATES

CONSOLIDATING BALANCE SHEETS

September 30, 2024 and 2023

ASSETS

	2024				2023			
	Milford Regional Medical Center, Inc.	Milford Regional Physician Group, Inc.	Elimi-nations	Consol-idated	Milford Regional Medical Center, Inc.	Milford Regional Physician Group, Inc.	Elimi-nations	Consol-idated
Current assets:								
Cash and cash equivalents	$ 9,053,235	$ 1,313,221	$ –	$ 10,366,456	$ 2,316,892	$ (173,284)	$ –	$ 2,143,608
Investments	14,062,446	–	–	14,062,446	26,902,538	–	–	26,902,538
Current portion of assets whose use is limited or restricted	2,386,114	–	–	2,386,114	3,222,590	–	–	3,222,590
Patient accounts receivable	28,150,157	6,421,965	–	34,572,122	28,364,917	6,066,135	–	34,431,052
Inventories	3,461,846	85,336	–	3,547,182	4,621,806	93,840	–	4,715,646
Prepaid expenses and other current assets	4,578,096	5,293,992	(678,384)	9,193,704	3,683,183	6,715,546	(498,366)	9,900,363
					69,111,926	12,702,237	(498,366)	81,315,797
Total current assets	61,691,894	13,114,514	(678,384)	74,128,024				
Assets whose use is limited or restricted:								
Board designated	16,372,526	10,510,473	(1,440,446)	25,442,553	12,030,567	7,323,780	(102,574)	19,251,773
Assets held in trust under debt agreements	9,308,807	–	–	9,308,807	9,309,777	–	–	9,309,777
Donor restricted	6,677,225	–	–	6,677,225	5,568,887	–	–	5,568,887
Total assets whose use is limited or restricted	32,358,558	10,510,473	(1,440,446)	41,428,585	26,909,231	7,323,780	(102,574)	34,130,437
Property, plant and equipment, net	126,135,782	16,453,810	–	142,589,592	130,823,869	3,219,068	–	134,042,937
Right of use assets	15,844,383	27,689,339	–	43,533,722	11,688,433	29,551,488	–	41,239,921
Other assets	1,174,000	309,000	–	1,483,000	2,000,000	–	–	2,000,000
Total assets	$237,204,617	$ 68,077,136	$ (2,118,830)	$303,162,923	$240,533,459	$ 52,796,573	$ (600,940)	$292,729,092

LIABILITIES AND NET ASSETS

	2024				2023			
	Milford Regional Medical Center, Inc.	Milford Regional Physician Group, Inc.	Elimi-nations	Consol-idated	Milford Regional Medical Center, Inc.	Milford Regional Physician Group, Inc.	Elimi-nations	Consol-idated
Current liabilities:								
Accounts payable and accrued expenses	$ 19,000,719	$ 3,976,513	$ (1,735,057)	$ 21,242,175	$ 13,221,917	$ 4,272,904	$ (169,934)	$ 17,324,887
Accrued salary and wages	14,359,226	7,182,802	–	21,542,028	12,524,434	7,053,688	(58,074)	19,520,048
Estimated third-party payor settlements	8,763,717	305,368	(383,773)	8,685,312	7,235,805	309,201	(372,932)	7,172,074
Current portion of bonds payable and finance lease liabilities	2,437,939	331,410	–	2,769,349	2,200,000	–	–	2,200,000
Current portion of operating lease obligations	2,766,320	2,894,781	–	5,661,101	2,540,675	3,024,330	–	5,565,005
Total current liabilities	47,327,921	14,690,874	(2,118,830)	59,899,965	37,722,831	14,660,123	(600,940)	51,782,014
Other liabilities:								
Bonds payable and finance lease liabilities, net of current portion	95,051,865	13,157,498	–	108,209,363	97,195,285	–	–	97,195,285
Operating lease obligations, net of current portion	13,350,434	25,339,657	–	38,690,091	9,319,749	26,989,011	–	36,308,760
Other long-term liabilities	4,402,692	11,719,726	–	16,122,418	4,117,287	8,253,964	–	12,371,251
Total other liabilities	112,804,991	50,216,881	–	163,021,872	110,632,321	35,242,975	–	145,875,296
Total liabilities	160,132,912	64,907,755	(2,118,830)	222,921,837	148,355,152	49,903,098	(600,940)	197,657,310
Net assets:								
Without donor restrictions	71,743,354	3,169,381	–	74,912,735	85,502,739	2,893,475	–	88,396,214
With donor restrictions	5,328,351	–	–	5,328,351	6,675,568	–	–	6,675,568
Total net assets	77,071,705	3,169,381	–	80,241,086	92,178,307	2,893,475	–	95,071,782
Total liabilities and net assets	$237,204,617	$ 68,077,136	$ (2,118,830)	$303,162,923	$240,533,459	$ 52,796,573	$ (600,940)	$292,729,092

MILFORD REGIONAL MEDICAL CENTER, INC. AND AFFILIATES

CONSOLIDATING STATEMENTS OF OPERATIONS

For the Years Ended September 30, 2024 and 2023

	2024				2023			
	Milford Regional Medical Center, Inc.	Milford Regional Physician Group, Inc.	Elimi-nations	Consol-idated	Milford Regional Medical Center, Inc.	Milford Regional Physician Group, Inc.	Elimi-nations	Consol-idated
Revenues and other support:								
Patient service revenue	$280,214,468	$ 98,973,046	$ –	$379,187,514	$277,120,988	$ 97,156,376	$ –	$374,277,364
Other revenue and net assets released from restrictions used for operations	10,145,733	18,807,420	(12,627,138)	16,326,015	11,103,202	18,439,357	(12,227,242)	17,315,317
Total revenues and other support	290,360,201	117,780,466	(12,627,138)	395,513,529	288,224,190	115,595,733	(12,227,242)	391,592,681
Expenses:								
Salaries and wages	159,626,877	95,009,480	–	254,636,357	148,465,262	91,248,639	–	239,713,901
Supplies and other expenses	120,256,137	31,505,162	(12,627,138)	139,134,161	124,748,325	32,165,709	(12,227,242)	144,686,792
Depreciation	11,216,733	990,148	–	12,206,881	11,533,859	1,135,459	–	12,669,318
Interest	4,881,312	274,027	–	5,155,339	4,322,199	–	–	4,322,199
Uncompensated care pool assessment	5,532,372	–	–	5,532,372	5,532,372	–	–	5,532,372
Total expenses	301,513,431	127,778,817	(12,627,138)	416,665,110	294,602,017	124,549,807	(12,227,242)	406,924,582
Operating loss	(11,153,230)	(9,998,351)	–	(21,151,581)	(6,377,827)	(8,954,074)	–	(15,331,901)
Nonoperating gains (losses):								
Investment income, net	2,432,032	–	–	2,432,032	6,466,469	4,244	–	6,470,713
Unrestricted donations	768,253	–	–	768,253	763,132	–	–	763,132
Unrealized gains (losses) on investments	3,563,648	–	–	3,563,648	(383,404)	–	–	(383,404)
Other losses	(60,303)	(2,144)	–	(62,447)	(3,882)	(4,000)	–	(7,882)
Total nonoperating gains (losses)	6,703,630	(2,144)	–	6,701,486	6,842,315	244	–	6,842,559
(Deficiency) excess of revenues over expenses	(4,449,600)	(10,000,495)	–	(14,450,095)	464,488	(8,953,830)	–	(8,489,342)
Transfer (to) from affiliate	(10,276,401)	10,276,401	–	–	(8,256,416)	8,256,416	–	–
Net assets released from restrictions used for purchases of property, plant and equipment	966,616	–	–	966,616	1,226,175	–	–	1,226,175
(Decrease) increase in net assets without donor restrictions	$ (13,759,385)	$ 275,906	$ –	$ (13,483,479)	$ (6,565,753)	$ (697,414)	$ –	$ (7,263,167)

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Appendix C-1

Definitions of Certain Terms

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DEFINITIONS OF CERTAIN TERMS

In addition to terms defined elsewhere in this Official Statement, unless the context otherwise requires, the following definitions shall apply:

DEFINITIONS PERTAINING TO THE MASTER INDENTURE

"Additional Indebtedness" means any Indebtedness (including all Indenture Indebtedness and excluding Indebtedness existing on the Effective Date) incurred by any Member of the Obligated Group, subsequent to its becoming a Member of the Obligated Group.

"Adjusted Annual Operating Revenues" means, as to any Fiscal Year, the aggregate of operating revenues of all Members of the Obligated Group for such year, less contractual allowances, free care and uncollectible accounts (to the extent uncollectible accounts are included in operating revenues), determined in accordance with GAAP and in such a manner that no portion of the operating revenues is included more than once.

"Affiliate" shall mean a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof: (a) which Controls or which is Controlled, directly or indirectly, by any Member or any Affiliate; or (b) a majority of the members of any Governing Body of which are members of the Governing Body of any Member.

"Agency" means the Massachusetts Development Finance Agency and its successors.

"Aggregate Debt Service Requirement" means, as to any period, the aggregate of the Debt Service Requirements of all Members of the Obligated Group for such period, determined in such a manner that no portion of the Debt Service Requirement of any Member is included more than once.

"Aggregate Income Available for Debt Service" means, as to any period, the aggregate of Income Available for Debt Service of all Members of the Obligated Group for such period, determined in such a manner that no portion of Income Available for Debt Service of any such Member is included more than once.

"Assumed Rate" means (i), with respect to variable rate Indebtedness that is not subject to a Hedging Contract, the average interest rate on such Indebtedness for the most recent prior twelve-month period or for the period for which such Indebtedness has been outstanding if less than twelve months and (ii), with respect to variable rate Indebtedness or a portion thereof which is subject to a Hedging Contract, the rate calculated pursuant to the Master Indenture.

"Authorized Officers" has the meaning set forth in the Master Indenture.

"Balloon Indebtedness" means (i) Long-Term Indebtedness which is part of an issue of Indebtedness 25% or more of which has its Date of Maturity in the same 12-month period or (ii) any portion of an issue of Long-Term Indebtedness that is so designated by the Member whose debt it is pursuant to an Officer's Certificate stating that such portion shall be deemed to constitute a separate issue of Balloon Indebtedness.

"Bond Index" means, at the option of the Representative, as to any Indebtedness: (a) the "Bond Buyer 25-Bond Revenue" index rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the Representative that is within 60 days prior to the date of any calculation made with respect to such index rate, or an index reasonably comparable to the "Bond Buyer 25-Bond Revenue" index rate for 30-year tax-exempt revenue bonds, such alternative index to be selected by the Representative, (b) the weighted average coupon or, if applicable, arbitrage yield calculated for federal tax purposes of such Indebtedness, as selected by the Representative and as certified by the Representative in such certificate, or (c) such other interest rate or interest index as may be certified in writing by an Authorized Officer of the Representative to the Master Trustee as appropriate to the situation.

"Book Value," when used in connection with Property of any Member of the Obligated Group, means the value of such Property, net of accumulated depreciation and amortization, as carried on the books of such Member and calculated in conformity with GAAP, and when used in connection with Property of the Obligated Group, means the aggregate of the values so determined with respect to such Property of all Members of the Obligated Group determined in such a manner that no portion of such value of Property of any Member is included more than once.

"Capitalization" means the sum of (i) the aggregate principal amount of all Outstanding Indebtedness of the Members of the Obligated Group plus (ii) the aggregate Unrestricted Net Assets of the Members of the Obligated Group.

"Code" means the Internal Revenue Code of 1986, as it may be amended from time to time.

"Commonwealth" means The Commonwealth of Massachusetts.

"Completion Indebtedness" means any Long-Term Indebtedness incurred by any Member of the Obligated Group for the purpose of financing the completion of constructing or equipping facilities of which Long-Term Indebtedness has theretofore been incurred to the extent necessary to provide a completed and equipped facility of the type and scope contemplated at the time such prior Long-Term Indebtedness was originally incurred and for the purpose of financing a related debt service reserve fund or capitalized interest, if any.

"Consultant" means an independent firm which is a certified public accountant or professional management consultant, selected by the Representative, and having the skill and experience necessary to render the particular report required by the provision of the Master Indenture in which such requirement appears.

"Controlled" or "Controls" means with respect to: (a) a corporation having stock, the ownership, directly or indirectly, of more than 50% of the securities (as defined in Section 2(l) of the Securities Act of 1933, as amended) of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of such corporation's directors (or persons performing similar functions); (b) a not for profit corporation not having stock, the power to elect or appoint, directly or indirectly, a majority of the Governing Body of such corporation; (c) a partnership, the ownership, directly or indirectly, of general partnership interests equal to at least 50% of the general partnership interests; or (d) any other entity, the power to direct the management of such entity through the ownership of at least a majority of its voting securities or the right to designate or elect at least a majority of the members of its Governing Body, by contract or otherwise.

"Corporate Trust Office" means the corporate trust office of the Master Trustee at which the Master Indenture is principally administered, which at the Adoption Date is located at One Federal Street, Boston, Massachusetts 02110 (or such other office as it may designate as such by written notice to the Representative from time to time).

"Date of Maturity" means as to any Indebtedness, as of any date of determination, the first date thereafter on which such Indebtedness is payable, whether at maturity, by mandatory (including sinking fund) redemption (or purchase) or by redemption (or purchase) at the option of the holders; provided that if portions of any Indebtedness are payable on different dates, the Date of Maturity shall be separately determined for each such portion. If there is a refinancing arrangement for any Balloon Indebtedness, in determining Dates of Maturity, such Indebtedness shall be deemed to be payable in accordance with the terms of the refinancing arrangement.

"Debt Service Requirement" means, with respect to each Member of the Obligated Group, as to any period of time, the aggregate of the amounts required to be paid to amortize principal of Outstanding Long-Term Indebtedness and to pay interest (other than capitalized interest) on Outstanding Long-Term Indebtedness of such Member during such period, taking into account in determining the Debt Service Requirement (A) for any future period that (i) such Indebtedness shall be deemed payable on the dates and in the amounts contemplated in the Master Indenture, and (ii) except as otherwise expressly permitted in the Master Indenture, principal on all Indebtedness shall be deemed to be payable on the Date of Maturity thereof, (B) for any period with respect to Indebtedness that has been refunded or refinanced or is secured by an Irrevocable Deposit and that accordingly is

not required to be carried on the books of any Member of the Obligated Group according to GAAP, the amounts of principal and interest taken into account during such period shall exclude amounts payable from proceeds (and/or the investment thereof) of such refunding or refinancing or from such Irrevocable Deposit, and (C) for any Indebtedness that is covered by a Hedging Contract, the Debt Service Requirement shall be calculated using the Assumed Rate; provided, however, that with respect to Balloon Indebtedness, such calculation shall not take into account any principal installment of Balloon Indebtedness due in the applicable period, whether at maturity or pursuant to a mandatory redemption requirement, in any case where a Member of the Obligated Group has or had received a binding commitment to refinance such principal. Notwithstanding the foregoing, at the election of the Representative, for purposes of making calculations pursuant to the Transaction Test, all Outstanding Indebtedness may be assumed or projected to be payable during each year on such Indebtedness after the date of determination assuming (i) that the principal balance of such Indebtedness (after adjustment as provided in the Master Indenture) Outstanding on the date of determination will be refinanced, (ii) that such principal balance will be payable over a term of 30 years, (iii) that such principal balance will bear interest at the Bond Index, and (iv) that the Debt Service Requirement on such Indebtedness will be payable in substantially equal installments sufficient to pay both principal and interest.

"Effective Date of the Superseded Master Indenture" means December 1, 1998.

"Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Master Trustee, or another method or system specified by the Master Trustee as available for use in connection with its services under the Master Indenture.

"Event of Default" means any one or more of those events set forth in the Master Indenture.

"Extraordinary Items" means the after-tax financial impact of significant events, transactions, or activities that are both unusual in nature and infrequent in occurrence. Such extraordinary events, transactions or activities include, but are not limited to, the following: (i) natural disasters (tornado, flood, fire, pandemic), (ii) affiliation or asset acquisitions activities, including direct expenses incurred related to pre-affiliation or acquisition activities, such as, without limitation, legal fees, consultant fees and due diligence costs, as well as post affiliation or acquisition adjustments, and (iii) insurance settlements.

"Fiscal Year" means the fiscal year ending September 30 or any other fiscal year designated from time to time in writing by the Representative to the Master Trustee; for purposes of making historical calculations or determinations set forth in the Master Indenture on a Fiscal Year basis, or for purposes of combinations or consolidation of accounting information, with respect to those Members whose actual fiscal year is different from that designated above, the actual fiscal year of such Members which ended within the Fiscal Year of the Obligated Group shall be used; provided, however, that for purposes of making any calculations or determinations as set forth in the Master Indenture, the Representative may designate in writing to the Master Trustee as the "Fiscal Year" any 12-month period. Whenever the Master Indenture refers to a Fiscal Year of an individual Member, such reference shall be to the actual Fiscal Year adopted by such Member.

"Fitch" means Fitch, Inc., doing business as Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, and any successor to its securities rating agency business.

"GAAP" means generally accepted accounting principles in the United States.

"Governing Body" means, when used with respect to the Representative or any other Member of the Obligated Group, its board of directors, board of trustees, or other board or group of individuals, or the individual, in which the powers of the Representative or the Member of the Obligated Group are vested.

"Government or Equivalent Obligations" means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), (ii) obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, (iii) certificates which evidence ownership of the right to the payment

of the principal of and interest on obligations described in clauses (i) and (ii) and the interest component of REFCORP Strips which have been stripped by request to the Federal Reserve Bank of New York, provided that such obligations are held in the custody of a bank or trust company satisfactory to the Master Trustee or the Issuer, as the case may be, in a special account separate from the general assets of such custodian; (iv) certificates evidencing ownership of the right to the payment of the principal of and/or interest on obligations described in clause (i), known as "CATS" or "TIGRS"; and (v) prerefunded tax-exempt obligations of any state or instrumentality, agency or political subdivision thereof which are rated "Aaa" by Moody's or "AAA" by S&P or Fitch or Kroll.

"Governmental Issuer" means any federal, state or municipal corporation or political subdivision thereof or any instrumentality of any of the foregoing empowered to issue obligations.

"Gross Receipts" means all gross revenues, rents, profits, receipts, benefits, royalties, money and income of any Member arising from services provided by Members or arising in any manner with respect to, incident to or on account of the Members operations, including, without limitation, (i) the Members' rights under agreements with insurance companies, Medicare, Medicaid, governmental units and prepaid health organizations, including rights to Medicare and Medicaid loss recapture under applicable regulations and (ii) gifts, grants, bequests, donations, contributions and pledges to any Member and (iii) insurance proceeds or any award, or payment in lieu of an award, resulting from condemnation proceedings and all rights to receive the foregoing, whether now owned or acquired after the date of the Master Indenture by any Member and regardless of whether generated in the form of accounts, accounts receivable, contract rights, chattel paper, documents, general intangibles, instruments, investment property, proceeds of insurance and all proceeds of the foregoing, whether cash or noncash; excluding, however, gifts, grants, bequests, donations, contributions and pledges to any Member before or after the date of the Master Indenture made, and the income and gains derived therefrom, which are specifically restricted by the donor or grantor to a particular purpose which is inconsistent with its use for payments required under the Master Indenture or on Indenture Indebtedness except that gifts, grants, bequests, donations, contributions and pledges which may be applied at the discretion of a Member to the payments due under the Master Indenture or on Indenture Indebtedness for any period shall not be excluded for purposes of determining Gross Receipts of the Member for such period, and excluding proceeds of insurance with respect to Property which is subject to a Permitted Lien.

"Guaranty" means all obligations of any Member of the Obligated Group guaranteeing in any manner whether directly or indirectly any obligation of any other Person for money borrowed provided that if such Person is not a member of the Obligated Group, such obligations would constitute Indebtedness under the Master Indenture if such other Person were a Member of the Obligated Group.

"Harrington" means UMass Memorial Health – Harrington Hospital, Inc.

"Health Alliance" means UMass Memorial HealthAlliance-Clinton Hospital, Inc.

"Hedging Contract" means an interest rate swap, exchange, cap or other agreement between a Member and another party for the purpose of hedging payment, interest rate, spread or similar exposure. For the avoidance of doubt, ongoing net interest payments on Hedging Contracts shall be deemed interest expense for purposes of the Master Indenture.

"Historical Debt Service Coverage Ratio" shall mean, for any period of time, the ratio determined by dividing Aggregate Income Available for Debt Service for that period by the Aggregate Debt Service Requirement for such period.

"Historical Test Period" means, with respect to an event, the most recent full Fiscal Year preceding the event for which audited financial statements are available.

"Income Available for Debt Service" means, with respect to each Member of the Obligated Group, as to any period of time, the excess of revenue and gains over expenses and losses (excluding income from all Irrevocable Deposits) before depreciation, amortization, and interest expense, as determined in accordance with GAAP and as

shown on the financial statements of the Obligated Group; provided, that no determination thereof shall take into account:

(a) gifts, grants, bequests, donations or contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Indebtedness or the payment of operating expenses;

(b) the net proceeds of insurance (other than business interruption insurance) and condemnation awards;

(c) any gain or loss resulting from the extinguishment of Indebtedness or Hedging Contracts or similar agreements;

(d) any gain or loss resulting from the sale, exchange or other disposition of capital assets not in the ordinary course of business;

(e) any gain or loss resulting from any discontinued operations;

(f) any gain or loss resulting from pension terminations, settlements or curtailments;

(g) any unusual charges for employee severance;

(h) any loss from impairment of the value of an asset;

(i) adjustments to the value of assets or liabilities resulting from changes in GAAP;

(j) unrealized gains or losses on investments, including "other than temporary" declines in Book Value;

(k) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract, including, without limitation, any Hedging Contract;

(l) income from moneys or Government or Equivalent Obligations deposited in trust for the purpose of paying principal or interest on Long-Term Indebtedness, if such principal or interest are excluded from the calculation of the Debt Service Requirement to which such Income Available for Debt Service is be compared;

(m) any items in a Person's financial statements for a particular fiscal year that are the result of or required by any correction, adjustment or restatement of, or the retrospective application of accounting standards to, such Person's financial statements for any other fiscal year;

(n) unrealized gains or losses from the write-up or write-down, reappraisal or revaluation of assets, or pension adjustments;

(o) any revenues or expenses resulting from a forgiveness of, or the establishment of reserves against, Indebtedness;

(p) any gains or losses or revenues or expenses attributable to transactions between any Member of the Obligated Group and any other Member of the Obligated Group;

(q) any gains or losses that are Extraordinary Items and any expenses that are Extraordinary Items; or

(r) other nonrecurring items of any extraordinary nature which do not involve the receipt, expenditure or transfer of assets, or any other non-cash expenses.

For the purposes of calculating Income Available for Debt Service, with respect to realized gains or losses, the Representative may, at its option, calculate such realized gains or losses as the average of the most recent three (3) Fiscal Years.

"Indebtedness" means all obligations for borrowed money, or installment sale and finance lease obligations, incurred or assumed by any Member of the Obligated Group, including Guaranties (other than any Guaranty by any Member of the Obligated Group of Indebtedness of any other Member of the Obligated Group), Long-Term Indebtedness, Short-Term Indebtedness, subordinated Indebtedness or any other obligation of a Member for payments of principal and interest with respect to money borrowed except obligations of a Member of the Obligated Group to another Member of the Obligated Group but, subject to the provisions of the Master Indenture,

excluding Hedging Contracts. For the avoidance of doubt the definition of "Indebtedness" does not include any operating lease obligations.

"Indenture Indebtedness" means any Indebtedness or other obligation evidenced by or the repayment of which is secured by an Obligation or Obligations issued and delivered under the Master Indenture and authenticated by the Master Trustee pursuant to the Master Indenture.

"Initial Members" means UMass Memorial Health Care, Inc., the Medical Center, Ventures, Health Alliance, Marlborough and Harrington.

"Instructions" has the meaning set forth in the Master Indenture.

"Insurance Consultant" means an independent Person or firm which is selected by the Representative or other Member of the Obligated Group, as the case may be, and qualified to survey risks and to recommend insurance coverage for hospitals, health-related facilities and services and organizations engaged in such operations.

"Interim Indebtedness" means Indebtedness with an original maturity not in excess of five years, the proceeds of which are to be used to provide interim financing for capital improvements in anticipation of the issuance of Long-Term Indebtedness, as certified by the Representative. Interim Indebtedness shall be considered Long-Term Indebtedness for purposes of the Master Indenture.

"Irrevocable Deposit" means the irrevocable deposit in trust of cash in an amount (or Government or Equivalent Obligations the principal of and interest on which will be in an amount) and under terms sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any Indebtedness which immediately prior to the time of such deposit is Outstanding. The trustee of such deposit may be the Master Trustee, a Related Bond Trustee or any other trustee authorized to act in such capacity.

"Kroll" means Kroll Bond Rating Agency, LLC, a limited liability company organized and existing under the laws of the State of Delaware, and any successor to its securities rating agency business.

"Legal Limitations" means limitations imposed by applicable governmental regulations, limitations on its legal authority and its fiduciary obligations to charge and collect rates and charges which shall, together with other available moneys, provide moneys sufficient at all times to make any payments required under the Master Indenture and to comply with the Master Indenture in all other respects, and to satisfy all other obligations of the Obligated Group in a timely fashion.

"Lien" means any mortgage or pledge of, security interest in or lien or encumbrance on any Property of any Member of the Obligated Group which secures any Indebtedness or any other obligation of any Member of the Obligated Group, or which secures any obligation of any Person other than an obligation to any Member of the Obligated Group, excluding liens applicable to Property in which the Member of the Obligated Group has only a leasehold interest unless the lien secures Indebtedness of any Member of the Obligated Group. For the avoidance of doubt, a promise not to create a pledge, security interest, lien or encumbrance on Property shall not constitute a Lien under the Master Indenture.

"Long-Term Indebtedness" means any Indebtedness which is not Short-Term Indebtedness.

"Marlborough" means Marlborough Hospital.

"Master Indenture" means the Amended and Restated Master Trust Indenture dated as of the Adoption Date and effective as of the Effective Date, among the Initial Members and the Master Trustee, as supplemented from time to time in accordance with the provisions of the Master Indenture.

"Master Trustee" means U.S. Bank Trust Company, National Association, and its successors as master trustee under the Master Indenture.

"Maximum Annual Debt Service" means the highest Aggregate Debt Service Requirements (including mandatory sinking fund redemption requirements) of the Obligated Group on Long-Term Indebtedness for the then current or any succeeding Fiscal Year. Such amount shall be calculated as set forth in the Master Indenture.

"Maximum Annual Debt Service Coverage Ratio" means the ratio determined by dividing Aggregate Income Available for Debt Service by Maximum Annual Debt Service.

"Medical Center" means UMass Memorial Medical Center, Inc.

"Member of the Obligated Group" or "Member" means (i) the Initial Members and any other Person who has become a Member of the Obligated Group in accordance with the terms of the Superseded Master Indenture prior to the Effective Date and (ii) any other Person which at any time after the Effective Date of the Master Indenture has become a Member of the Obligated Group in accordance with the Master Indenture, but excluding any Person who has withdrawn from the Obligated Group pursuant to the Master Indenture.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and any successor to its securities rating agency business.

"Obligated Group" means the Initial Members and each other Member of the Obligated Group, if any.

"Obligation" means an instrument evidencing or securing the repayment of particular Indenture Indebtedness, provided such instrument has been issued in accordance with the Master Indenture and executed and authenticated as provided in the Master Indenture or the analogous provisions of the Superseded Master Indenture.

"Obligation Holder" or "Holder" means the registered owner of any Obligation.

"Officer's Certificate" means a certificate meeting the requirements of the Master Indenture, an original of which shall be received by the Master Trustee, signed by the chief financial officer or such other person designated in writing by the chief financial officer or by resolution of the Governing Body of the Representative or other Member as the case may be.

"Opinion of Bond Counsel" means an opinion in writing signed by Hinckley, Allen & Snyder LLP or another attorney or firm of attorneys nationally recognized as experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Opinion of Counsel" means an opinion in writing signed by Ropes & Gray LLP, Hinckley, Allen & Snyder LLP, or Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. or by an attorney or firm of attorneys who may be counsel for any Member of the Obligated Group.

"Outstanding" when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged other than (i) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation, (ii) Obligations deemed paid and no longer Outstanding as provided in the Master Indenture, (iii) (A) Indebtedness for which the proceeds of Long-Term Indebtedness, together with any other funds, are deposited in an escrow account with the Master Trustee or other depository, in the form of either cash or Government or Equivalent Obligations, in an amount the principal of and interest on which when due will provide money sufficient, as verified in a written report to the Master Trustee by an independent certified public accountant, to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Outstanding Long-Term Indebtedness to be refunded, as such principal or redemption price and interest become due, provided that the Master Trustee or other depository shall be irrevocably instructed to apply such money to the payment of such principal or redemption price or interest with respect to such Outstanding Long-Term Indebtedness, and (B) there is delivered to the Master Trustee either (1) a written release and discharge of such Outstanding Long-Term Indebtedness by the holders, or the trustee on behalf of the holders, of such Outstanding Long-Term Indebtedness or (2) an Opinion of Counsel stating that the holders, or the trustee on behalf of the holders, of such Outstanding Long-Term Indebtedness would not be empowered to accelerate such Outstanding Long-Term Indebtedness following the

deposit of the proceeds of any Long-Term Indebtedness, together with any other funds, into such escrow account, and (iv) Obligations and any coupons appurtenant thereto in lieu of which other Obligations have been authenticated and delivered pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser.

"Permitted Liens" has the meaning given in the Master Indenture.

"Person" means an individual, association, unincorporated organization, a corporation, trust, partnership, joint venture, or a government or an agency or a political subdivision thereof.

"Projected Debt Service Coverage Ratio" means, for any future forecast period of time, the ratio determined by dividing projected or forecasted Aggregate Income Available for Debt Service during such period by Maximum Annual Debt Service during such period.

"Projection" means a forecast or determination of the Projected Debt Service Coverage Ratio or a determination of historical coverage of pro forma Indebtedness.

"Property" means with respect to each Member any and all of its rights, titles and interests in and to any and all property, whether real or personal, tangible or intangible and wherever situated including, without limitation, accounts, accounts receivable, contract rights and general intangibles, and all proceeds of all of the foregoing, whether cash or non-cash.

"Property, Plant and Equipment" means all Property of the Members of the Obligated Group which is property, plant and equipment under GAAP.

"Related Bond Indenture" means any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued, together with any mortgage, note, loan agreement or similar instrument securing such series of Related Bonds.

"Related Bond Issuer" means the issuer of any issue of Related Bonds.

"Related Bonds" means the revenue bonds, notes, other evidences of indebtedness or any other obligations issued by a Governmental Issuer, the Obligated Group, or a Member of the Obligated Group, pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to or for the benefit of a Member of the Obligated Group, directly or indirectly, in consideration, in whole or in part, of the execution, authentication and delivery of an Obligation or series of Obligations to or for the order of such Governmental Issuer or Related Bond Trustee.

"Related Bond Trustee" means the trustee and its successors in the trust created under any Related Bond Indenture, and if there is no such trustee, shall mean the Related Bond Issuer.

"Related Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture for the purpose of authorizing Obligations to evidence or secure Indenture Indebtedness issued under the Master Indenture.

"Representative" means UMass Memorial Health Care, Inc., or a Member of the Obligated Group or other entity as may be designated from time to time pursuant to written notice to the Master Trustee executed by the then-current Representative.

"S&P" means S&P Global, Inc., a corporation organized and existing under the laws of the State of New York, and any successor to its securities rating agency business.

"Short-Term Indebtedness" means any issue of Indebtedness no portion of which has a Date of Maturity more than one year from the date of original issuance thereof.

"Superseded Master Indenture" means that certain Master Indenture dated as of December 1, 1998 among State Street Bank and Trust Company, as predecessor to the Master Trustee, and the Representative, as amended from time to time through the Effective Date.

"System" means the consolidated enterprise that includes all Members of the Obligated Group.

"Transaction Test" means, with respect to any specified transaction, (i) that following the transaction, (A) no Event of Default would exist; and (B) after giving effect to such transaction, the Maximum Annual Debt Service Coverage Ratio for the most recent twelve (12) full consecutive calendar months for which audited financial statements are available, assuming that the proposed transaction had occurred as of the first day of such period, is not less than 1.10 or (ii) the Master Trustee shall have received (A) a report of a Consultant to the effect that, after giving effect to such transaction, the Projected Debt Service Coverage Ratio for each of the first two Fiscal Years succeeding the date of such transaction will be at least equal to 1.15 or (B) an Officer's Certificate of the Representative's chief financial officer to the effect that the ratio under (ii)(A) above will be at least 1.20.

"UCC" means the Massachusetts Uniform Commercial Code.

"University" means the University of Massachusetts.

"Unrestricted Net Assets" means, as of any date of determination, (i) for each Member which is a tax-exempt entity, the aggregate unrestricted net assets of such Member, and (ii) for each Member which is not a tax-exempt entity or which is a tax-exempt entity in a business form, the excess of assets over liabilities and stockholders' equity of such Member, in each case as shown on the most recent audited financial statements of or including the Member.

"Value," when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Representative, at either its fair market value or its Book Value.

"Ventures" means UMass Memorial Health Ventures, Inc.

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DEFINITIONS PERTAINING TO THE LOAN AND TRUST AGREEMENT

"Act" means Massachusetts General Laws Chapters 23G and 40D, each as amended.

"Alternate Credit Facility" means a Credit Facility issued to replace an existing Credit Facility in accordance with the Agreement; provided, however, that any amendment, extension, or renewal of the Credit Facility then in effect for the purpose of extending the Expiration Date of such Credit Facility or modifying such Credit Facility pursuant to its terms shall not be deemed to be an Alternate Credit Facility for purposes of the Agreement.

"Alternate Liquidity Facility" means a Liquidity Facility issued to replace an existing Liquidity Facility in accordance with the Agreement; provided, however, that any amendment or extension or renewal of the Liquidity Facility for the purpose of extending the Expiration Date of such Liquidity Facility or modifying such Liquidity Facility shall not constitute an Alternate Liquidity Facility for purposes of the Agreement.

"Applicable Factor" means during any Direct Purchase Period, a percentage designated by the Market Agent, or, with an Opinion of Bond Counsel, such other percentage as may be designated as the Applicable Factor for such Direct Purchase Period pursuant to the Agreement.

"Applicable Spread" means, with respect to each Direct Purchase Period, the number of basis points determined on or before the first day of such Direct Purchase Period and designated in writing by the Obligated Group Representative, the Market Agent or the Direct Purchaser in accordance with the Agreement (which may include a schedule for the Applicable Spread based upon the ratings assigned to the unenhanced, long-term debt of the Obligated Group) that, when added to the product of (x) the Direct Purchase Index multiplied by (y) the Applicable Factor, would equal the minimum interest rate per annum that would enable the Direct Purchase Bonds to be sold on such date at a price equal to the principal amount thereof.

"Authorized Denominations" means with respect to any (i) Long-Term Bond, FRN Bond or Fixed Bond, $5,000 and any integral multiple thereof; and (ii) Short-Term Bond, Term Floater Rate Bond, Window Bond, Weekly Bond, Daily Bond, Direct Purchase Bond or Flexible Rate Bond, (A) $100,000 and any integral multiple of $5,000 in excess of $100,000 or (B) with respect to a Direct Purchase Bond, with the prior written consent of the Direct Purchaser, $5,000 and any integral multiple thereof.

"Authorized Officer" means: (i) in the case of the Issuer, any of the Executive Director & President/Chief Executive Officer, the Senior Executive Vice President/Deputy Director, the Treasurer and Executive Vice President for Finance and Administration and Chief Financial Officer, the General Counsel and Secretary, the Executive Vice President of Finance Programs, or the Senior Vice President, Investment Banking, or any other official of the Issuer so designated by a resolution of the Issuer, and when used with reference to an act or document of the Issuer also means any other person authorized to perform the act or execute the document; (ii) in the case of an Obligated Group Member, the President or other chief executive, operating, or administrative officer, any Vice President or the Treasurer or other chief financial officer or any Assistant Treasurer, and when used with reference to an act or document of the Obligated Group Member, also means any other person authorized to perform the act or execute the document; and (iii) in the case of the Trustee, the President, and Vice President, any Assistant Vice President, any Corporate Trust Officer, any Trust Officer or any Assistant Trust Officer, and when used with reference to an act or document of the Trustee also means any other person authorized to perform the act or sign the document.

"Available Money" means: (i) when used in connection with any particular Bonds for which there is a Credit Facility or a Liquidity Facility in effect for such Bonds:

(A) money obtained by the Trustee pursuant to such Credit Facility for payment of the principal or Redemption Price of or interest on such Bonds or pursuant to such Liquidity Facility for the payment of the Purchase Price of such Bonds;

(B) money derived from the remarketing of such Bonds which is directly paid to and held by the Trustee for the payment of the Purchase Price of such Bonds in accordance with Section 304 of the Agreement;

(C) money which has been on deposit with the Trustee for at least one hundred twenty–four (124) days prior to and during which no petition by or against the Issuer or the Institution, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the "Bankruptcy Code") shall have been filed or any bankruptcy or similar proceeding shall have been commenced, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal;

(D) any other money the application of which to the payment of, if a Credit Facility is then in effect, the principal or Redemption Price of or interest on such Bonds, or if a Liquidity Facility is then in effect for such Bonds, the Purchase Price of such Bonds, in each case, would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Issuer or the Institution under the Bankruptcy Code; and

(E) the proceeds from the investment of money described in clauses (i) through (iv) above; and

(ii) when used in connection with any particular Bonds for which there is no Credit Facility or Liquidity Facility in effect, any money.

"Bank Bond" means any Tendered Bond during the period from and including the date the Purchase Price thereof is paid by a Credit Facility Provider or Liquidity Facility Provider pursuant to a Credit Facility or Liquidity Facility to, but excluding, the earliest of (i) the date on which the principal, Redemption Price or Purchase Price of such Bond, together with all interest accrued thereon, is paid with amounts other than amounts drawn under the Credit Facility or Liquidity Facility, (ii) the date on which the registered owner of a Bond has given written notice of its determination not to sell such Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Bond, or, if notice of such determination is not given on or before the next Business Day succeeding the day such purchase notice is received, the second Business Day succeeding receipt of such purchase notice, or (iii) the date on which such Bond is to be purchased pursuant to an agreement by the registered owner of such Bond to sell such Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Bond, if the Trustee then holds, in trust for the benefit of such registered owner, sufficient money to pay the Purchase Price of such Bond, together with the interest accrued thereon to the date of purchase.

"Bank Bond Rate" means the rate at which a Bank Bond bears interest in accordance with a Credit Facility or Liquidity Facility or the Reimbursement Agreement providing for the issuance of a Credit Facility or Liquidity Facility; provided, however, that in no event shall such rate exceed the Maximum Rate applicable thereto.

"Bond Counsel" means Hinckley, Allen & Snyder LLP or any attorney at law or firm of attorneys selected by the Obligated Group and satisfactory to the Issuer and the Trustee, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States.

"Bond Year" means each one year period (or shorter period from the date of issue of the Bonds) ending on September 30 (unless the Issuer and the Institution select otherwise in accordance with Treasury Regulations Section 1.148-1(b)).

"Bondholder Agreement" means during any Direct Purchase Period, any continuing covenant agreement, bondholder agreement or similar agreement between the Institution and a Direct Purchaser that is designated in writing by the Institution and delivered to the Trustee and the Issuer as the Bondholder Agreement.

"Bondowners" or "Owners" or "Holders" means the registered owners of the Bonds from time to time as shown in the books kept by the Trustee as bond registrar and transfer agent.

"Bonds" means, collectively, the Series N-1 Bonds and Series N-2 Bonds.

"Business Day" when used in connection with any particular Bonds means a day other than (i) a Saturday and Sunday or a (ii) a day on which any of the following are authorized or required to remain closed: (A) during any Interest Rate Period during which a Direct Purchaser is the registered owner of the Bonds, the Direct Purchaser or the Market Agent, (B) banks or trust companies chartered by the State of New York or the United States of America, (C) the designated corporate trust office of the Trustee, (D) the New York Stock Exchange, or (E) if such Bonds are in the Flexible Mode, the Daily Mode, the Weekly Mode, Term Floater Rate Mode, Short-Term Rate Mode, Window Mode, FRN Mode or the Long-Term Mode, the Trustee, the Remarketing Agent, the Calculation Agent or the Provider of a Credit Facility or Liquidity Facility, if applicable, for such Bonds then in effect.

"Calculation Agent" means (a) during any Direct Purchase Period, the Direct Purchaser or any affiliate thereof, or any Person, financial institution or financial advisory firm appointed by the Obligated Group Representative, with the consent of the Direct Purchaser, to serve as Calculation Agent for the Bonds, and (b) during the FRN Mode or the Window Mode, any Person, financial institution or financial advisory firm appointed by the Obligated Group Representative prior to a Conversion to any such Interest Rate Mode to serve as Calculation Agent for the Bonds.

"Certificate of Determination" means a certificate of an Authorized Officer of the Issuer setting forth the terms that will apply to the Bonds upon their Conversion to a new Interest Rate Mode or new Interest Rate Period, as provided in Article III of the Agreement.

"Commonwealth" means The Commonwealth of Massachusetts.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of the date of issuance of the Bonds between the Obligated Group and the dissemination agent named therein, as originally executed and as it may be amended from time to time in accordance with its terms.

"Conversion" means a change in the Interest Rate Mode of all or a portion of the Bonds made in accordance with the provisions of Article III of the Agreement and shall also include (a) a conversion from any Direct Purchase Period to the next Direct Purchase Period; (b) a conversion of the FRN Bonds into a new FRN Interest Rate Period; (c) a conversion from one Fixed Period to a new Fixed Period; (d) a conversion from any Short-Term Interest Rate Period to a new Short-Term Interest Rate Period; and (e) a conversion from any Long-Term Interest Rate Period to a new Long-Term Interest Rate Period.

"Conversion Date" means the day on which the Bonds are converted, or proposed to be converted, from one Interest Rate Mode to a different Interest Rate Mode, or, as applicable, from one Interest Rate Period to another Interest Rate Period as set forth in clauses (a) through (e) of the definition of "Conversion."

"Conversion Notice" means a notice given pursuant to the Agreement.

"Credit Facility" means a Credit Facility that meets the requirements of the Agreement or a substitute Credit Facility that meets the requirements of the Agreement, which Credit Facility may also constitute a Liquidity Facility if it also provides for the payment by the Provider of money for the payment of the Purchase Price of Tendered Bonds.

"Credit Facility Provider" means the issuer of any Credit Facility, including any Alternate Credit Facility.

"Credit Facility Provider Payment Obligations" means, with respect to a Credit Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution to the Credit Facility Provider under the Credit Facility Documents, including amounts due under the Reimbursement Agreement or with respect to the Bank Bonds. The amount of the Credit Facility Provider Payment Obligations shall be established or calculated by the Credit Facility Provider from time to time and furnished to the Trustee in writing denominating the interest portion of such Credit Facility Provider Payment Obligations and the

principal portion of such Credit Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

"Credit Facility Substitution Date" means the date upon which an Alternate Credit Facility is substituted for the Credit Facility then in effect or the date upon which a Credit Facility is provided for Bonds not previously covered by a Credit Facility.

"Daily Bonds" means Bonds that bear interest at Daily Rates.

"Daily Interest Rate Period" means each period during the Daily Period for which a particular Daily Rate is in effect, each of which period shall commence on a Business Day and shall remain in effect to, but excluding, the next succeeding Business Day.

"Daily Mode" means the Interest Rate Mode during which the Bonds bear interest at a Daily Rate.

"Daily Period" means the period commencing on a Conversion Date or on a Business Day and extending to, but not including, the next succeeding Business Day, during which Bonds in the Daily Mode bear interest at the Daily Rate, which Daily Period shall generally be comprised of multiple Daily Interest Rate Periods, during which Daily Rates are in effect.

"Daily Rate" means the interest rate at which a Bond in the Daily Mode is determined on a daily basis, as established in accordance with the Agreement.

"Direct Purchase Bonds" means Bonds that bear interest at a Direct Purchase Rate, and any Unremarketed Bonds, if any.

"Direct Purchase Index" means during any Direct Purchase Period, SOFR, Term SOFR, the SIFMA Index, the Consumer Price Index, the Municipal Market Data Index or, with an Opinion of Bond Counsel, such other index as may be designated by the Market Agent as the Direct Purchase Index for such Direct Purchase Period pursuant to the Agreement.

"Direct Purchase Interest Rate Period" means each period during a Direct Purchase Period for which a particular Direct Purchase Rate is in effect.

"Direct Purchase Mode" means the Interest Rate Mode during which the Bonds bear interest at the Direct Purchase Rate and during which any Unremarketed Bonds, if any, remain Outstanding.

"Direct Purchase Period" means the period during which Bonds constitute Direct Purchase Bonds, which Direct Purchase Period shall generally be comprised of (i) multiple Direct Purchase Interest Rate Periods, during which Direct Purchase Rates are in effect or (ii) a single Direct Purchase Interest Rate Period, during which a fixed Direct Purchase Rate is in effect. A Direct Purchase Period shall also include any period during which any Unremarketed Bonds remain Outstanding.

"Direct Purchase Period Earliest Redemption Date" means during any Direct Purchase Period, the date or dates on which Direct Purchase Bonds are first subject to optional redemption during the applicable Direct Purchase Period, as established by the Institution, the Market Agent or the Direct Purchaser or as set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement in accordance with the provisions of the Agreement.

"Direct Purchase Rate" means the interest rate per annum on Direct Purchase Bonds determined on a periodic basis as provided in the Agreement, which Direct Purchase Rate may be a fixed rate for the duration of the Direct Purchase Rate Period.

"Direct Purchase Rate Determination Date" means during any Direct Purchase Period, such date established as such by the Institution, the Market Agent or the Direct Purchaser as set forth in the applicable Certificate of Determination, Supplemental Indenture or Bondholder Agreement.

"Direct Purchase Rate Mandatory Purchase Date" means the first day following the last day of each Direct Purchase Interest Rate Period, or any other date established as such in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Direct Purchase Term Out Period" means, during any Direct Purchase Period, the Direct Purchase Term out period, if any, established by the Direct Purchaser or the Market Agent or as otherwise set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Direct Purchase Term Out Rate" means, during any Direct Purchase Period, the Direct Purchase Term Out Rate, if any, established by the Direct Purchaser or the Market Agent or as otherwise set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Direct Purchaser" means, during any Direct Purchase Period, the Holder of the Direct Purchase Bonds, if there is a single Holder of all of the Direct Purchase Bonds of a Series and provided, however, that the Bonds are not then held under the book-entry system. If there is more than one Holder of the Direct Purchase Bonds of a Series, "Direct Purchaser" means the Owners owning a majority in aggregate principal amount of the Direct Purchase Bonds of a series then Outstanding. If the Direct Purchase Bonds are then held under the book-entry system, "Direct Purchaser" means the beneficial owner of the Direct Purchase Bonds, if there is a single beneficial owner of all of the Direct Purchase Bonds. If there is more than one beneficial owner of the Direct Purchase Bonds, "Direct Purchaser" means the beneficial owners who are the beneficial owners of a majority in aggregate principal amount of the Direct Purchase Bonds then Outstanding.

"Electronic Means" means telecopy, telegraph, facsimile transmission, e-mail, or other similar electronic means of communication, including a telephonic communication confirmed in writing or written transmission.

"Electronic Notice" means a notice transmitted through email, facsimile or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition, to the notice address supplied by or on behalf of the addressee; provided, however, that if the Trustee is unable to provide Electronic Notice to the Bondowners because it does not have the necessary contact information to do so, it shall provide written notice to the Bondowners.

"Eligible Bonds" means any Bonds other than Bank Bonds or Bonds owned by, for the account of, or on behalf of, the Issuer or the Institution.

"Event of Default" means any of the events of default set forth in the Agreement.

"Expiration Date" means, when used in connection with a particular Credit Facility or Liquidity Facility, the date on which such Credit Facility or Liquidity Facility will expire by its terms, as such date may be extended from time to time, or any earlier date on which such Credit Facility or Liquidity Facility shall terminate, expire or be canceled upon delivery of a substitute Credit Facility or Liquidity Facility in accordance with the Agreement, but does not include a Termination Date.

"Federal Agency Securities" shall have the meaning set forth in the Agreement.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Trustee.

"Fixed Bonds" means Bonds that bear interest at a Fixed Rate until maturity.

"Fixed Mode" means the Interest Rate Mode during which the Bonds bear interest at a Fixed Rate or Fixed Rates to their maturity date.

"Fixed Period" means the Initial Fixed Period, and thereafter, the period from and including the Conversion Date and extending (i) to but excluding the date of maturity of a Bond in the Fixed Mode or (ii) to, but excluding, the Conversion Date on which Bonds in the Fixed Mode are converted to another Interest Rate Mode or a new Fixed Period.

"Fixed Rate" means the rate at which a Bond bears interest to its maturity or earlier Conversion Date during the Fixed Period, as established in accordance with the Agreement.

"Flexible Mode" means the Interest Rate Mode during which the Bonds bear interest at the Flexible Rate.

"Flexible Rate" means the per annum interest rate on a Bond in the Flexible Mode determined for such Bond pursuant to the Agreement. The Bonds in the Flexible Mode may bear interest at different Flexible Rates.

"Flexible Rate Bond" means a Bond in the Flexible Mode.

"Flexible Rate Determination Date" means the first day of each Flexible Rate Period.

"Flexible Rate Period" means the period of from one to 270 calendar days (which period must end on a day preceding a Business Day) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established pursuant to the Agreement. The Bonds in the Flexible Mode may be in different Flexible Rate Periods.

"FRN Bonds" means Bonds that bear interest at FRN Rates.

"FRN Index" means the SIFMA Index, SOFR, Term SOFR, the Consumer Price Index or such other index reasonably expected to measure contemporaneous variations in the cost of newly borrowed funds or inflation, as applicable.

"FRN Index Percentage" means the percentage determined by the Remarketing Agent pursuant to the Agreement with respect to the determination of the FRN Rate.

"FRN Interest Rate Period" means each period during the FRN Period during which FRN Rates are in effect, as described in the Agreement.

"FRN Mode" means the Interest Rate Mode during which the Bonds bear interest at FRN Rates.

"FRN Period" means the period during which Bonds constitute FRN Bonds, which FRN Period shall generally be comprised of multiple FRN Interest Rate Periods, during which FRN Rates are in effect.

"FRN Rate" means, with respect to the FRN Bonds in a particular FRN Interest Rate Period, the interest rate per annum on FRN Bonds during such FRN Interest Rate Period determined on a periodic basis as provided in the Agreement, which is equal to the sum of (a) the FRN Index multiplied by the FRN Index Percentage, plus (b) the FRN Spread.

"FRN Rate Conversion Date" means (a) a continuation of the FRN Bonds in a new FRN Interest Rate Period with a new FRN Rate Mandatory Purchase Date and (b) a conversion of the FRN Bonds from an FRN Interest Rate Period to an Interest Rate Period other than an FRN Interest Rate Period.

"FRN Rate Determination Date" means, with respect to any FRN Bonds, the Business Day on which the FRN Rate is determined by the Calculation Agent during each FRN Interest Rate Period, as determined by the Remarketing Agent pursuant to the Agreement. The FRN Rate Determination Date for Bonds bearing interest at an FRN Rate shall be: (a) during an FRN Interest Rate Period for which the FRN Index is the SIFMA Index, each Wednesday, or if such Wednesday is not a Business Day, the following Business Day, (b) during an FRN Interest

Rate Period for which the FRN Index is based on SOFR, the U.S. Government Securities Business Day immediately preceding each effective date, (c) during an FRN Interest Rate Period for which the FRN Index is based on Term SOFR, the first Business Day of each month and (d) during an FRN Interest Rate Period for which the FRN Index is based on the Consumer Price Index, the Business Day immediately following announcement of the Consumer Price Index.

"FRN Rate Hard Put Bonds" means those FRN Bonds that are required to be purchased on an FRN Rate Hard Put Mandatory Purchase Date, pursuant to the election of the Institution under the Agreement.

"FRN Rate Hard Put Mandatory Purchase Date" means, with respect to the FRN Rate Hard Put Bonds, the first day following the last day of each FRN Interest Rate Period.

"FRN Rate Mandatory Purchase Date" means, with respect to the FRN Bonds, each FRN Rate Hard Put Mandatory Purchase Date and FRN Rate Soft Put Mandatory Purchase Date.

"FRN Rate Soft Put Bonds" means any FRN Bonds that, pursuant to the election of the Institution under the Agreement, are required to be purchased on an FRN Rate Soft Put Mandatory Purchase Date, but only to the extent that (a) remarketing proceeds, (b) funds made available from a Credit Facility or a Liquidity Facility or (c) other amounts made available by the Institution, in its sole discretion, are available for such purchase.

"FRN Rate Soft Put Mandatory Purchase Date" means, with respect to the FRN Rate Soft Put Bonds, the first day following the last day of each FRN Interest Rate Period.

"FRN Spread" means the spread, determined by the Remarketing Agent in accordance with the Agreement prior to the commencement of an FRN Interest Rate Period, based on the relative spreads of securities that bear interest based on the FRN Index and FRN Index Percentage that, in the reasonable judgment of the Remarketing Agent under prevailing market conditions, will result in the remarketing of such FRN Bonds in the new FRN Interest Rate Period at a purchase price equal to their principal amount.

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

"Immediate Termination Date" means, with respect to Bonds secured by a Liquidity Facility in the form of a standby bond purchase agreement or other standby liquidity agreement, the date, if any, on which a Liquidity Facility Provider's obligation to advance funds or purchase Bonds under such Liquidity Facility terminates immediately in accordance with its terms.

"Index Reset Date" means the first Business Day of each calendar month or as otherwise established in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Initial Fixed Period" means the period commencing on the date of issuance of the Bonds and ending on the earlier of a Conversion Date (with respect to the Series N-1 Bonds) or (i) July 1, 2054, with respect to the Series N-1 Bonds and (ii) July 1, 2035, with respect to the Series N-2 Bonds.

"Initial Window Rate Spread" means with respect to any Conversion to a Window Period, the spread determined by the Remarketing Agent on the applicable Window Rate Determination Date pursuant to the Agreement.

"Institution Elective Purchase Date" means the date designated by the Institution for the purchase of Daily Bonds, Weekly Bonds or Window Bonds pursuant to Article III of the Agreement.

"Institution Funds Account" means the account by that name in the Purchase Fund established pursuant to the Agreement.

"Institution Member" means each of the Medical Center, the Parent, Milford Regional and Harrington Hospital.

"Interest Accrual Date" means:

(i) with respect to any Fixed Period, any Long-Term Period or any Term Floater Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date during such period, other than the last such Interest Payment Date;

(ii) with respect to any Weekly Period, the first day thereof and, thereafter, the first Wednesday of each calendar month during such Weekly Period;

(iii) with respect to any Daily Period, the first day thereof and, thereafter, the first day of each calendar month during such period;

(iv) with respect to any Window Period, the first day thereof and, thereafter, the first Thursday of each calendar month during such Window Period;

(v) with respect to any FRN Period, (a) during an FRN Interest Rate Period for which the FRN Index is the SIFMA Index, the first day thereof and, thereafter, the first Thursday of each calendar month during such FRN Interest Rate Period, and (b) during an FRN Interest Rate Period for which the FRN Index is based on any other index as permitted under the Agreement, the first day thereof and, thereafter, each Interest Payment Date during such FRN Interest Rate Period, other than the last such Interest Payment Date;

(vi) with respect to any Short-Term Period, the first day thereof;

(vii) with respect to any Flexible Rate Period, the first day thereof; and

(viii) with respect to any Direct Purchase Period, either the first calendar day of each month or the first Business Day of each calendar month, or such other date as may be set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Interest Accrual Period" means, during any Direct Purchase Period, the Interest Accrual Period established in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Interest Payment Date" means:

(i) with respect to any Weekly Period, the first Wednesday of each calendar month, or, if the first Wednesday is not a Business Day, the next succeeding Business Day;

(ii) with respect to any Daily Period, the first Business Day of each calendar month;

(iii) with respect to any FRN Period, (a) during an FRN Interest Rate Period for which the FRN Index is the SIFMA Index, the first Thursday of each month, or if such first Thursday is not a Business Day, the next succeeding Business Day, and (b) during an FRN Interest Rate Period for which the FRN Index is based on any other index as permitted under the Agreement, the first Business Day of each calendar month;

(iv) with respect to any Fixed Period or Long-Term Period, each January 1 and July 1;

(v) with respect to any Short-Term Interest Rate Period, the first Business Day next succeeding the last day thereof;

(vi) with respect to each Interest Rate Mode, the day next succeeding the last day thereof, and any Conversion Date;

(vii) with respect to any Window Period, the first Thursday of each month, or if such first Thursday is not a Business Day, the next succeeding Business Day;

(viii) with respect to the Bonds in the Flexible Mode, each Mandatory Tender Date applicable thereto;

(ix) with respect to any Bank Bonds, as provided in the applicable Reimbursement Agreement;

(x) with respect to any Term Floater Rate Period, the first Business Day of each calendar month;

(xi) a maturity date; and

(xii) with respect to any Direct Purchase Period, the first Business Day of each calendar month, or such other day or days as may otherwise be established in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

"Interest Rate Mode" means a Daily Mode, a Weekly Mode, a Short-Term Mode, a Long-Term Mode, an FRN Mode, a Term Floater Rate Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a Fixed Mode.

"Interest Rate Period" means a Daily Interest Rate Period, a Weekly Interest Rate Period, a Short-Term Interest Rate Period, a Long-Term Interest Rate Period, a Flexible Rate Period, an FRN Interest Rate Period, a Term Floater Interest Rate Period, a Window Interest Rate Period, a Direct Purchase Interest Rate Period or a Fixed Period.

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

"Issuance Date" means February 6, 2025.

"Liquidity Facility" means, when used in connection with any particular Bond, a Liquidity Facility that meets the requirements of the Agreement or a substitute Liquidity Facility that meets the requirements of the Agreement and includes a Credit Facility that constitutes a Liquidity Facility pursuant to the definition of "Credit Facility." A Self-Liquidity Arrangement is not a Liquidity Facility.

"Liquidity Facility Provider" means the issuer of any Liquidity Facility, including any Alternate Liquidity Facility.

"Liquidity Facility Provider Payment Obligations" means, with respect to a Liquidity Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution to the Liquidity Facility Provider under the Liquidity Facility Documents, including amounts due under the Reimbursement Agreement or with respect to the Bank Bonds. The amount of the Liquidity Facility Provider Payment Obligations shall be established or calculated by the Liquidity Facility Provider from time to time and furnished to the Trustee in writing denominating the interest portion of such Liquidity Facility Provider Payment Obligations and the principal portion of such Liquidity Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

"Liquidity Facility Substitution Date" means the date upon which an Alternate Liquidity Facility is substituted for the Liquidity Facility then in effect or the date upon which a Liquidity Facility is provided for Bonds not previously covered by a Liquidity Facility.

"Long-Term Bonds" means Bonds that bear interest at Long-Term Rates.

"Long-Term Interest Rate Period" means each period during the Long-Term Period for which a particular Long-Term Rate is in effect.

"Long-Term Mode" means the Interest Rate Mode during which the Bonds bear interest at the Long-Term Rate.

"Long-Term Period" means the period during which Bonds constitute Long-Term Bonds, which Long-Term Period shall generally be comprised of multiple Long-Term Interest Rate Periods, during which Long-Term Rates are in effect.

"Long-Term Rate" means the established interest rate per annum on Long-Term Bonds determined on a periodic basis as provided in the Agreement.

"Long-Term Rate Conversion Date" means (a) a continuation of the Long-Term Bonds in a new Long-Term Interest Rate Period with a new Long-Term Rate Mandatory Purchase Date and (b) a conversion of the Long-Term Bonds from a Long-Term Interest Rate Period to an Interest Rate Period other than a Long-Term Interest Rate Period.

"Long-Term Rate Mandatory Purchase Date" means the first day following the last day of each Long-Term Interest Rate Period.

"Mandatory Purchase Window" means, during a Window Period, (a) 210 days or (b) such other number of days specified by the Remarketing Agent prior to the commencement of the Window Period, with the consent of the Obligated Group Representative, in a written notice to the Trustee, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any. Any change in the Mandatory Purchase Window shall become effective only at the commencement of a Window Period, on a Window Rate Mandatory Purchase Date or any other mandatory tender for purchase for Window Bonds that occurs pursuant to the Agreement during such Window Period.

"Mandatory Tender Date" means any date on which a Bond is required to be tendered for purchased in accordance with Article III of the Agreement.

"Market Agent" means the Person, if any, appointed by the Obligated Group Representative to serve as market agent in connection with any Direct Purchase Period.

"Master Indenture" means the Amended and Restated Master Trust Indenture dated as of June 1, 2022 by and among the Obligated Group and the Master Trustee, as amended, modified, supplemented and/or restated from time to time, including, without limitation, by the Supplemental Master Indenture for Obligations No. 18 and 19 dated as of February 1, 2025, among the Master Trustee and the Obligated Group, relating to the Bonds.

"Master Trustee" means U.S. Bank Trust Company, National Association, and its successors as successor master trustee under the Master Indenture.

"Maximum Rate" means (i) for all Bonds except Bank Bonds, ten percent (10%) per annum, and (ii) in the case of a Bond bearing interest at the Bank Bond Rate, as otherwise set forth in any applicable Reimbursement Agreement; provided, however, that in no event shall the Rate at which any Bond bears interest exceed the maximum rate permitted by law.

"Moody's" means Moody's Investors Service, Inc., or any successor rating agency.

"Municipal Market Data Index" means the interest rate released by Municipal Market Data for its "Aaa" General Obligation Yield for uninsured bonds for terms up to 30 years, rounded up to the nearest full year in the event of a partial year.

"Notes" means, collectively, Obligation No. 18 and Obligation No. 19 relating to the Bonds.

"Obligated Group" means, at any time, collectively, the Obligated Group Members at such time.

"Obligated Group Member" initially means, individually, the Parent, the Medical Center, Harrington Hospital, Marlborough Hospital, UMass Memorial HealthAlliance-Clinton Hospital, Inc., UMass Memorial Health Ventures, Inc. and UMass Memorial Health - Milford Regional Medical Center, Inc., with such future additions and withdrawals as are permitted under the Master Indenture.

"Obligated Group Representative" initially means the Parent, with its successors, or any other entity designated as Obligated Group Representative by the Obligated Group from time to time pursuant to the Master Indenture.

"Obligation No. 18" means Obligation No. 18 issued under the Master Indenture and pertaining to the Series N-1 Bonds.

"Obligation No. 19" means Obligation No. 19 issued under the Master Indenture and pertaining to the Series N-2 Bonds.

"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.

"Optional Tender Date" means the Business Days set forth in the Agreement for a Daily Period, a Window Period, a Term Floater Rate Period or a Weekly Period, as applicable.

"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 or a sinking fund installment, if any; (ii) Bonds that have been paid; (iii) Bonds that have become due and for the payment of which moneys have been duly provided in accordance with the Agreement; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations described in clause (i) or (ii) of the definition thereof bearing interest at such rates, and with such maturities as will provide sufficient funds, to pay or redeem them, provided, however, that if any such Bonds are to be redeemed prior to maturity, the Issuer or the Institution 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.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, a limited liability company, a governmental body or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals.

"Project" means the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of health and related facilities, or any combination of the foregoing, as described and set forth in detail in Exhibit A to the Agreement.

"Project Costs" with respect to the Bonds means the costs of issuing the Bonds and carrying out the Project, working capital expenditures directly related to the Project to the extent permitted by the IRC, and interest prior to, during and for up to one year after construction is substantially complete, but excluding general administrative expenses, overhead of the Institution and interest on internal advances.

"Project Officer" means the Chief Financial Officer of the Obligated Group Representative, the Director of Finance of the Obligated Group Representative or an alternate or successor appointed by the Obligated Group Representative or the Institution.

"Purchase Date" means each date on which Bonds are subject to purchase in lieu of optional redemption or optional or mandatory purchase pursuant to the Agreement and shall include each Mandatory Purchase Date.

"Purchase Fund" means the fund so designated, created and established pursuant to the Agreement.

"Purchase Price" means the amount set forth below as payable to the owner of a Bond tendered for purchase pursuant to the Agreement:

(i) when used in connection with a Bond optionally tendered pursuant to the Agreement or, except as provided in clause (ii) or (iii) below, a Bond mandatorily tendered pursuant to the Agreement, an amount equal to one hundred percent (100%) of the principal amount of the Tendered Bonds, plus accrued and unpaid interest thereon to the Tender Date;

(ii) when used in connection with a Bond mandatorily tendered pursuant to the Agreement upon a Conversion from the Fixed Mode or Long-Term Mode, an amount equal to the Redemption Price that would be payable if such Bonds had been called for redemption on the Conversion Date; plus accrued and unpaid interest thereon to the Tender Date; and

(iii) when used in connection with a Bank Bond tendered for purchase, the amount payable to the registered owner of such Bank Bond following receipt by such owner of a purchase notice from the Remarketing Agent, plus, in each case, accrued and unpaid interest thereon to the date of purchase;

provided, however, that in each case, if the date of purchase is an Interest Payment Date, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date.

"Rating Agency" means S&P, Moody's, Fitch or any other nationally recognized securities rating agency acceptable to the Issuer and maintaining a credit rating with respect to the Bonds. Except as otherwise provided in the Agreement, if more than one Rating Agency maintains a credit rating with respect to the Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to all such Rating Agencies.

"Redemption Price" when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Agreement.

"Reimbursement Agreement" means any agreement by and between the Institution and the Provider of a Credit Facility or Liquidity Facility pursuant to which the Provider has provided the Credit Facility or Liquidity Facility and the Institution has agreed to reimburse the Provider for money advanced by the Provider for payment of the principal or Redemption Price of or interest on Bonds or the Purchase Price of Bonds tendered or deemed tendered for purchase in accordance with the Agreement.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Remarketing Agent" means any financial institution appointed as remarketing agent in accordance with the Agreement.

"Remarketing Agreement" means any remarketing agreement between the Institution and the Remarketing Agent with respect to the Bonds, and consented to by the Issuer, and if the Remarketing Agent has been replaced by a successor remarketing agent, any similar agreement between the Institution and such successor remarketing agent.

"Remarketing Proceeds Account" means the account so designated and established within the Purchase Fund pursuant to the Agreement.

"Remarketing Window" has the meaning given in the Agreement.

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

"S&P" means S&P Global Ratings, a division of S&P Global Inc., or any successor rating agency.

"Self-Liquidity Arrangement" means an agreement or other arrangement from the Institution to pay the Purchase Price of the Bonds.

"Series N-1 Bonds" means the $242,195,000 Massachusetts Development Finance Agency Revenue Bonds, UMass Memorial Health Care Obligated Group Issue, Series N-1 (2025), each dated the date of delivery, and any bond or bonds duly issued in exchange or replacement therefor.

"Series N-2 Bonds" means the $100,000,000 Massachusetts Development Finance Agency Revenue Bonds, UMass Memorial Health Care Obligated Group Issue, Series N-2 (2025), each dated the date of delivery, and any bond or bonds duly issued in exchange or replacement therefor.

"Short-Term Bonds" means Bonds that bear interest at Short-Term Rates.

"Short-Term Interest Rate Period" means each period during the Short-Term Period for which a particular Short-Term Rate is in effect.

"Short-Term Mode" means the Interest Rate Mode during which the Bonds bear interest at Short-Term Rates.

"Short-Term Period" means each period during which Bonds constitute Short-Term Bonds, which Short-Term Period shall generally be comprised of multiple Short-Term Interest Rate Periods, during which Short-Term Rates are in effect.

"Short-Term Rate" means the interest rate per annum on Short-Term Bonds determined on a periodic basis as provided in the Agreement.

"Short-Term Rate Mandatory Purchase Date" means the first day following the last day of each Short-Term Interest Rate Period.

"SIFMA" means the Securities Industry & Financial Markets Association (formerly the Bond Market Association).

"SIFMA Index" means, on any date, a rate determined on the basis of the seven day high grade market index of tax-exempt variable rate demand obligations, as produced by Bloomberg (or successor organizations) and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Institution and effective from such date or if such index is no longer produced or available, either (i) the S&P Municipal Bond 7 Day High Grade Rate Index as produced and made available by S&P Dow Jones Indices LLC (or successor organizations) or (ii) with an Opinion of Bond Counsel, such other index designed to measure the average interest rate on weekly interest rate reset demand bonds similar to the Bonds as selected by the Institution.

"SOFR" with respect to any day means the secured overnight financing rate published for such U.S. Government Securities Business Day immediately preceding such effective date by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

"Supplemental Indenture" means any loan and trust agreement among the Issuer, the Institution and the Trustee modifying, altering, amending, supplementing or confirming the Agreement for any purpose, in accordance with the terms thereof.

"Tax Certificate" means the Tax Certificate and Agreement pertaining to the Bonds executed by the Issuer and the Institution in connection with the original issuance of the Bonds.

"Tender Date" means each Optional Tender Date or Mandatory Tender Date.

"Tender Notice" means the notice given pursuant to the Agreement by the Holder of a Bond upon its election to tender such Bond.

"Tendered Bond" means a Bond or portion thereof in an Authorized Denomination mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with Article III of the Agreement, including a Bond or portion thereof deemed tendered, but not surrendered on the applicable Tender Date, but does not include any Bank Bond or any Bond tendered by or on behalf of the Issuer or the Institution or any affiliate of the Institution.

"Tendered Term Floaters" means Bonds bearing interest at a Term Floater Rate with respect to which a Tender Notice has been received by the Remarketing Agent.

"Term Floater" or "Term Floaters" shall mean a Bond or Bonds, respectively, bearing interest at the Term Floater Rate.

"Term Floater Rate" means a variable interest rate for the Bonds in the Term Floater Rate Mode established in accordance with the Agreement.

"Term Floater Rate Mode" means the Interest Rate Mode during which the Bonds bear interest at a Term Floater Rate.

"Term Floater Rate Period" shall mean the period of time during which any Bonds bear interest at a Term Floater Rate, from a Term Floater Interest Payment Date through and including the day preceding the next Term Floater Interest Payment Date.

"Term Floater Special Mandatory Redemption Date" shall mean the third anniversary of the Tender Notice Date relating to the Tender Notice that resulted in the applicable Failed Remarketing Event (as defined in the Agreement) (or if such day is not a Business Day, the immediately preceding Business Day).

"Term Out Bonds" means Term Floaters while in the Term Out Period.

"Term Out Period" means the period from and including the 6th Business Day from the optional tender of Term Floaters under the Agreement if the Term Floaters have not been successfully remarketed until the earlier to occur of (a) the scheduled maturity date for the applicable Term Floaters, (b) the Term Floater Special Mandatory Redemption Date, (c) the optional redemption of such Term Floaters, (d) the date on which all of the applicable Term Floaters are successfully remarketed and (e) the date on which the Issuer, at the direction of the Obligated Group Representative, converts the Bonds from the Term Floater Rate Mode to a different Interest Rate Mode.

"Term Out Rate" means 10% per annum.

"Term SOFR" means the forward-looking term rate for the applicable tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Termination Date" means, when used in connection with a particular Credit Facility or Liquidity Facility, (i) the date on which such Credit Facility or Liquidity Facility will terminate prior to its stated Expiration Date, as set forth in a Default Notice or a Termination Notice delivered by the Provider thereof in accordance with such

Credit Facility or Liquidity Facility or the applicable Reimbursement Agreement; or (ii) the date on which such Liquidity Facility or Credit Facility will terminate upon the election of the Institution, which date shall be not less than one Business Day after a Reset Date of the Bonds to which the Credit Facility or Liquidity Facility relates that bear interest in the Flexible Mode or Long-Term Mode.

"Termination Notice" means a notice given by a Provider pursuant to a Credit Facility or Liquidity Facility provided by it or the applicable Reimbursement Agreement to the effect that such Credit Facility or Liquidity Facility will terminate on the date specified in such notice.

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading U.S. government securities.

"UCC" means the Massachusetts Uniform Commercial Code.

"Undelivered Bond" means any Bond that constitutes an Undelivered Bond under the provisions of the Agreement.

"Unremarketed Bonds" means Direct Purchase Bonds for which the Owners have not received the full Purchase Price of all of their Bonds on the applicable Direct Purchase Rate Mandatory Purchase Date.

"Weekly Bonds" means Bonds that bear interest at Weekly Rates.

"Weekly Interest Rate Period" means each weekly period generally consisting of seven days commencing on a Wednesday and ending on the following Tuesday during the Weekly Period for which a particular Weekly Rate is in effect as provided in the Agreement.

"Weekly Mode" means the Interest Rate Mode during which the Bonds bear interest at Weekly Rates.

"Weekly Period" means the entire period during which the Bonds constitute Weekly Bonds, which Weekly Period shall generally be comprised of multiple Weekly Interest Rate Periods, during which the Weekly Rates are in effect.

"Weekly Rate" means the interest rate per annum on Weekly Bonds determined on a weekly basis as provided in the Agreement.

"Window Bonds" means Bonds that bear interest at Window Rates.

"Window Interest Rate Period" means each period during the Window Period for which a particular Window Rate is in effect, which shall be a period generally consisting of 7 days commencing on a Thursday and ending on the following Wednesday, except in the case of (a) the initial Window Rate Interest Period occurring after a Conversion to the Window Mode for which the period shall be from the applicable Conversion Date to and including the following Wednesday and (b) the last Window Interest Rate Period during a Window Period, for which the period shall end on the day preceding the applicable Conversion Date, redemption date or maturity date.

"Window Mode" means the Interest Rate Mode during which the Bonds bear interest at the Window Rate.

"Window Period" means the entire period during which Bonds constitute Window Bonds, which Window Period shall generally be comprised of multiple Window Interest Rate Periods, during which Window Rates are in effect.

"Window Rate" means the interest rate per annum on Window Bonds determined on a periodic basis as provided in the Agreement.

"Window Rate Determination Date" means, with respect to Window Bonds, in the case of a Conversion of Bonds to the Window Period, a Business Day not later than the applicable Conversion Date, and thereafter, each Thursday or, if Thursday is not a Business Day, then the Business Day next following such Thursday.

"Window Rate Mandatory Purchase Date" has the meaning given in the Agreement.

"Window Rate Optional Purchase Date" has the meaning given in the Agreement.

"Window Rate Spread" means, during a Window Period, (a) the Initial Window Rate Spread, or (b) a revised spread determined by the Remarketing Agent pursuant to the Agreement.

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Appendix C-2

Summary of Master Trust Indenture

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The following are brief summaries, prepared by Hinckley, Allen & Snyder LLP, Bond Counsel to the Issuer, of certain provisions of the Amended and Restated Master Trust Indenture (the "Master Indenture" or the "MI") dated as of June 1, 2022. These summaries do not purport to be complete, and reference is made to the documents for full and complete statements of such and all provisions.

SUMMARY OF THE MASTER INDENTURE

Amount of Indenture Indebtedness

The number of Obligations evidencing or securing Indenture Indebtedness or other obligations of the Obligated Group, including those under Hedging Contracts, that may be created under the Master Indenture is not limited. The aggregate principal amount of Indenture Indebtedness and the principal amount of each Obligation that may be issued, authenticated and delivered under the Master Indenture is not limited except as limited by the provisions of the Master Indenture or of the Related Supplements. (MI Section 2.01)

Designation of Indenture Indebtedness

Obligations shall be issued in such forms as may from time to time be determined by Related Supplements permitted under the Master Indenture. Each Obligation or series of Obligations shall be created by a different Related Supplement and each Obligation shall be designated in such a manner as will differentiate such Obligation from any other Obligation. (MI Section 2.02)

Security for Obligations

Any Obligation issued under the Master Indenture may be secured by security (including, without limitation, letters or lines of credit, insurance or permitted Liens on Property, or security interests in depreciation reserves, debt service or interest reserves or debt service or similar funds) in addition to the Lien on Gross Receipts granted under the Master Indenture, which additional security need not extend to any other Indebtedness (including any other Obligations). (MI Section 2.06)

Pledge of Gross Receipts

Each Member of the Obligated Group pledges and grants to the Master Trustee a Lien on and security interest in its Gross Receipts to secure all Indenture Indebtedness subject to its right to grant a prior lien pursuant to the Master Indenture. If any required payment on any Indenture Indebtedness is not made when due, any Gross Receipts with respect to which this security interest remains perfected pursuant to law shall, to the extent permitted by law, be transferred or paid over immediately to the Master Trustee without being commingled with other funds (unless already commingled) and any Gross Receipts thereafter received shall upon receipt by a Member of the Obligated Group be transferred to the Master Trustee in the form received (with necessary endorsements) to the extent necessary to cure the deficiency. Each Member of the Obligated Group represents and warrants that the Lien granted by this Section is and at all times will be a first Lien, subject only to (a) Liens permitted by the Master Indenture and (b) non-consensual Liens arising by operation of law. During any period prior to the exercise by the Master Trustee of its rights under the Master Indenture and so long as all required payments have been made with respect to any Indenture Indebtedness, each Member of the Obligated Group may for any lawful purpose, notwithstanding the existence of such Lien on and security interest in Gross Receipts, use, expend, deposit, or commingle, or (subject to the limitations set forth in the Master Indenture) pledge to another or grant a Lien or security interest for the benefit of another in all or any portion of its or their cash or cash proceeds before or after the date of the Master Indenture actually received from Gross Receipts during such period and unrestricted capital and endowment, free in each case of the Lien on and security interest on Gross Receipts and free of any other Lien or security interest held by the Master Trustee. (MI Section 2.07)

Issuance of Obligations in Forms Other than Notes.

Obligations may be issued under the Master Indenture in a form other than a promissory note to evidence any type of Indenture Indebtedness or Hedging Contract that itself is in a form other than a promissory note,

including without limitation, deeming such Indenture Indebtedness or Hedging Contract or certain payments due thereunder to be an Obligation. Consequently, the Related Supplement pursuant to which any Obligation is issued may provide for such supplements or amendments to the provisions of the Master Indenture, as are necessary or appropriate to permit the issuance of such Obligation under the Master Indenture and as are not inconsistent with the intent of the Master Indenture that all Obligations issued under the Master Indenture be equally and ratably secured by the lien on the trust estate created under the Master Indenture except to the extent that an Obligation provides for subordination of some or all of the payment obligations thereunder and/or subordination of security therefor. Any Hedging Contract (or any particular payments thereunder) which is or are authenticated as an Obligation under the Master Indenture shall be equally and ratably secured by any lien created under the Master Indenture with all other Obligations except as otherwise provided in the Master Indenture; provided, however, that any such Obligation shall be deemed outstanding under the Master Indenture solely for the purpose of receiving payment under the Master Indenture and shall not be entitled to exercise any rights under the Master Indenture, including without limitation the right to vote or control remedies and any Obligations issued to secure any Hedging Contract shall not be deemed to be Outstanding for any purpose under Article VIII, other than the right to receive payment of amounts due thereunder equally and ratably with all other Obligations. Solely for purposes of this Section and for Article VI of the Master Indenture, accrued interest under a Hedging Contract shall be deemed to be "interest" and the termination value of a Hedging Contract shall be deemed to be "principal." (MI Section 2.08)

Conditions for Membership in the Obligated Group

A Person may become a Member of the Obligated Group upon the following conditions:

(a) Such Person shall execute and deliver to the Master Trustee an instrument (i) containing the agreement of such Person to become a Member of the Obligated Group under the Master Indenture and thereby to become subject to compliance with all provisions of the Master Indenture pertaining to a Member of the Obligated Group; (ii) unconditionally and irrevocably guaranteeing to the Master Trustee and each other Member of the Obligated Group that all Obligations issued and then Outstanding under the Master Indenture will be paid in accordance with the terms thereof and of the Master Indenture when due; and (iii) granting to the Master Trustee a Lien on its Gross Receipts;

(b) The Master Trustee shall have received an Opinion of Counsel to the effect that the Master Indenture and the instrument executed and delivered by such Person in accordance with paragraph (a) are valid and binding obligations of such Person, enforceable against such Person in accordance with their terms; provided that such opinion as to enforceability may be qualified to the extent that enforcement of the rights and remedies created by the Master Indenture or such instrument is subject to general principles of equity or to bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights in general, and federal and Massachusetts law prohibiting or limiting the ability of a charitable corporation to undertake or make payment on an obligation incurred by or for the benefit of another corporation, and other exceptions customarily included in opinions of this type; and provided further that such opinion may be qualified to the extent that the making of such instrument or any payment required to be made by such Person pursuant to the Master Indenture or such instrument, with respect to Indenture Indebtedness other than that for which it is primarily liable (as provided in the Master Indenture), might constitute a fraudulent conveyance under applicable bankruptcy and insolvency laws (and other customary opinion exceptions); and (ii), subject to Permitted Liens, the grant of a Lien on Gross Receipts by such Person constitutes a valid and perfected security interest in such Gross Receipts;

(c) The Master Trustee shall have received an Officer's Certificate to the effect that the Representative consents to such person becoming a Member of the Obligated Group;

(d) The Master Trustee shall have received an Opinion of Counsel to the effect that the conditions contained in the Master Indenture relating to membership in the Obligated Group have been satisfied, and that under then existing law such Person's becoming a Member of the Obligated Group will not subject any Obligation or Indenture Indebtedness to the registration provisions of the Securities Act of 1933, as amended (or that such Obligation or Indenture Indebtedness has been so registered if registration is required) or to qualification under the Trust Indenture Act of 1939, as amended (or that such Obligation or Indenture Indebtedness has been so qualified);

(e) If any Related Bond which bears interest that is not includable in gross income under the Code has not been fully paid, the Master Trustee shall have received an Opinion of Bond Counsel to the effect that under then existing law such Person's becoming a Member of the Obligated Group would not cause the interest payable on such Related Bond to become includable in gross income under the Code;

(f) The Master Trustee shall have received an Officer's Certificate of the Representative's chief financial officer demonstrating that (A) the Transaction Test has been met or (B) the Projected Debt Service Coverage Ratio for the Obligated Group for the first full Fiscal Year following such addition is greater than it would be if such addition did not occur; and

(g) The Master Trustee shall have received an Officer's Certificate from the Representative to the effect that, immediately after the admission of such Person to the Obligated Group, the Obligated Group will not be in default in the performance or observance of any covenant or condition to be performed or observed under the Master Indenture. (MI Section 3.01)

Joint and Several Obligation; Individual Obligation

Each Member of the Obligated Group unconditionally and irrevocably agrees that it shall be jointly and severally obligated, and agrees to pay all amounts becoming due and payable on all Obligations issued under the Master Indenture according to the terms thereof. If for any reason any payment required pursuant to the terms of any Obligations issued under the Master Indenture has not been timely paid, each Member shall be obligated to make such payment.

Each Member agrees that, with respect to Indenture Indebtedness incurred on its behalf or the net proceeds of which have been received by it or for its direct benefit and evidenced or secured by an Obligation, it will be primarily liable to make full and timely payment on such Indenture Indebtedness. (MI Section 4.02)

Withdrawal From the Obligated Group

(a) Any Member of the Obligated Group may withdraw from the Obligated Group, provided that:

(i) the Representative consents to such withdrawal in writing; and

(ii) if such Member is a party to a Related Bond Indenture and/or is primarily liable for the payment of any Indenture Indebtedness pursuant to the Master Indenture with respect to Related Bonds or other Indenture Indebtedness then Outstanding, such Member either makes provision prior to withdrawal for the payment or defeasance of such Related Bonds or other Indenture Indebtedness in accordance with the provisions of the Related Bond Indenture, or Indenture Indebtedness, or such Member meets the conditions for withdrawal contained in the Related Bond Indenture or other Indenture Indebtedness; and

(iii) if any Related Bond which bears interest that is not includable in gross income under the Code has not been paid, the Master Trustee shall have received an Opinion of Bond Counsel to the effect that under then existing law such Member's withdrawal from the Obligated Group would not cause the interest payable on such Related Bond to become includable in gross income under the Code; and

(iv) the Master Trustee shall have received (A) an Officer's Certificate demonstrating compliance with the provisions of the Transaction Test; or (B) a Consultant's report that the Historical Debt Service Coverage Ratio for the Historical Test Period would be greater if such withdrawal occurred; or (C) a Consultant's report stating that the Projected Debt Service Coverage Ratio for the next full Fiscal Year is not less than 1.15, after giving effect to such withdrawal, and would not be reduced by more than 30% of what such ratio would be if such withdrawal did not occur; and

(v) the Master Trustee shall have received an Officer's Certificate to the effect that, immediately after the withdrawal of such Member from the Obligated Group, the Obligated Group will not be in default in the performance or observance of any covenant or condition to be performed under the Master Indenture;

provided that the Master Trustee shall waive the provisions of this paragraph if it shall have received an Officer's Certificate certifying that (A) had the withdrawing Member not been a Member during the most recently completed twelve-month period for which audited financial statements are available, there would have been no such default under the Master Indenture, or (B) the default was caused by the withdrawing member.

(b) Upon compliance with the conditions contained in paragraph (a), the Master Trustee shall execute any documents reasonably requested by the withdrawing Member and the remaining Members to evidence the termination, in whole or in part, as appropriate, of such Members' obligations under the Master Indenture, under any Related Supplements and under all Obligations, including the termination of the Lien on Gross Receipts of such Member.

(c) If the Obligated Group is unable to satisfy the requirements of paragraph (a)(iv) above, such otherwise unmet requirements shall be deemed satisfied if there shall be filed with the Master Trustee a report by a Consultant containing the following opinions:

(i) That applicable laws or regulations, and contracts generally applicable to all similar health care providers in the Commonwealth have prevented or will prevent generation of the required level of Aggregate Income Available for Debt Service, and an accompanying Opinion of Counsel setting forth any conclusions of law relevant to such opinion; and

(ii) That, with regard to a failure to satisfy the requirements of clause (i)(B) of the Transaction Test, the Obligated Group has generated the maximum amount of Aggregate Income Available for Debt Service which could reasonably be generated given such governing laws and regulations during the applicable period and that the Maximum Annual Debt Service Coverage Ratio for the period was at least 1.00. (MI Section 4.03)

Covenants as to Corporate Existence, Maintenance of Properties, Etc.

Each Member of the Obligated Group, respectively, covenants:

(a) Except as otherwise expressly provided in the Master Indenture, to preserve its corporate or other separate legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and to be qualified to do business and conduct its affairs in each jurisdiction where its ownership of Property or the conduct of its business or affairs requires such qualifications; provided, however, that nothing in the Master Indenture contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business or affairs.

(b) At all times to cause its Properties to be maintained, preserved and kept in good repair, working order and condition and all needful and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this paragraph (b) shall be construed (i) to prevent it from ceasing to operate any portion of its Properties if in its judgment it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in its judgment, useful in the conduct of its business or affairs.

(c) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply in all material respects with any and all applicable laws of the United States and the several states thereof and with all material and valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Properties; provided, nevertheless, that nothing in the Master Indenture contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith.

(d) Promptly to pay all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Properties; provided, however, that it shall have the right to contest in good faith

any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof.

(e) To procure and maintain all necessary licenses and permits and to use its best efforts to procure and maintain accreditation of its health care facilities (other than those of a type for which accreditation is not available or is deemed by the Member to be unnecessary or undesirable) by the Joint Commission or other applicable recognized accrediting body, when and as available; provided, however, that it need not comply with this paragraph if and to the extent that its Governing Body shall have determined in good faith, evidenced by an Officer's Certificate, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its indebtedness when due. (MI Section 5.02)

Insurance

Each Member of the Obligated Group shall (i) keep its plant, equipment and furnishings included in its Property insured against fire, lightning and extended coverage perils and against such other risks as are customarily insured against by similar institutions in the area; (ii) to the extent required by law, carry worker's compensation insurance (which may be through the so-called Massachusetts Self-Insurance Group), disability insurance and other insurance covering injury, sickness, disability or death of employees; (iii) maintain insurance against liability of the Member imposed by law or assumed by contract for injuries to persons (excluding liability covered by clauses (iv) and (v)), and for death of persons from such injuries; (iv) maintain motor vehicle liability insurance covering owned, unowned and hired motor vehicles, protecting the Member against liability for property damage; and (v) if it provides health care services, maintain insurance against liability of the Member for professional malpractice.

In lieu of obtaining third-party coverage for the risks described in the foregoing paragraph (except with respect to clause (i) of the foregoing paragraph), a Member may self-insure any of the required coverages or a portion thereof (or may participate in captive insurance programs sponsored by the Representative, any Affiliate, or any association or organization exposed to comparable risks; provided that such Member delivers to the Master Trustee a report of an Insurance Consultant stating that the self-insurance of such risks (or such participation) is consistent with reasonable management and insurance practices. (MI Section 5.03)

Limitations on Creation of Liens

Each Member of the Obligated Group, respectively, agrees that it will not create or suffer to be created or exist any Lien upon any Property other than Permitted Liens.

Permitted Liens shall consist of the following:

(i) Any judgment lien or notice of pending action against any member of the Obligated Group so long as such judgment or pending action is being contested and execution thereon is stayed within sixty (60) days of entry or while the period for responsive pleading has not lapsed;

(ii) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (1) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the member's Property or materially and adversely affect the value thereof, or (2) purchase, condemn, appropriate or recapture, or designate a purchaser of, such Property; (B) any liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, and laborers, have been due for less than sixty (60) days; (C) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof; and (D) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such

Property in any manner, which rights do not materially impair the use of such Property or materially and adversely affect the value thereof;

(iii) Any Lien (A) described in Exhibit A to the Master Indenture or (B) which is existing on the Effective Date and immediately prior to the Effective Date, constituted a "Permitted Lien" as defined under the Superseded Master Indenture or (C) which will come into existence on the Effective Date; provided that no such Lien (or the amount of Indebtedness secured thereby) may be increased, extended, renewed or modified to apply to any Property of any Member of the Obligated Group not subject to such Lien on such date, unless such Lien as so increased, extended, renewed or modified otherwise qualifies as a Permitted Lien under the Master Indenture;

(iv) Purchase money security interests and security interests existing on any Property prior to the time of its acquisition through purchase, merger, consolidation or otherwise, or placed upon Property to secure a portion of the purchase price thereof, or lessor's interests in leases required to be capitalized in accordance with GAAP and insurance proceeds attributable to the property subject to such leases or purchase money security interest; provided that the aggregate principal amounts secured by any such security interests shall not exceed, at the time of incurrence or assumption, the fair market value of such Property and shall not be increased, extended, renewed, or modified to apply to any other Property of any Member of the Obligated Group, unless such Lien as so increased, extended, renewed or modified otherwise qualifies as a Permitted Lien under the Master Indenture;

(v) Any Lien in favor of the Master Trustee securing all Indenture Indebtedness equally and ratably;

(vi) Liens arising by reason of good faith deposits in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(vii) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any member of the Obligated Group to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit-sharing plans or other similar arrangements, or to share in the privileges or benefits required for companies participating in such arrangements, and any Lien granted to a bank or similar entity providing a letter or line of credit to secure any obligation of the kind referred to in this clause (vii) or any lien in the nature of a banker's lien or right of setoff;

(viii) Any Lien arising by reason of an Irrevocable Deposit;

(ix) Any Lien in favor of a trustee on the proceeds of Indebtedness prior to the application of such proceeds or on moneys to repay Indebtedness while held in a debt service reserve fund or on any moneys to secure payment of the trustee's fees;

(x) Liens on moneys deposited by patients or others with any Member as security for or as prepayment for the cost of patient care;

(xi) Liens on Property received by any Member through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon, up to the fair market value of such Property;

(xii) Statutory rights of the United States of America by reason of federal funds made available under 42 U.S.C. §291 et seq. and similar rights under other federal and state statutes;

(xiii) Liens for taxes or special assessments not then delinquent or which are being contested in accordance with the Master Indenture;

(xiv) Liens on Property due to rights of third-party payers for recoupment or offset of amounts paid to any Member;

(xv) Any Lien created or permitted by the Master Indenture;

(xvi) Leases that relate to Property of a Member, as lessor, that is of a type that is customarily the subject of such leases, such as office space for physicians, health care and educational institutions, food service facilities, gift shops and radiology or other hospital-specialty services, pharmacy and similar departments; leases, licenses or similar rights existing as of the date of the initial execution and delivery of the Master Indenture to use Property owned on such date by any Person who was a Member on such date, and any renewal extensions thereof; and any leases, licenses or similar rights to use Property whereunder a Member is lessee, licensee or the equivalent thereof;

(xvii) Liens resulting from a Person's becoming an Obligated Group Member pursuant to the Master Indenture or from a consolidation, merger or acquisition of assets pursuant to the Master Indenture;

(xviii) Any Lien on Property that does not exceed, together with other Liens incurred under this clause (xviii), exceed the greater of (A) ten percent (10%) of Adjusted Annual Operating Revenues and (B) thirty-three percent (33%) of the Value of all Property of the Obligated Group as of the most recently available audited financial statements preceding the date of incurrence of such Lien;

(xix) Any Lien on accounts receivable of the Obligated Group and on amounts due the Obligated Group from Medicare, Medicaid and other third party payors, and proceeds thereof, in each case which may be senior to or on a parity with the Lien on Gross Receipts granted under the Master Indenture, securing Indebtedness (including Guaranties) in an amount not to exceed thirty percent (30%) of the aggregate amount of such accounts, accounts receivable and amounts due from Medicare, Medicaid and other third party payors, net of bad debt, as shown as patients accounts receivable, less allowances for uncollectible accounts, on the most recent year-end audited combined or consolidated financial statements of the Obligated Group at the time such Indebtedness (or Guaranty) is incurred;

(xx) Leases for fair market value, not exceeding in the aggregate at any time more than ten percent (10%) of the net square footage of the aggregate real property owned by the Members;

(xxi) Liens on any part of the Property constituting real property and improvements thereon; provided that (A) the granting of such Lien is necessary to obtain financing for the construction of a structure or building upon such part of the Property, and (B) the severance of such part of the Property upon foreclosure of such Lien will not render the remaining Property in violation of applicable zoning, building or land use laws; or

(xxii) Any Liens arising from an Obligated Group Member's participation in an accountable care organization or other similar health care delivery organization (collectively, a "Provider Group Arrangement") pursuant to which the Member is responsible for its own or one or more other health care provider's withholding, deductible, shared savings, or other payments due with respect to contractual arrangements with governmental or third party payors, and Liens on revenues held by such Member on behalf of other participants to a Provider Group Arrangement.

If the Obligated Group or any one or more Members thereof elects to grant a Lien pursuant to paragraph (b)(v) or (xix) which is senior to, or otherwise which is on a parity with, the Lien on Gross Receipts granted pursuant to the Master Indenture, the Master Trustee and (if applicable) the Agency, upon the request of the Representative, shall execute such documents as are necessary to effectuate such subordination or parity status, as the case may be.

An Officer's Certificate certifying that a Lien is a Permitted Lien pursuant to this Section shall not be required, but if such a certification is delivered, it shall be binding upon the Obligation Holders. (MI Section 5.04)

Limitations on Incurrence of Additional Indebtedness.

Each Member of the Obligated Group, respectively, agrees that it will not incur any Additional Indebtedness except as follows:

(a) Indebtedness, including Indenture Indebtedness, not exceeding in aggregate principal amount Outstanding at any time 15% of Adjusted Annual Operating Revenues for the most recent Fiscal Year for which the combined financial statements of the Obligated Group have been reported upon by independent certified public accountants. Any Outstanding Indebtedness incurred under this paragraph (a) shall be deemed to have been incurred under another provision of this Section upon the satisfaction of such other provision as if such Outstanding Indebtedness were then being incurred. To the extent that Indebtedness is deemed to be incurred pursuant to another provision of this Section, it shall not reduce the amount of Indebtedness permitted to be incurred pursuant to this paragraph (a).

(b) Long-Term Indebtedness, including Indenture Indebtedness, if prior to incurrence of the Long-Term Indebtedness, there is delivered to the Master Trustee an Officer's Certificate of the Representative's chief financial officer, certifying that:

(i) The ratio determined by dividing Aggregate Income Available for Debt Service for the most recent Fiscal Year for which the audited financial statements have been reported upon by independent certified public accountants, by Maximum Annual Debt Service including the Additional Indebtedness, is not less than 1.10; or

(ii) Subject to the provisions of paragraph (n) below, (A) the Historical Debt Service Coverage Ratio for the most recent Fiscal Year for which the audited financial statements have been reported upon by independent certified public accountants, not including the proposed Additional Indebtedness, is not less than 1.10; and (B) the Projected Debt Service Coverage Ratio, taking the proposed Additional Indebtedness into account, for (1) in the case of Additional Indebtedness to finance capital improvements, the first full Fiscal Year succeeding the date on which such capital improvements are expected to be placed in operation, or (2) in the case of Long-Term Indebtedness refinancing other Indebtedness for completed capital projects or Long-Term Indebtedness not financing capital improvements, the first full Fiscal Year succeeding the date in which the Indebtedness is incurred, is not less than 1.10, as shown by combined pro forma balance sheets, statement of income or of revenue and expenses and statements of changes in financial position for each such period, accompanied by a statement of the relevant assumptions upon which such pro forma statements are based, delivered to the Master Trustee along with the Officer's Certificate; or (C) immediately after the issuance or incurring of such Additional Indebtedness, the aggregate principal amount of all Outstanding Long-Term Indebtedness (other than Guaranties for which no Member has made a payment during the preceding twelve months) will not exceed sixty-six percent (66%) of the aggregate Capitalization of the Obligated Group reported on by independent certified public accountants.

(c) Completion Indebtedness.

(d) Long-Term Indebtedness incurred for the purpose of refunding any Long-Term Indebtedness if the conditions described in paragraph (b) of this Section are met with respect to such proposed Long-Term Indebtedness or if upon the incurrence thereof an Officer's Certificate is delivered to the Master Trustee stating that, taking the proposed Long-Term Indebtedness and the refunding of the existing Long-Term Indebtedness into account, Maximum Annual Debt Service will not be increased by more than fifteen percent (15%).

(e) Short-Term Indebtedness if immediately after the incurrence of such Short-Term Indebtedness, the principal amount of all Outstanding Short-Term Indebtedness does not exceed the greater of (A) twenty percent (20%) of Adjusted Annual Operating Revenues and (B) seventy-five percent (75%) of the aggregate accounts receivable (net of provision for uncollectible accounts and contractual adjustments) of the Obligated Group as of the end of the most recent Fiscal Year for which audited financial statements of the Obligated Group have been reported upon by independent certified public accountants.

(f) Indebtedness the payment of which is (i) unsecured, or (ii) if secured, is secured by a lien on Gross Receipts which lien is subordinate to the lien on Gross Receipts securing Indenture Indebtedness.

(g) Agreements relating to letters or lines of credit or similar credit facilities used to secure Additional Indebtedness incurred in accordance with the provisions of this Section.

(h) Indebtedness in the form of installment purchase contracts and indebtedness secured by Liens of the type permitted by the section captioned "Limitations on Creation of Liens."

(i) Indebtedness pursuant to which the creditor's recourse is limited to certain identified assets of the debtor the acquisition of which was financed by such indebtedness.

(j) Indebtedness incurred for the purpose of funding a debt service reserve fund established in connection with any series of Related Bonds.

(k) Indebtedness to any Member of the Obligated Group.

(l) Indebtedness to secure its obligations to make payments under Hedging Contracts whether or not on a parity with the Obligations issued under the Master Indenture.

(m) Pre-existing Indebtedness of a Member assumed in connection with the section captioned "Consolidation, Merger, Sale or Conveyance."

(n) If the Obligated Group is unable to satisfy the requirements of paragraph (b)(ii), such otherwise unmet requirements shall be deemed satisfied if there shall be filed with the Master Trustee a report by a Consultant containing the following opinions:

(i) That applicable laws or regulations, and industry conditions generally applicable to all similar health care providers in the Commonwealth have prevent or will prevent generation of the required level of Aggregate Income Available for Debt Service, and, if requested by the Master Trustee, an accompanying Opinion of Counsel acceptable to the Master Trustee setting forth any conclusions of law relevant to such opinion;

(ii) That with regard to a failure to satisfy the requirements of clause (A) of paragraph (b)(ii), the Obligated Group has generated the maximum amount of Aggregate Income Available for Debt Service which could reasonably be generated given such governing laws, regulations and industry conditions during the applicable period and that the Historical Debt Service Coverage Ratio for the period was at least 1.00; and

(iii) That, with regard to a failure to satisfy the requirements of clause (B) of paragraph (b)(ii) based upon forecasts and estimates contained in the report, the Obligated Group will generate the maximum amount of Aggregate Income Available for Debt Service which can reasonably generated given such governing laws, regulations and industry conditions during the applicable period and that the Projected Debt Service Coverage Ratio for the applicable period is not less than 1.00. (MI Section 5.05)

Debt Service Calculation Adjustments.

When calculating Debt Service Requirement under the Master Indenture, such amounts may be calculated as set forth in either (a) or (b) below:

(a) Projection Based on Adjusted Annual Payments. Calculations may be projected based on adjusted annual payments, determined as follows:

(i) the Debt Service Requirement on Long-Term Indebtedness, or portions thereof, shall not be included in the computation of Maximum Annual Debt Service (A) in the case of a particular Fiscal Year to the extent such Debt Service Requirement, or portions thereof, first become payable, and only to the extent that it shall be payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof at the time of incurrence of Indebtedness (including without limitation, so as to prevent the double-counting of any Indebtedness in the computation of the Maximum Annual Debt Service, capitalized interest and accrued interest so deposited into trust, escrowed or otherwise set aside) with the Master Trustee, a Related Bond Trustee or another Person approved by the Master Trustee; and (B) to the extent that an Irrevocable Deposit sufficient to pay such Debt Service Requirement has been made;

(ii) in determining the Debt Service Requirement of any Member, whether actual or projected, on any Indebtedness which is the subject of a Hedging Contract, account shall be taken of amounts payable by or to the Member pursuant to the Hedging Contract in addition to amounts payable by the Member on such Indebtedness, and if the net obligation of the Obligated Group under such Indebtedness and Hedging Contract is variable, such Indebtedness may, at the election of the Representative, be deemed variable rate Indebtedness pursuant to clause (i) of the definition of "Assumed Rate." In addition, so long as any Indebtedness is deemed to bear interest at a rate taking into account amounts payable by or to a Member pursuant to a Hedging Contract pursuant to this paragraph (ii), any amounts payable by such Member pursuant to such Hedging Contract shall be excluded from the expenses of such Member and any amounts payable to such Member pursuant to such Hedging Contract shall be excluded from the revenues of such Member, in each case for all purposes of the Master Indenture;

(iii) the principal amount of any Long-Term Indebtedness required to be redeemed in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of its stated maturity; provided, however, that if a Hedging Contract has been entered into that in effect provides for payment of a variable interest rate for any portion of such Indebtedness, the Obligated Group may treat the related portion of such Indebtedness as variable rate Indebtedness for the term of the Hedging Contract and calculate or project the interest rate payable as a result of the Hedging Contract pursuant to the provisions of clause (iv) below;

(iv) the amount of interest on variable rate Indebtedness during any period prior to the date of calculation shall be calculated on the basis of actual interest paid on such Indebtedness during such prior periods, and the amount of interest on variable rate Indebtedness for periods subsequent to the date of calculation shall be calculated as if the interest rate on such Indebtedness was (A) if such Indebtedness was Outstanding during the entire twelve months immediately preceding such determination, the average rate of interest thereon for that twelve-month period, (B) if such Indebtedness was Outstanding for only a portion of such immediately preceding twelve-month period, the average rate of interest which would have been in effect if such Indebtedness had been Outstanding during the entire period, or (C) if such Indebtedness was not Outstanding during such immediately preceding twelve-month period, the rate of interest such Indebtedness bears on the date of the calculation of the Maximum Annual Debt Service Coverage Ratio; provided, however, that the Obligated Group may project the interest payments on the related portion of such Indebtedness by using the fixed rate payable on a related Hedging Contract;

(v) the Debt Service Requirement on Balloon Indebtedness and any Interim Indebtedness, shall be projected assuming (A) that the principal balance of such Indebtedness on the date of determination is refinanced on the date of determination over a term equal to the greater of thirty (30) years or the date of maturity of such Indebtedness, (B) that such principal balance will bear interest at the Bond Index, and (C) that Debt Service Requirement on such Indebtedness after the date of determination will be payable in substantially equal annual installments sufficient to pay both principal and interest;

(vi) the Debt Service Requirement on Indebtedness arising from any Guaranty shall be taken into account as follows: (A) equal to twenty (20%) of the Debt Service Requirement on the obligation guaranteed, so long as no Obligated Group Member has made any payments pursuant to such Guaranty within the eighteen (18) months preceding the date of calculation; and (B) otherwise shall be calculated as equal to one hundred percent (100%) of the Debt Service Requirement on the obligation guaranteed; provided, however, that debt service on such guaranteed obligations with respect to which a payment has

been made or monetary advances have been made to the guaranteed entity by any Member during the preceding twelve (12) months or with respect to which the primary obligor is in default by reason of bankruptcy or insolvency shall be included at one hundred percent (100%) of such debt service and, provided further, at the election of the Representative if income available for debt service of the guaranteed entity for each of the two most recent Fiscal Years was at least 1.25 times its Maximum Annual Debt Service for such Fiscal Year, no debt service on such guaranteed obligation shall be included for purposes of calculating the Debt Service Requirement of any Member;

(vii) there shall be excluded from Long-Term Indebtedness: (A) any obligation owed by one Member to another Member and (B) any subordinated Indebtedness or nonrecourse Indebtedness incurred by any Member;

(viii) any periodic fees payable to any Person providing a credit facility for any Long-Term Indebtedness incurred by any Member shall be included as payments of interest on such Long-Term Indebtedness;

(ix) the terms of any reimbursement obligation to any Person providing a credit facility for any such Long-Term Indebtedness shall be excluded from Long-Term Indebtedness, except to the extent and for periods during which payments have been required to be made pursuant to such reimbursement obligation to such Person advancing funds and not being reimbursed; and

(x) if an Irrevocable Deposit shall have been made in respect of Indebtedness, then such Indebtedness (or any portion thereof) and the interest thereon as it comes due, and such principal (or portion thereof), as the case may be, shall not be included in such projection; or

(b) Projection Based on Assumed Level Annual Payments. Calculations may be projected based on assumed level annual payments, determined as follows:

(i) the amount of principal and interest payable during each year on such Indebtedness after the date of determination shall be projected assuming (A) that the principal balance of such Indebtedness (after adjustment as provided in paragraph (b)(ii) of this definition) on the date of determination will be refinanced, (B) that such principal balance will be payable over a term of thirty (30) years, (C) that such principal balance will bear interest at the Bond Index, and (D) that the Debt Service Requirement on such Indebtedness will be payable in substantially equal annual installments sufficient to pay both principal and interest;

(ii) if the Obligated Group has paid, directly or indirectly, any principal or interest on Indebtedness arising from any Guaranty at any time during the 18-month period next preceding such determination, one hundred percent (100%) of the principal balance of such Indebtedness shall be included in the projection. If the Obligated Group has not paid, directly or indirectly, any principal or interest on Indebtedness arising from any Guaranty at any time during the 18-month period next preceding such determination, only twenty percent (20%) of the principal balance on such Indebtedness shall be included in the projection; provided, however, that debt service on such guaranteed obligations with respect to which a payment has been made or monetary advances have been made to the guaranteed entity by any Member during the preceding twelve (12) months or with respect to which the primary obligor is in default by reason of bankruptcy or insolvency shall be included at one hundred percent (100%) of such debt service and, provided further, at the election of the Representative if income available for debt service of the guaranteed entity for each of the two most recent Fiscal Years was at least 1.25 times its Maximum Annual Debt Service for such Fiscal Year, no debt service on such guaranteed obligation shall be included for purposes of calculating the Debt Service Requirement of any Member; and

(iii) if an Irrevocable Deposit shall have been made in respect of Indebtedness, then such Indebtedness (or any portion thereof) and the interest thereon as it comes due, and such principal (or portion thereof), as the case may be, shall not be included in such projection. (MI Section 5.06)

Debt Service Coverage Ratio.

The Obligated Group agrees to use best efforts to maintain the Historical Debt Service Coverage Ratio at least equal to 1.10 calculated as of the end of each Fiscal Year. Within one hundred fifty (150) days after the end of each Fiscal Year, the Obligated Group shall furnish to the Master Trustee an Officer's Certificate stating, based on calculations shown in such Certificate, that the requirement of the foregoing sentence was met as of the end of such Fiscal Year. If the Historical Debt Service Coverage Ratio is less than 1.10 in any Fiscal Year, the Obligated Group covenants to retain a Consultant to make recommendations to increase such ratio for subsequent Fiscal Years to the levels required or, if in the opinion of the Consultant the attainment of such level is impracticable, to the highest practicable level. Each Member of the Obligated Group, respectively, agrees that it will, to the extent permitted by law and subject to Legal Limitations, substantially follow the recommendations of the Consultant or file with the Master Trustee its reasons for not following the recommendations. So long as the Obligated Group shall retain a Consultant and each Member of the Obligated Group shall follow such Consultant's recommendations except as set forth above, this Section 5.07 shall be deemed to have been complied with even if such ratio for any subsequent Fiscal Year, calculated as of the end of such Fiscal Year, is less than 1.10. If in any two consecutive Fiscal Years the Historical Debt Service Coverage Ratio is less than 1.10, calculated as of the end of such Fiscal Years, the Obligated Group will not be required to retain a Consultant to make such recommendations if a written report of a Consultant is filed with the Master Trustee which contains an opinion of such Consultant that (i) applicable laws or regulations have prevented the maintenance of the 1.10 ratio, (ii) the Members of the Obligated Group have generated the maximum amount of Income Available for Debt Service which in the opinion of such Consultant could reasonably have been generated given such laws and regulations during the period affected thereby and (iii) the ratio actually achieved was at least 1.00 for at least one such Fiscal Year. The Obligated Group shall not be required to cause the Consultant's report referred to in this paragraph to be prepared more frequently than once every three Fiscal Years if at the end of the second of such three Fiscal Years the Obligated Group provides to the Master Trustee (who shall provide a copy to each Obligation Holder, Related Bond Trustee and Related Issuer) an Opinion of Counsel to the effect that the applicable laws and regulations underlying the Consultant's report delivered in respect of the previous Fiscal Year have not changed in any material way.

Notwithstanding any other provision of this Section, if the Historical Debt Service Coverage Ratio is less than 1.00 for any two consecutive Fiscal Years, an Event of Default shall occur. (MI Section 5.07)

Sale, Lease or Other Disposition of Property.

Each Member of the Obligated Group, respectively, agrees that it will not in any Fiscal Year sell, lease or otherwise dispose of any Property (a "Transfer"), the disposition of which would cause the aggregate Book Value of Property so transferred by Members of the Obligated Group in such year to exceed fifteen percent (15%) of the Book Value of the Property of the Obligated Group as shown on its most recently available audited financial statements except in the ordinary course of business and except for a Transfer of Property:

(a) To any Person if prior to the Transfer there is delivered to the Master Trustee an Officer's Certificate stating that in the judgment of the signer such Property has become, or within the next succeeding 24 calendar months is reasonably expected to become, inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the Transfer thereof will not impair the structural soundness, efficiency or economic value of the remaining Property in any material respect;

(b) To another Member of the Obligated Group;

(c) To any Person provided that prior to the Transfer there is delivered to the Master Trustee an Officer's Certificate demonstrating compliance with the provisions of the Transaction Test;

(d) As part of a merger, consolidation, sale or conveyance permitted by the section captioned "Consolidation, Merger, Sale or Conveyance;"

(e) To any Person if in exchange therefor such Member receives the fair market value of the Property so transferred, provided that, in the case of Transfers of real property with a value in excess of the greater of $5,000,000 or one half of one percent (0.5%) of the Obligated Group's Property, Plant and Equipment, prior to

such Transfer there is delivered to the Master Trustee an Officer's Certificate certifying that the Member will receive at least the fair market value of such real property;

(f) To any Person in connection with a "sale and lease back" transaction that would constitute and be treated as a true sale and lease back under GAAP;

(g) In the case of accounts receivable, up to an amount not to exceed twenty percent (20%) of the aggregate amount of such accounts receivable, net of uncollectible accounts, as shown on the Obligated Group's most recent audited financial statements;

(h) To an entity controlled by, under common control with, or contractually affiliated with, one or more Members of the Obligated Group for the purpose of establishing, capitalizing, and maintaining a program of insurance that provides insurance coverage to one or more Members of the Obligated Group, provided that prior to such Transfer, an Insurance Consultant shall have issued a report stating that the establishment of such insurance and the proposed funding thereof are consistent with reasonable insurance practices; which transferee entity may be organized under the laws of any jurisdiction or nation and which may include an entity providing insurance to entities other than Members of the Obligated Group;

(i) To any affiliate physician group practice and is used solely to support commercially reasonable salary and benefits of physician employees of such group practice; or

(j) To any members of, or participants in, an accountable care organization, clinical care delivery risk retention group, or similar arrangement relating to governmental or managed care plans, of which a Member of the Obligated Group is a member or participant.

Notwithstanding anything to the contrary in the Master Indenture, (i) transfers to the University or UMass Memorial Medical Group (or, with respect solely to transfers under clause (C) below, transfers to any other entity that is a participant of the contractual arrangement giving rise to the payments described therein) for the following purposes shall be deemed to constitute a sale, lease, or disposition of Property for fair market value and shall not otherwise be required to comply with the provisions of this Section: (A) reimbursement for recruitment costs or stipend or similar support for the compensation of clinical department chairs, chiefs, vice chairs, vice-chiefs, and similar senior administrative clinical personnel; (B) reimbursement of costs and subsidies relating to students, interns, residents, and teaching fellows; (C) payments, subsidies, allocations, or withholds relating to risk or value based payments or capitation premiums; and (D) payments of amounts required under that certain Amended and Restated Definitive Agreement between the University, UMass Memorial Health System, UMass Memorial Medical Center, Inc., Worcester City Campus Corporation, Memorial Health Care, Inc., and Memorial Hospital, dated as of March 31, 1998, as amended; and (ii) nothing contained in this Section shall be construed (A) to prevent a Member from ceasing to operate any portion of its Properties if in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a reasonable determination by its Governing Body) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (B) to obligate a Member to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the reasonable judgment of its Governing Body, useful in the conduct of its business or affairs. (MI Section 5.08)

Consolidation, Merger, Sale or Conveyance.

(a) Notwithstanding anything to the contrary in the following Section, any Member or Members of the Obligated Group may merge or consolidate with any other Member or Members of the Obligated Group, or sell or convey all or substantially all of its assets to any other Member or Members of the Obligated Group, upon the Representative providing written notice to the Master Trustee of such merger, consolidation, or sale or conveyance of assets. Subject to the preceding sentence, each Member of the Obligated Group, respectively, covenants that it will not merge or consolidate with any other corporation or sell or convey all or substantially all of its assets to any Person unless:

(i) Either it will be the surviving corporation, or the successor corporation shall be a corporation organized and existing under the laws of the United States of America or a state thereof and such corporation shall expressly assume the due and punctual payment of the principal of and premium, if any, and interest on all Outstanding Obligations issued under the Master Indenture, and the due and punctual performance and observance of all of the covenants and conditions of the Master Indenture by a supplement executed and delivered to the Master Trustee by such corporation;

(ii) If any Related Bond which bears interest that is not includable in gross income under the Code has not been fully paid, the Master Trustee shall have received an Opinion of Bond Counsel to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance, whether or not contemplated on any date of the delivery of such Related Bond, would not cause the interest payable on such Related Bonds to be includable in gross income under the Code;

(iii) The Master Trustee shall have received an Officer's Certificate demonstrating compliance with the provisions of the Transaction Test; and

(iv) The Master Trustee shall have received an Officer's Certificate to the effect that immediately following such transaction the Obligated Group will not be in default in the performance or observance of any covenant or condition to be performed or observed under the Master Indenture; provided that if all Indenture Indebtedness has been issued by one or more Governmental Issuers, such Governmental Issuers may waive the provisions of this paragraph upon determining that it is in the interests of the Holders of a majority in the principal amount of Indenture Indebtedness to do so.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor corporation (if required by paragraph (a)(i)), such successor corporation shall succeed to and be substituted for its predecessor, with the same effect as if it had been named in the Master Indenture as a Member of the Obligated Group.

(c) In case of any such consolidation, merger, sale or conveyance, such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued as may be appropriate.

(d) The Master Trustee shall receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption (if required by paragraph (a)(i)), complies with the provisions of this Section and that it is proper for the Master Trustee under the provisions of Article VIII and of this Section to join in the execution of the supplement provided for in this Section. (MI Section 5.09)

Filing of Financial Statements, Certificate of No Default, Other Information.

Each Member of the Obligated Group, respectively, covenants that it will:

(a) As soon as practicable, but in no event later than one hundred and fifty (150) days after the end of each Fiscal Year, file, or cause to be filed, with the Master Trustee combined audited financial statements of the System or consolidated audited financial statements of the System with consolidating schedules showing (i) the unaudited revenue and expense statement of cash flow of such Fiscal Year for each Member of the Obligated Group and (ii) the unaudited balance sheet as of the end of such Fiscal Year for each Member of the Obligated Group. If audited combined or consolidated statements of the System are not available because the System does not have a single audit of its combined financial statements conducted, (i) an unaudited combined revenue and expense statement and statement of cash flow of such Fiscal Year for the Obligated Group, (ii) an unaudited combined balance sheet as of the end of such Fiscal Year for the Obligated Group, and (iii) audited financial statements for each Member of the Obligated Group (except that separate audited statements shall not be required as to any portion of a Member's statements which are included in the audited statements of another Member);

(b) As soon as practicable but in no event later than one hundred and sixty-five (165) days after the end of each Fiscal Year, file, or cause to be filed, with the Master Trustee an Officer's Certificate stating the Historical Debt Service Coverage Ratio for such Fiscal Year, calculated as of the end of such Fiscal Year, and also

stating whether or not to the best knowledge of the signers such Member of the Obligated Group is in default in the performance of any covenant contained in the Master Indenture, and, if so, specifying each such default of which the signers may have knowledge;

(c) If an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such other financial statements and information concerning its operations and financial affairs as the Master Trustee may from time to time reasonably request, excluding specifically donor records, patient records and personnel records, and (ii) provide access to its facilities for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request; and

(d) Within ten (10) days after its receipt thereof, file with the Master Trustee a copy of each report which any provision of the Master Indenture requires to be prepared by a Consultant or an Insurance Consultant. (MI Section 5.10)

Insurance and Condemnation Proceeds.

(a) Any Member of the Obligated Group may make agreements and covenants with the holder of secured Indebtedness which is incurred in compliance with the provisions of the Master Indenture and which is secured by a Permitted Lien with respect to the application or use to be made of insurance proceeds or condemnation awards which may be received in connection with Property which is subject to such Permitted Lien.

(b) Subject to any agreement or covenant made pursuant to paragraph (a), amounts received by any Member of the Obligated Group as insurance proceeds with respect to any casualty loss or as condemnation awards in an amount less than twenty percent (20%) of the Obligated Group's Property, Plant and Equipment (net of accumulated depreciation), as shown on the most recent audited financial statements of the Obligated Group, shall be paid to the Obligated Group as directed by the Representative and applied to any lawful corporate purpose of the Obligated Group. If such insurance proceeds or condemnation proceeds are in an amount greater than or equal to twenty percent (20%) of the Obligated Group's Property, Plant and Equipment (net of accumulated depreciation), as shown on the most recent audited statements of the Obligated Group, such proceeds shall be paid to such Member and applied as follows:

(i) if there is delivered to the Master Trustee an Officer's Certificate of the Member's chief financial officer (the "Coverage Certificate"), demonstrating that (A) the Projected Debt Service Coverage Ratio for the Fiscal Year immediately following such loss or condemnation is at least 1.40 (or is at least 1.20 if a Consultant's report is provided to that effect); or (B) the Historical Debt Service Coverage Ratio for the most recent Fiscal Year for which audited financial statements are available, assuming such loss or condemnation to have occurred during the Fiscal Year immediately following such loss or condemnation, would have been at least 1.10; or (C) the Projected Debt Service Coverage Ratio for the Fiscal Year immediately following such loss or condemnation is not less than it would be if such loss or condemnation had not occurred, and is not less than 1.00; or (D) immediately after such loss or condemnation the aggregate principal amount of all Outstanding Long-Term Indebtedness (other than Guaranties for which no Member has made a payment during the preceding twelve months) will not exceed sixty-five percent (65%) of the aggregate Capitalization of the Obligated Group as shown on its most recently available financial statements reported on by independent certified public accountants, then the Member may retain the amounts for its own use; provided, however, that the Member shall retain such amounts unexpended until the end of the Fiscal Year following the Fiscal Year in which the loss or taking occurred, at which time there shall be filed with the Master Trustee an Officer's Certificate showing a Historical Debt Service Coverage Ratio for the preceding Fiscal Year meeting the requirements applicable to a Coverage Certificate at which time the retained amounts shall become available to the Member for its own use; and provided further that if the Historical Debt Service Coverage Ratio does not meet the requirements applicable to a Coverage Certificate, the Member shall either apply such amounts to restoration, replacement or acquisition as provided in the following clause (ii) or shall apply such amounts to debt service as provided in the following clause (iii);

(ii) if the Member is not able to deliver the Coverage Certificate, chooses not to deliver such Coverage Certificate or is unable to deliver proof of such required Historical Debt Service Coverage Ratio

under clause (i) above, the Member may project expenditures to restore or replace the property lost or taken or to acquire other capital assets and project income taking into account the income to be generated from such restoration, replacement or acquisition, and if on the basis of such projection the Member delivers to the Master Trustee an Officer's Certificate showing for the Fiscal Year following completion of the restoration, replacement or acquisition, a Projected Debt Service Coverage Ratio equal to the amount required for a Coverage Certificate, the Member may expend so much of such amounts to restore or replace the property lost or taken or to acquire other capital assets until either (A) all the amounts are expended or (B) a sufficient portion of the amounts are expended as are necessary to permit the Member to justify the Projected Debt Service Coverage Ratio shown in such projection, provided that the Member shall retain the remaining amounts unexpended until the end of the following Fiscal Year at which time there shall be filed with the Master Trustee an Officer's Certificate indicating a Historical Debt Service Coverage Ratio for the last Fiscal Year showing a Historical Debt Service Coverage Ratio at least equal to that required in a Coverage Certificate at which time the retained amounts shall become available to the Member for its own use; and provided further, that if the Member is unable to deliver proof of such a Historical Debt Service Coverage Ratio, it shall either provide the Master Trustee with a Consultant's report to the effect that applying the remaining amounts for additional restoration, replacement or acquisition will result in a Projected Debt Service Coverage Ratio at least equal to that required in a Coverage Certificate or it shall apply the remaining amounts as provided in the following clause (iii); or

(iii) to the payment of debt service on or the prepayment of the Outstanding Obligations pro rata in accordance with the respective principal amounts thereof outstanding, either directly or indirectly by paying underlying Indenture Indebtedness.

(c) Prior to any application of insurance or condemnation proceeds as provided in paragraphs (a) and (b) of this Section there shall be delivered an Opinion of Bond Counsel to the effect that such application shall not adversely affect the exclusion from gross income of the interest on any Related Bond. (MI Section 5.11)

Exercise of Corporate Control.

Each Member of the Obligated Group covenants that, to the extent it Controls any other Member of the Obligated Group, it will cause such Controlled Member to comply with the provisions of this Master Indenture. (MI Section 5.12)

Substitution of Master Trust Indenture.

In connection with any merger, consolidation or similar transaction involving an affiliation of the Obligated Group with an entity or entities subject to an existing master trust indenture or similar financing document (the "Substitution Transaction"), the Obligation Holders, by their acceptance of an Obligation, agree to surrender the Obligations to the Master Trustee upon presentation to the Obligation Holders and the Master Trustee of the following:

(i) original replacement notes or similar obligations (the "Substitute Obligations") issued by the Obligated Group or a surviving, resulting or transferee entity meeting the requirements of the section captioned "Sale, Lease or Other Disposition of Property" (the "Substitute Obligated Group") under and pursuant to and secured by such existing master trust indenture or similar financing document (the "Substitute Master Indenture") executed by the Obligated Group or any Substitute Obligated Group, all then current Obligated Groups and any other parties named therein (collectively, the "New Group") and an independent corporate trustee (the "New Trustee") (which may be the Master Trustee) meeting the eligibility requirements of the Master Trustee as set forth in the Master Indenture, which Substitute Obligations have been duly authenticated by the New Trustee;

(ii) an Officer's Certificate demonstrating satisfaction of any of the following:

A. that upon the consummation of the Substitution Transaction, and after giving effect to such Substitution Transaction, (i) at least one rating agency that has provided a long-term rating on the publicly sold Related Bonds provides written confirmation or other evidence to the

effect that the long-term rating by such rating agency on such Related Bonds will either be A+ (or its equivalent) or higher, or will be a higher rating category or rating modifier than the then-current rating immediately prior to the Substitution Transaction as a result of and giving effect to the implementation of the Substitution Transaction; and (ii) the New Group satisfies the Transaction Test;

B. that the Historical Debt Service Coverage Ratio for the twelve (12) full consecutive calendar months for which there are audited financial statements available, assuming the proposed Substitution Transaction had occurred at the beginning of such twelve (12) calendar month period, is not less than 1.75, (ii) that the Projected Debt Service Coverage Ratio for each of the two full Fiscal Years following implementation of the Substitution Transaction is projected to be not less than 1.75, or if less than 1.75 but at least 1.00, is projected to be greater than such ratio would have been if the proposed Substitution Transaction had not been implemented, and (iii) the New Group satisfies the Transaction Test; or

C. in the event that the New Group, after giving effect to the Substitution Transaction, cannot satisfy the requirements of Paragraph (A) or (B) above, that, upon consummation of the Substitution Transaction, and after giving effect to the implementation of the Substitution Transaction, (i) at least two of the rating agencies that have provided a long-term rating on the publicly sold Related Bonds provide written confirmation or other evidence to the effect that the long-term ratings by each such rating agency on such Related Bonds, as a result of and giving effect to the implementation of the Substitution Transaction, will be no less than the then-current rating on such Related Bonds immediately prior to the implementation of the Substitution Transaction, or that the then-current rating will not be decreased or withdrawn as a result of the implementation of the Substitution Transaction (a rating decrease shall include instances where the rating category level remains unchanged but the rating modifier (such as "+" or "-") is decreased as a result of the implementation of the Substitution Transaction, but a rating decrease shall not include instances where the outlook alone is decreased); (ii) the new obligated group satisfies the Transaction Test; and (iii) the Substitute Master Indenture includes a pledge of gross revenues or gross receipts generally similar to the pledge of Gross Receipts established under the Master Indenture;

(iii) evidence of compliance with any one of the tests for adding a new member of the Obligated Group set forth in the Master Indenture;

(iv) an Opinion of Bond Counsel that the replacement of the Obligations will not adversely affect the validity of any Indenture Indebtedness or any exemption for the purposes of federal income taxation to which interest on such Indenture Indebtedness would otherwise be entitled;

(v) an Opinion of Counsel to the Obligated Group that the conditions in this Section for the surrender of the Substitute Obligation have been met and an Officer's Certificate that, as of the date of such surrender, no event of default shall have occurred and be continuing under the Master Indenture or the Substitute Master Indenture; and

(vi) an original executed counterpart of the Substitute Master Indenture.

The provisions of this Section described in the Master Indenture may be implemented by the Obligated Group, notwithstanding any provisions of the Master Indenture, so long as the provisions of this Section are substantially complied with by the Obligated Group.

Following the surrender of the Obligations, and satisfaction of the conditions set forth above in this Section, and receipt of security and indemnity satisfactory to the Master Trustee, the Master Trustee will cancel the Obligations and assign, set over and transfer all of its right, title and interest in and to the trust estate under the Master Indenture, to the New Trustee, and shall execute such documents and instruments as are necessary and appropriate to effect such transfer and assignment and to discharge the lien of the Master Indenture upon the trust estate. Then and thereafter, Obligation Holders shall no longer be entitled to any rights and remedies under the

Master Indenture, but shall have all of the rights and remedies granted under the Substitute Master Indenture. (MI Section 5.13)

Events of Default.

Event of Default, as used in the Master Indenture, shall mean any of the following events:

(a) Any payment of the principal of, the premium, if any, and interest on any Obligation issued and Outstanding under the Master Indenture is not made after same shall become due and payable, and after any applicable grace period, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof, of the Master Indenture and the Related Supplement;

(b) Any Member of the Obligated Group shall fail duly to observe or perform any covenant or agreement on its part under the Master Indenture for a period of 60 days (or such longer period as permitted in writing by the Master Trustee at the direction of the Holders of at least a majority in aggregate principal amount of the Obligations then Outstanding) after the date on which written notice of such failure, expressly requiring the same to be remedied, shall have been given to the Members of the Obligated Group by the Master Trustee, or to the Members of the Obligated Group and the Master Trustee by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Obligations then Outstanding;

(c) With respect to Indebtedness for borrowed money, a breach shall occur (and continue beyond any applicable grace period) with respect to a payment by any Member of Indebtedness, 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 in this Section, and as a result of such breach or occurrence a holder or holders of such Indebtedness in an amount exceeding the greater of $10,000,000 and 1% of Adjusted Annual Operating Revenues for the most recent Fiscal Year for which audited financial statements are available accelerates such Indebtedness; but an Event of Default shall not be deemed to be in existence or to be continuing under this clause (c) if (i) the Member is in good faith contesting the existence of such breach or event and if such acceleration is being stayed by judicial proceedings, or (ii) such breach or event is remedied and the acceleration is wholly annulled. Each Member shall notify the Master Trustee in writing of any such breach or event immediately upon becoming aware of its occurrence and shall from time to time furnish such information as the Master Trustee may reasonably request for the purpose of determining whether a breach or event described in this paragraph has occurred and whether such power of acceleration has been exercised;

(d) The Obligated Group shall fail to make any payment of the principal of, premium, if any, or interest on any note or under any loan agreement or similar agreement securing any Related Bonds after the same shall become due and payable and following any grace periods, if applicable, in accordance with the terms thereof;

(e) The entry of a decree or order by a court having jurisdiction in the premises adjudging any Member of the Obligated Group a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Member under the Federal Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of such Member or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days or the consent of such Member to such decree or order;

(f) The institution by any Member of the Obligated Group of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of such Member or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due; or

(g) An Event of Default shall have occurred under the section captioned "Debt Service Coverage Ratio."

If the Master Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Master Trustee may waive the default and its consequences, including any acceleration, by written notice to the Representative and shall do so upon written instruction of the Holders of at least twenty-five percent (25%) in principal amount of the Outstanding Obligations. (MI Section 6.01)

Acceleration; Annulment of Acceleration; Rights as to Gross Receipts.

Upon the occurrence and during the continuation of an Event of Default under the Master Indenture, the Master Trustee may, and upon the written request of the Holders of at least a majority in aggregate principal amount of the Obligations Outstanding, shall, by notice to the Members of the Obligated Group, declare all Obligations Outstanding immediately due and payable, whereupon such Obligations shall become and be immediately due and payable without any further action or notice, anything in the Obligations or in the Master Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Obligations an amount equal to the total principal amount of all such Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, which accrues to the date of payment.

At any time after the principal of the Outstanding Obligations shall have been so declared to be due and payable and before the entry of final judgment or decree on any suit, action or proceeding instituted on account of such default, if (i) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee moneys sufficient to pay all matured installments of interest, and interest on installments of principal and interest, and principal or redemption prices then due (other than the principal then due only because of such declaration) of all Obligations Outstanding, (ii) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee moneys sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Master Trustee and any paying agents incurred as a result of such Event of Default, (iii) all other amounts then payable by the Obligated Group under the Master Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee, and (iv) every Event of Default (other than a default in the payment of the principal of such Obligations then due only because of such declaration) shall have been remedied, then, unless otherwise directed in writing by Holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding, the Master Trustee shall annul such declaration and its consequences with respect to any Obligations or portions thereof not then due by its terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Upon the occurrence and during the continuation of an Event of Default under the Master Indenture, the Master Trustee may exercise all of the rights and remedies of a secured party, under the UCC or otherwise, with respect to the Lien on Gross Receipts created by the Master Indenture. Without limiting the generality of the foregoing, to the extent permitted by law, the Master Trustee may realize upon such lien by any one or more the following actions: (i) take possession of the financial books and records of any Member of the Obligated Group relating to the Gross Receipts and of all checks or other orders for payment of money and cash in the possession of the Member representing Gross Receipts or proceeds thereof; (ii) notify account debtors obligated on any Gross Receipts to make payment directly to the order of the Master Trustee, (iii) collect, compromise, settle, compound or extend Gross Receipts which are in the form of accounts receivable or contract rights from the Member's account debtors by suit or other means and give a full acquittance therefor and receipt therefor in the name of the Member, whether or not the full amount of any such account receivable or contract right owing shall be paid to the Master Trustee; (iv) require the Member to deposit all cash, money and checks or other orders for the payment of money which represent Gross Receipts within five (5) business days after receipt of written notice of such requirement, and thereafter as received, into a fund or account to be established for such purpose by the Master Trustee, provided, however, that the requirement to make such deposits shall cease, and the balance of such fund or account shall be paid to the Member, when all Events of Default have been cured; (v) forbid the Member to extend, compromise, compound or settle any accounts receivable or contract rights which represent Gross Receipts, or release, wholly or partly, any person liable for the payment thereof (except upon receipt of the full amount due) or allow any credit or discount thereon; and (vi) endorse in the name of the Member any checks or other orders for the payment of money representing Gross Receipts or the proceeds thereof. (MI Section 6.02)

Additional Remedies and Enforcement of Remedies.

Subject to the section captioned "Issuance of Obligations in Forms Other than Notes," upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Obligations Outstanding, together with indemnification of the Master Trustee to its satisfaction for any associated costs, expenses and liabilities, shall, absent any written direction to the contrary pursuant to the Master Indenture, proceed forthwith to protect and enforce its rights and the rights of the Obligation Holders under the Master Indenture by such suits, actions or proceedings as the Master Trustee shall deem expedient.

Subject to the section captioned "Issuance of Obligations in Forms Other than Notes," regardless of the occurrence of an Event of Default, the Master Trustee, if requested in writing by the Holders of not less than 25% in aggregate principal amount of Obligations then Outstanding, shall, upon being indemnified to its satisfaction for any associated costs, expenses and liabilities, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture or which with the giving of notice or the passage of time or both would constitute an Event of Default. (MI Section 6.03)

Application of Revenues and Other Moneys After Default.

During the continuance of an Event of Default, the Master Trustee may by written notice to the Representative require that all payments of Outstanding Obligations be made to the Master Trustee when due in immediately available funds. During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses and advances, including expenses covered under the Master Indenture, incurred or made by the Master Trustee with respect thereto shall be applied as follows:

> First: To the payment to the Persons entitled thereto of all installments of interest then due on Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and
>
> Second: To the payment to the Persons entitled thereto of the unpaid principal installments and redemption premiums, if any, of any Obligations which shall have become due, whether at maturity or by call for redemption, without regard to the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Obligations due on any date, then to the payment thereof ratably, according to the amount of principal installments and redemption premiums, if any, due on such date, to the Persons entitled thereto, without any discrimination or preference.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid coupon or Obligation until such coupon or such Obligation and all unmatured coupons, if any, appertaining to such Obligation shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the

Members of the Obligated Group, their successors, or as a court of competent jurisdiction may direct. (MI Section 6.04)

Remedies Not Exclusive.

No remedy by the terms of the Master Indenture conferred upon or reserved to the Master Trustee or the Obligation Holders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Indenture or existing at law or in equity or by statute on or after the date of the Master Indenture. The failure to insist upon strict performance of any of the Obligations of the Representative or any Member of the Obligated Group or to exercise any remedy for any violation thereof shall not be taken as a waiver of the future right to insist upon strict performance or to exercise any remedy for such violation. (MI Section 6.05)

Remedies Vested in the Master Trustee.

All rights of action (including the right to file proof of claims) under the Master Indenture or under any of the Obligations or coupons may be enforced by the Master Trustee without the possession of any of the Obligations or coupons or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Obligations. Subject to the provisions of the section captioned "Application of Revenues and Other Moneys After Default," any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Obligations and appurtenant coupons. (MI Section 6.06)

Obligation Holders' Control of Proceedings.

If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Master Indenture to the contrary but subject to the section captioned "Issuance of Obligations in Forms Other than Notes", the Holders of at least a majority in aggregate principal amount of Obligations then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Master Indenture or for the appointment of a receiver or any other proceedings under the Master Indenture, provided that such direction is not in conflict with any applicable law or the provisions of the Master Indenture (including indemnity to the Master Trustee as provided in the Master Indenture) and, in the sole judgment of the Master Trustee, is not unduly prejudicial to the interest of Obligation Holders not joining in such direction and provided further that nothing in this Section shall impair the right of the Master Trustee in its discretion to take any other action under the Master Indenture which it may deem proper and which is not inconsistent with such direction by Obligation Holders.

It is recognized that certain Obligation Holders may exercise rights against the Members of the Obligated Group in connection with Related Bonds and otherwise which are independent of the Master Indenture. The Master Trustee shall not be required to take notice of the exercise of such rights, and the Master Trustee shall have no duty to other Obligation Holders where the exercise of such rights by a particular Obligation Holder is or may be prejudicial to such other Obligation Holders. (MI Section 6.07)

Termination of Proceedings.

In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Obligation Holders, then the Members of the Obligated Group, the Master Trustee and the Obligation Holders shall be restored to their former positions and rights under the Master Indenture, and all rights, remedies and powers of the Master Trustee and the Obligation Holders shall continue as if no such proceeding had been taken. (MI Section 6.08)

Waiver of Event of Default.

No delay or omission of the Master Trustee or of any Obligation Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Master Trustee and the Obligation Holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

The Master Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Master Indenture, or before the completion of the enforcement of any other remedy under the Master Indenture.

Notwithstanding anything contained in the Master Indenture to the contrary, the Master Trustee, subject to the section captioned "Issuance of Obligations in Forms Other than Notes," upon the written request of the Holders of at least a majority in aggregate principal amount of the Obligations Outstanding, shall waive any Event of Default under the Master Indenture and its consequences; provided, however, that a default in the payment of the principal of, premium, if any, or interest on any Obligation, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived, subject to the section captioned "Issuance of Obligations in Forms Other than Notes," without the written consent of the Holders of all the Obligations at the time Outstanding unless (i) the conditions set forth in certain clauses in the section captioned "Acceleration; Annulment of Acceleration; Rights as to Gross Receipts" are satisfied and (ii) if the principal of the Obligations has been declared due and payable, such declaration has been annulled.

In case of any waiver by the Master Trustee of an Event of Default under the Master Indenture, the Members of the Obligated Group, the Master Trustee and the Obligation Holders shall be restored to their former positions and rights under the Master Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. (MI Section 6.09)

Limitation on Responsibility of Master Trustee.

The Master Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Obligations relating to the time, method and place of conducting any proceeding for any remedy available to the Master Trustee, or exercising any trust or power conferred upon the Master Trustee, under the Master Indenture.

No provision of the Master Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Master Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. (MI Section 7.01)

Certain Rights of Master Trustee.

Except as provided in the Master Indenture, the Master Trustee shall not be required to monitor the financial condition of the Members of the Obligated Group or the physical condition of the Property and, except as specifically provided in the Master Indenture, shall not have any responsibility with respect to reports, notices, certificates or other documents filed or to be filed with it under the Master Indenture. The Master Trustee shall not be required to take notice of any breach or default under the Master Indenture by any Member of the Obligated Group, except for (i) those of which it receives written notice by an Obligation Holder, and (ii) the failure of the Master Trustee to receive certificates, reports, or opinions specifically required to be furnished to the Master Trustee by the Master Indenture. The Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Master Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Member of the Obligated Group, personally or by agent or attorney. (MI Section 7.02)

Removal and Resignation of the Master Trustee.

The Master Trustee may resign at any time or be removed at any time (i) by an instrument or instruments in writing signed by the Obligated Group, with the approval of the Holders of not less than a majority of the principal amount of the Obligations Outstanding, or (ii) if the Obligated Group is not in default under the Master Indenture, then by an instrument or instruments in writing signed by the Representative. Any such resignation or removal shall not become effective for sixty (60) days after notice of such resignation or removal shall have been given as provided in the Master Indenture nor unless and until a successor Master Trustee has been appointed and has assumed the trusts created by the Master Indenture. Written notice of such resignation or removal shall be given to the Members of the Obligated Group and to each Holder of Obligations then Outstanding at the address then reflected on the books of the Master Trustee and such resignation or removal shall take effect upon the appointment and qualification of a successor Master Trustee. A successor Master Trustee may be appointed (i) at the direction of the Holders of not less than a majority in aggregate principal amount of the Obligations Outstanding or (ii) if the Obligated Group is not in default under the Master Indenture, then by an instrument or instruments in writing signed by the Representative. In the event a successor Master Trustee has not been appointed and qualified within sixty (60) days of the date notice of resignation is given, the Master Trustee, any Member of the Obligated Group or any Obligation Holder may apply to any court of competent jurisdiction for the appointment of a successor Master Trustee to act until such time as a successor is appointed as above provided. (MI Section 7.04)

Supplements Not Requiring Consent of Obligation Holders.

The Representative, on behalf of each Member of the Obligated Group, and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more supplements for one or more of the following purposes:

(i) To cure any ambiguity or formal defect or omission in the Master Indenture.

(ii) To correct or supplement any provision in the Master Indenture which may be inconsistent with any other provision in the Master Indenture, or to make any other provisions with respect to matters or questions arising under the Master Indenture which shall not materially and adversely affect the interests of the Holders.

(iii) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them subject to the provisions of the Master Indenture.

(iv) To qualify the Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.

(v) To create and provide for the issuance of Obligations as permitted under the Master Indenture.

(vi) To obligate a successor to the Representative or other Member of the Obligated Group as provided in the Master Indenture or to change the name by which the Obligated Group is identified.

(vii) To add additional security for the benefit of the Holders.

(viii) To make any changes to the Master Indenture in the event the Representative determines that a change in GAAP will create a lasting impediment upon the Members of the Obligated Group's ability to comply with the provisions of any quantitative financial provisions or requirements of the Master Indenture, which changes to the Master Indenture relate to any such quantitative provisions or requirements and the related definitions upon which the calculations included in such provisions or requirements are based, to provide for similar financial and economic measures of the performance of the Members of the Obligated Group. (MI Section 8.01)

Supplements Requiring Consent of Obligation Holders.

Other than supplements referred to in the section captioned "Supplements Not Requiring Consent of Obligation Holders" and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, from time to time, anything contained in the Master Indenture to the contrary notwithstanding, to consent to and approve the execution by each Member of the Obligated Group, and the Master Trustee of such supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture; provided, however, nothing in this Section shall permit or be construed as permitting a supplement which would:

(i) Extend the stated maturity of or time for paying interest on any Obligations or reduce the principal amount of or the redemption premium, if any, or rate of interest payable on any Obligations;

(ii) Make any Obligation redeemable other than in accordance with its terms;

(iii) Create a preference or priority of one Obligation over any other Obligation; or

(iv) Reduce the aggregate principal amount of Obligations the consent of the Holders of which is required to authorize any such supplement,

without the unanimous written consent of the Holders of Obligations then Outstanding affected, as determined by an Opinion of Counsel, by such supplement. (MI Section 8.02)

Satisfaction and Discharge of Master Indenture.

If (a)(i) the Representative shall deliver to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Related Supplement) and not theretofore cancelled, or (ii) all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and shall have been paid, or (iii) the Members of the Obligated Group shall deposit with the Master Trustee (or with a bank or trust company pursuant to an agreement between the Representative and such bank or trust company) as trust funds Government or Equivalent Obligations bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem in full all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation, including principal and interest due or to become due to such date of maturity or redemption date, as the case may be, and (b) the Members of the Obligated Group shall also pay or cause to be paid all other sums payable under the Master Indenture by the Members of the Obligated Group or any thereof, then the Master Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Members of the Obligated Group or any thereof, and at the cost and expense of the Members of the Obligated Group or any thereof, shall execute proper instruments acknowledging satisfaction of and discharging the Master Indenture. If any Obligation is to be redeemed prior to Maturity thereof, the Master Indenture shall not cease to be in effect until all action necessary to redeem such Obligation shall have been taken or irrevocable provision satisfactory to the Master Trustee has been made for the taking of such action. Each Member of the Obligated Group, respectively, by entering the Master Indenture agrees to reimburse the Master Trustee for any costs or expenses theretofore or thereafter reasonably and properly incurred by the Master Trustee in connection with the Master Indenture or such Obligations. The Master Trustee shall be entitled to receive a verification report of an independent accounting firm and a defeasance opinion in connection with the discharge of Obligations pursuant to clause (a)(iii) above. (MI Section 9.01)

Appendix C-3

Summary of the Supplemental Master Indenture

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The following are brief summaries, prepared by Hinckley, Allen & Snyder LLP, Bond Counsel to the Issuer, of certain provisions of the Supplemental Master Indenture for Obligation Nos. 18 and 19 (the "Related Supplement" or "RS17") dated as of February 1, 2025. These summaries do not` purport to be complete, and reference is made to the document for full and complete statements of such and all provisions.

SUMMARY OF THE SUPPLEMENTAL MASTER INDENTURE

Issuance of Obligation Nos. 18 and 19.

The Related Supplement creates and authorizes the issuance of (i) an Obligation No. 18 under the Master Indenture ("Obligation No. 18") in an aggregate principal amount of $242,195,000 and (ii) an Obligation No. 19 under the Master Indenture ("Obligation No. 19") in an aggregate principal amount of $100,000,000. (RS17 Section 3)

Payments on Obligation Nos. 18 and 19; Prepayment.

Principal of, premium, if any, and interest on Obligation No. 18 shall be payable on such dates and in such amounts as are required under the Agreement to provide for payment of the principal (including sinking fund installments), premium, if any, and interest on the Series N-1 Bonds when due, whether at maturity, upon redemption or acceleration or otherwise. Principal of, premium, if any, and interest on Obligation No. 19 shall be payable on such dates and in such amounts as are required under the Agreement to provide for payment of the principal (including sinking fund installments), premium, if any, and interest on the Series N-2 Bonds when due, whether at maturity, upon redemption or acceleration or otherwise.

Obligation Nos. 18 and 19 shall be prepayable in the same manner and effect as the Series N-1 Bonds and Series N-2 Bonds, respectively.

When the entire Outstanding principal amount of Series N-1 Bonds or Series N-2 Bonds are deemed to have been paid in full when due or prepaid in whole and all other conditions imposed by the section captioned "Defeasance" in the Agreement are satisfied, as evidenced to the reasonable satisfaction of the Master Trustee, Obligation No. 18 or Obligation No. 19, as applicable, shall be deemed to have been paid and to be no longer Outstanding under the Master Indenture. (RS17 Sections 4 and 7)

Default.

Upon the occurrence of certain "Events of Default" (as defined in the Master Indenture), the principal of all Outstanding Obligations may be declared, and thereupon shall become due and payable as provided in the Master Indenture.

The Holder of Obligation No. 18 or Obligation No. 19 shall have no right to enforce the provisions of the Master Indenture, institute any action to enforce the covenants of the Master Indenture, take any action with respect to any default under the Master Indenture, institute, appear in or defend any suit or other proceeding with respect to any default under the Master Indenture, or institute, appear in or defend any other suit or proceeding with respect to the Master Indenture, except as provided in the Master Indenture. (RS17 Section 7)

Days Cash on Hand Covenant Relating to Obligation Nos. 18 and 19.

For so long as any of the Obligated Group's Obligation No. 12, Obligation No. 14 and Obligation No. 15 remain Outstanding (or until the analogous covenant under the respective related Supplemental Indenture is waived by the Holder(s) thereof), the following provisions shall apply to the Bonds and Obligation Nos. 18 and 19:

(a) The Representative agrees to cause the System to maintain at all times a minimum of 60 Days Cash on Hand. If the System fails to achieve a minimum of 60 Days Cash on Hand as of the end of any Fiscal year, no Event of Default shall have occurred provided that the Representative employs a Consultant to make recommendations as to

rates and charges and other aspects of hospital management and operation. Copies of the report of the Consultant shall be filed with the Master Trustee. The Representative, subject to applicable Legal Limitations, shall cause the System to revise its rates and charges and other aspects of its management and operation in conformity with the recommendations or file with the Master Trustee its reasons for not following the recommendations. The System shall thereafter achieve a minimum of 60 Days Cash on Hand unless the Consultant certifies that the System is prevented from doing so by Legal Limitations.

(b) Additional definitions pertaining to this section:

"Days Cash on Hand" means as of the last day of each Fiscal Year an amount equal to: (A)(1) the amount of total unrestricted cash, cash equivalents, and marketable securities (excluding amounts on deposit in the funds and accounts created with respect to payment of interest on and principal of securities) as of the last day of such Fiscal Year divided by (2) an amount equal to the Operating Expenses for the twelve-month period then ending (or if operations have not been conducted for a full twelve months, an amount equal to Operating Expenses for such shorter period, annualized) (B) multiplied by 365.

"Operating Expenses" means those expenses which are reasonable and necessary expenses of operation including (i) salaries, wages and benefits, and unemployment, worker's compensation and FICA contributions; (ii) reserves or escrows for ad valorem (including real estate but not income or other) taxes, insurance sewer assessment; and (iii) equipment rental fees, utilities, corporate costs and other actual operating expenses and maintenance expenses. Operating Expenses shall not include: extraordinary items, infrequently occurring items or unusual items and the cumulative effect of changes in accounting principles, depreciation, amortization or other non-cash charges, interest or principal payments on the Prior Bonds or the Bonds, unsecured debt obligations, capital leases or any other indebtedness, income taxes, bad debt expenses or losses on sales of assets. (RS17 Section 8)

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Appendix C-4

Summary of the Loan and Trust Agreement

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The following is a brief summary, prepared by Hinckley, Allen & Snyder LLP, Bond Counsel to the Issuer, of certain provisions of the Loan and Trust Agreement (the "Agreement" or "LTA") dated as of February 1, 2025 among the Issuer, UMass Memorial Health Care, Inc. (the "Parent"), UMass Memorial Medical Center, Inc. (the "Medical Center"), UMass Memorial Health - Milford Regional Medical Center, Inc. ("Milford"), UMass Memorial Health - Harrington Hospital, Inc. ("Harrington" and together with the Parent, the Medical Center and Milford, the "Institution") and the Trustee, pertaining to the Bonds.

Pursuant to the Agreement, the Bonds may bear interest in a Daily Mode, a Weekly Mode, a Short-Term Mode, a Long-Term Mode, an FRN Mode, a Term Floater Rate Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a Fixed Mode. The establishment of interest rates for Bonds in any Interest Rate Mode, Conversions between Interest Rate Modes (including Conversions between certain Interest Rate Periods), optional tender of the Bonds, mandatory tender of the Bonds, and remarketing of the Bonds shall be governed by, and shall be as set forth in, the Agreement.

This summary describes the Bonds while in the Fixed Mode only. This summary does not purport to be complete, and reference is made to the Agreement for full and complete statements of such and all provisions.

SUMMARY OF THE LOAN AND TRUST AGREEMENT

Establishment of Funds

In conjunction with the issuance of the Bonds, the following funds shall be established and maintained with the Trustee for the account of the Institution, to be held in trust by the Trustee and applied to the provisions of the Agreement:

Debt Service Fund;
Purchase Fund;
Redemption Fund;
Rebate Fund;
Expense Fund; and
Project Fund. (LTA Sections 303, 304, 305, 306, 307 and 401)

Debt Service Fund.

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

Purchase Fund.

Within the Purchase Fund there shall be established a Remarketing Proceeds Account, a Credit/Liquidity Facility Account and an Institution Funds Account. The Trustee shall deposit all moneys delivered to it under the Agreement by the Remarketing Agent for the purchase of Bonds into the Remarketing Proceeds Account and shall hold all such moneys in trust for the exclusive benefit of the Person that shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to it for the account of such Person and, thereafter, for the benefit of the Owners tendering such Bonds. Any remarketing proceeds received on a Purchase Date after the time of drawing on a Credit Facility or a Liquidity Facility shall be applied to reimburse the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) for such drawing. Proceeds of a remarketing of any Bank Bonds shall be applied to pay the Purchase Price of such Bank Bonds.

The Trustee shall deposit all moneys delivered to it under the Agreement from a payment by or on behalf of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) for the purchase of Bonds into the Credit/Liquidity Facility Account and shall hold all such moneys in trust for the exclusive benefit of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) until the Bonds purchased with such moneys shall have been delivered to or for the account of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) and, after such delivery, the Trustee shall hold such funds exclusively for the benefit of the Owners tendering such Bonds.

The Trustee shall deposit all moneys delivered to it under the Agreement from a payment by or on behalf of the Institution for the purchase of Bonds into the Institution Funds Account and shall hold all such moneys in trust for the exclusive benefit of the Institution until the Bonds purchased with such moneys shall have been delivered to or for the account of the Institution and, after such delivery, the Trustee shall hold such funds exclusively for the benefit of the Owners tendering such Bonds.

Moneys in a Credit/Liquidity Facility Account, the Remarketing Proceeds Account and the Institution Funds Account shall not be commingled with other funds held by the Trustee and shall remain uninvested in an Eligible Account and without liability for interest on the part of the Trustee. "Eligible Account" shall mean an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor's short-term debt rating of at least "A-2" (or, if no short-term debt rating, a long-term debt rating of "BBB+"); or (b) maintained with the corporate trust department of a federal depository institution or state chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity. Neither the Issuer nor the Institution shall have any right, title or interest in or to any moneys held in the Purchase Fund. In the event that an account required to be an Eligible Account no longer complies with the requirement, the Trustee should promptly (and in any case, within not more than thirty (30) calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied. (LTA Section 304)

Redemption Fund.

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

If on any date the amount in the Debt Service Fund is less than the amount then required to be applied by the Trustee to pay the principal (including sinking fund installments, if any) and interest then due on the Bonds or if on any date the amount in the Rebate Fund is less than the amount then required to be paid to the United States as provided in section captioned "Rebate Fund," 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 Institution shall remain liable for any sums which it has not paid into the Debt Service Fund or Rebate Fund and any subsequent payment thereof shall be used to restore the funds so applied.

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 Institution shall immediately supply the deficiency. (LTA Section 305)

Rebate Fund.

As more fully described in the Agreement, a Rebate Fund shall be established by the Trustee for the purpose of complying with IRC Section 148(f) and the regulations thereunder. Amounts in the Rebate Fund shall not be available to pay principal, interest, or redemption premium on the Bonds. (LTA Section 306)

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 accounts therein and any investments held as part of such Fund or accounts shall be held in trust and, except as otherwise provided in the Agreement, shall be applied by the Trustee at the written direction of the Obligated Group Representative solely to the payment or reimbursement of the costs of issuing the applicable series of Bonds. The Trustee shall pay from the Expense Fund at the written direction of the Obligated Group Representative the costs of issuing the Bonds, including the reasonable fees and expenses of financial consultants and 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 Institution in connection with the issuance of the Bonds as directed by the Obligated Group Representative. Earnings on the Expense Fund shall not be applied to pay costs of issuance of the Bonds, but shall be transferred to the Debt Service 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 of the Obligated Group Representative. To the extent the Expense Fund is insufficient to pay any of the above costs, the Institution shall be liable for the deficiency and shall pay an amount equal to such deficiency as directed by the Trustee. (LTA Section 307)

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 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 Rebate Fund, 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 Institution shall restore the funds so used.

Disbursements from the Project Fund shall be made by the Trustee to pay directly to reimburse the Institution for Project Costs or to make deposits to the Rebate Fund, as directed by requisitions signed on behalf of the Institution by an Authorized Officer. (LTA Section 401)

Application of Moneys.

If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal (including sinking fund installments, if any), redemption price and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee in accordance with the Agreement, be applied (in the order such Funds are named in this section) first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal (including sinking fund installments, if any) 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 pursuant to this section, such moneys shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such moneys 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. (LTA Section 308)

Payments by the Institution.

During the Initial Fixed Period, on or before December 15 and June 15 in each year, commencing June 15, 2025, the Institution shall pay to the Trustee for deposit in the Debt Service Fund an amount equal to the interest coming due on the Bonds on the next January 1 or July 1, as the case may be. During the Initial Fixed Period, on or before June 15 in each year, the Institution shall pay to the Trustee for deposit in the Debt Service Fund an amount equal to the principal (including any sinking fund installment) coming due on the Bonds on the next July 1.

At any time when any principal (including sinking fund installments, if any) of the Bonds is overdue, the Institution shall also have a continuing obligation to pay to the Trustee for deposit in the Debt Service Fund an amount equal to interest on the overdue principal until such principal is paid in full. Redemption premiums shall not bear interest. (LTA Section 309)

Unconditional Obligation; Joint and Several Obligation.

To the extent permitted by law, the obligation of the Institution to make payments to the Issuer and the Trustee under the Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim and shall be a general obligation of the Institution to which the full faith and credit of the Institution are pledged. The obligations under the Agreement shall be the joint and several obligation of each Institution Member. (LTA Section 310)

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 defined below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Obligated Group Representative if there is not then an Event of Default known to the Trustee, provided that the Institution shall not request, authorize or permit any investment which would cause any Bonds to be classified as "arbitrage bonds" as defined in IRC Section 148. 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 attributable to the Bonds and any profit realized upon the sale or other disposition thereof attributable to the Bonds 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 funds in the Expense Fund shall be transferred to the Debt Service Fund not less often than quarterly. Earnings on moneys deposited in 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 IRC §150(a)(6), other than "specified private activity bonds" as defined in IRC §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 IRC 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 "A-" and "A3" 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 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; (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 "A-" or "A3" by S&P and Moody's, respectively, at the time of acquisition thereof. The term "Repurchase Agreement" shall mean a written agreement under which a bank or trust company which has a capital and surplus of not less than $50,000,000 or a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York sells to, and agrees to repurchase from the Trustee obligations issued or guaranteed by the United States; provided that the market value of such obligations is at the time of entering into the agreement at least one hundred and two percent (102%) of the repurchase price specified in the agreement and that such obligations are segregated from the unencumbered assets of such bank or trust company or government bond dealer; and provided further that unless the agreement is with a bank or trust company, such agreement shall require the repurchase to occur on demand or on a date certain which is not later than one (1) year after such agreement is entered into and shall expressly authorize the Trustee 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. (LTA Section 312)

Fixed Rates for Fixed Periods.

Interest Rate Period. The provisions of this Section shall apply to all Fixed Periods. Whenever Bonds are to bear interest accruing at a Fixed Rate, the Fixed Rate shall commence to accrue on the Issuance Date with respect to the Initial Fixed Period, and thereafter, a Fixed Rate Conversion Date and any Fixed Period shall extend to but excluding the maturity date, subject to the ability of the Institution to designate a Conversion Date for such Fixed Bonds pursuant to the provisions of the section captioned "Conversion of Interest Rate Modes."

Determination Time. The initial Fixed Rate and the term of the Initial Fixed Period shall be determined on the Issuance Date. Thereafter, each Fixed Rate shall be determined by the Remarketing Agent by 4:00 p.m., New York City time, on or before the Business Day immediately preceding the Fixed Rate Conversion Date. Notice of each Fixed Rate shall be given by the Remarketing Agent to the Issuer, the Trustee and the Institution by Electronic Notice not later than 5:00 p.m., New York City time, on the date of determination.

Remarketing. The Fixed Rate for the Bonds shall be the rate or rates of interest per annum borne by the Bonds which shall be the lowest rate or rates of interest that, in the judgment of the Remarketing Agent, would cause such Bonds to have a purchase price equal to the principal amount thereof plus accrued interest, if any, under prevailing market conditions as of the date of determination. Notwithstanding the foregoing, the Fixed Rate may be the rate of interest per annum determined by the Remarketing Agent to be the interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell such Bonds on the date and at the time of such determination at a price which will result in the lowest net interest cost for such Bonds, after taking into account any premium or discount at which such Bonds are sold by the Remarketing Agent; provided that in connection with selling such Bonds at a premium or discount:

(i) The Remarketing Agent certifies to the Issuer, the Trustee and the Institution that the sale of the Bonds at the Fixed Rate and premium or discount specified by the Remarketing Agent is expected to result in the lowest net interest cost for such Bonds on the commencement date of the Fixed Period;

(ii) The Institution consents in writing to the sale of the Bonds by the Remarketing Agent at such premium or discount;

(iii) In the case of Bonds to be sold at a discount, either (A) a Credit Facility or a Liquidity Facility is in effect with respect to the Bonds at the time of the Fixed Rate Conversion Date and provides for the purchase of such Bonds from the tendering Owners at par or (B) the Institution agrees to transfer to the Trustee on the Fixed Rate Conversion Date, in immediately available funds, for deposit in the Institution Funds Account, an amount equal to such discount;

(iv) In the case of Bonds to be sold at a premium, the Remarketing Agent shall transfer remarketing proceeds equal to such premium in accordance with the written direction of the Issuer; and

(v) On or before the Fixed Rate Conversion Date, an Opinion of Bond Counsel to the effect that such determination of the Fixed Rate will not, in and of itself, cause the interest on the Bonds to be included in the gross income of the Owners for federal income tax purposes shall have been received by the Trustee, the Issuer, the Institution and the Remarketing Agent. (LTA Section 316)

Conversion of Interest Rate Modes.

(a) In the event that the Institution shall elect to convert the interest rate on the Series N-1 Bonds (or a portion of the Series N-1 Bonds, as applicable) to another Interest Rate Mode, then the written Conversion direction furnished by the Institution shall be made by Electronic Notice. Notwithstanding anything in the Agreement to the contrary, (i) any such Conversion may be with respect to all or a portion of the Series N-1 Bonds and (ii) the Series N-2 Bonds shall not be subject to Conversion. Any Bonds to be converted in part shall be selected by the Trustee in such manner as the Trustee deems appropriate subject to the provisions of the Agreement regarding Authorized Denominations of Bonds subject to each such Interest Rate Mode, and the portion of the Bonds to be converted shall be re-designated as a new subseries to distinguish such portion from the portion of such Bonds or series or subseries thereof not to be converted. All references in the Agreement to any Conversion of Bonds or a series or subseries of Bonds shall refer to the portion of such series or subseries that is subject to Conversion in the event that less than all of such Bonds or series or subseries thereof is subject to Conversion. The following shall constitute a Conversion for purposes of this Section: (i) a conversion from any Direct Purchase Period to the next Direct Purchase Period; (ii) a conversion of the FRN Bonds into a new FRN Interest Rate Period; (iii) a conversion from one Fixed Period to a new Fixed Period; (iv) a conversion from any Short-Term Interest Rate Period to a new Short-Term Interest Rate Period; (v) a conversion from any Interest Rate Mode to another Interest Rate Mode; and (vi) a conversion from any Long-Term Interest Rate Period to a new Long-Term Interest Rate Period.

(b) Notwithstanding anything in this Section, in connection with any proposed Conversion of Bonds (or a portion of the Bonds, as applicable) on a Purchase Date that is not otherwise a Mandatory Purchase Date, the Institution shall have the right to deliver to the Trustee, the Issuer, the Remarketing Agent, if any, the Liquidity Facility Provider, if any, and the Credit Facility Provider, if any, on or prior to 10:00 a.m., New York City time, on the effective date of any such Conversion, a notice to the effect that the Institution elects to rescind its election to implement any such Conversion. If the Institution rescinds its election to implement any such Conversion, then the Conversion shall not occur, the mandatory tender shall not occur, and, except as otherwise provided in the Agreement, the Bonds shall continue to bear interest at the current Interest Rate Mode in effect immediately prior to such proposed Conversion Date.

(c) No Conversion shall take effect under the Agreement unless each of the following conditions and the conditions set forth in paragraph (f) below, to the extent applicable, shall have been satisfied.

(i) In the case of any Conversion with respect to which there shall be no Liquidity Facility or Credit Facility in effect to provide funds for the purchase of Bonds to be converted on the Conversion Date, the remarketing proceeds and funds in the Institution Funds Account and available on the Conversion Date shall not be less than the amount required to purchase all of the Bonds to be converted at the applicable Purchase Price.

(ii) In the case of any Conversion of Bonds to any Interest Rate Mode (except a Direct Purchase Mode), prior to the Conversion Date the Institution shall have appointed a Remarketing Agent and there shall have been executed and delivered a Remarketing Agreement.

(iii) If such Conversion is with respect to less than all of the Bonds, the Bonds shall be designated as separate subseries as provided in the Agreement.

If, on a Conversion Date, any condition precedent to a proposed Conversion shall not have been satisfied, then such Conversion shall not occur and the Bonds or portion thereof to have been converted shall continue to bear interest at the current interest rate as in effect immediately prior to such proposed Conversion Date, and the Bonds or portion thereof, subject to and unless otherwise provided in the Agreement, shall not be subject to mandatory tender for purchase on the proposed Conversion Date, unless such proposed Conversion Date is also a Mandatory Purchase Date pursuant to the Agreement.

Notwithstanding anything in this Section to the contrary, in connection with any Conversion that would require the mandatory tender for purchase of Bonds at a Purchase Price greater than the principal amount thereof, the Institution, as a condition to implementing such Conversion, shall deliver to the Trustee on or prior to the Conversion Date, immediately available funds for the purpose of paying such premium, unless the Liquidity Facility, if any, or Credit Facility, if any, then in effect with respect to such Bonds provides for the payment of such premium on such Conversion Date.

The Bonds may be converted in whole or in part in Authorized Denominations and in a minimum principal amount of the lesser of $5,000,000 or the full principal amount thereof. Any Bonds subject to such Conversion may be assigned a new CUSIP number and shall be designated or numbered by the Trustee to distinguish each such subseries of Bonds from another subseries. Such Bonds may be converted as follows:

(iv) *Conversion Date*. Subject to the following provisions of this paragraph, all Conversion Dates shall be Interest Payment Dates; provided, however, that, for a Conversion of Fixed Bonds, such Conversion may only occur on any date during the period such Fixed Bonds are subject to optional redemption pursuant to the Agreement. Interest shall accrue on such Bonds at the new interest rate commencing on such Conversion Date, whether or not a Business Day. Any action required to be taken on such Conversion Date, if such day is not a Business Day, may be taken on the next succeeding Business Day as if it had occurred on such Conversion Date.

(v) *Notice of Intent to Convert*. The Institution shall give written notice of its intent to exercise its option to implement any such Conversion to the Issuer, the Remarketing Agent, the Trustee, the Credit Facility Provider, if any, the Liquidity Facility Provider, if any, and if the Conversion is from the Direct Purchase Mode, the Direct Purchaser, with respect to the affected Bonds by Electronic Notice not fewer than five days (or such shorter period as shall be acceptable to the applicable parties) prior to the date on which the Trustee is required to provide notice of Conversion to the Holders. Such notice shall specify the proposed Conversion Date, the Bonds and/or subseries of Bonds to which the Conversion will be applicable and Interest Rate Mode that will be effective upon Conversion and will be delivered together with the form of notice to be delivered by the Trustee to the Holders pursuant to clause (iii) below.

(vi) *Notice of Conversion and Mandatory Tender to Holders*. Not fewer than 15 days (or for any Conversion of Fixed Bonds, not fewer than 20 days) prior to the proposed Conversion Date, the Trustee shall give Electronic Notice, confirmed by first class mail, of the Conversion and, if applicable, of the mandatory tender of such Bonds to the Holders of such Bonds at their addresses as they appear on the registration books as of the date Electronic Notice of the election is received by the Trustee from the Institution. Such notice shall specify the proposed Conversion Date, the Bonds and/or subseries of Bonds to which the Conversion will be applicable and Interest Rate Mode that will be effective upon Conversion.

Neither the failure to mail the foregoing notice to any Holders of the Bonds to be converted nor any defect therein shall affect the validity of any interest rate, the change in the Interest Rate Mode, the mandatory tender of Bonds to be converted, or extend the period for tendering any Bonds for purchase. The

Trustee shall not be liable to any Holder of a Bond by reason of its failure to mail such notice or any defect therein.

(vii) *Opinion of Bond Counsel*. Any Conversion pursuant to this Section shall be subject to the conditions that, on or before the Conversion Date, the Institution shall have delivered to the Issuer, the Trustee, the Remarketing Agent, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any, and the Direct Purchaser, if any, an Opinion of Bond Counsel to the effect that the Conversion is authorized by the Agreement and will not, in and of itself, cause the interest on the Bonds to be included in the gross income of the Holders for federal income tax purposes.

(viii) *Conditions to Conversion*. Notwithstanding the Institution's delivery of notice of the exercise of its option to effect a Conversion, such Conversion to the new Interest Rate Mode shall not take effect if:

(A) the Institution withdraws such notice of the exercise of its option to effect Conversion not later than the second Business Day preceding the date on which the interest rate for the new Interest Rate Mode is to be determined, as permitted by this Section;

(B) the Remarketing Agent fails to determine, when required, the interest rate for the new Interest Rate Mode;

(C) the Electronic Notice to Holders of Bonds of the Conversion is not given when required;

(D) the Institution fails to deliver to the Issuer, the Trustee and the Remarketing Agent the Opinion of Bond Counsel referred to in clause (iv) above; or

(E) sufficient funds are not available by 3:00 p.m., New York City time, on the Conversion Date to purchase all of the Bonds required to be purchased on such Conversion Date.

(ix) *Serialization and Sinking Fund; Price*. Upon Conversion of the Bonds to the Fixed Mode from another Interest Rate Mode (or from one Fixed Period to a new Fixed Period), the Bonds shall be remarketed at a Purchase Price equal to the applicable Redemption Price as set forth in the Agreement, shall mature on the same maturity date(s), and be subject to the same mandatory sinking fund redemption, if any, and special redemption provisions, if any, as set forth in the Agreement for the Interest Rate Mode in effect immediately prior to Conversion; provided, however, that the Institution may, if the Institution shall deliver to the Trustee and the Issuer an Opinion of Bond Counsel, elect to: (1) have some of the Bonds be serial bonds and some subject to sinking fund redemption, even if such Bonds were not serial bonds or subject to mandatory sinking fund redemption prior to such change, (2) change the optional redemption dates and/or applicable redemption premium(s), and/or (3) cause some or all of the Bonds to be remarketed at a premium or a discount to par. In connection with any proposed serialization of Sinking Fund Installments (or the converse) in connection with a Conversion to the Fixed Mode (or from one Fixed Period to a new Fixed Period), the Remarketing Agent shall determine and certify that the Bonds would bear a lower effective net interest cost if such Bonds were serial bonds, term bonds, or any combination of serial bonds and term bonds in principal amounts and with maturity dates or Sinking Fund Installments, as applicable, that correspond to the Sinking Fund Installments (or, as applicable, the maturity dates) in effect immediately prior to such Conversion. In connection with any proposed change to the optional redemption dates and/or applicable redemption premium(s) in connection with a Conversion to the Fixed Mode, the Remarketing Agent shall determine and certify that the Bonds would bear a lower effective net interest cost if such optional redemption dates and/or premiums were so changed (rather than remarketed with the optional redemption dates and/or premiums previously in effect). In connection with any proposed remarketing at a premium or a discount to par in connection with a Conversion to the Fixed Mode (or a new Fixed Period), the requirements of clauses (i) through (v) of the section captioned "Fixed Rates for Fixed Periods" must be satisfied.

(x) *Additional Notice Parties*. Each notice required by paragraph (f)(ii) or (iii) of this Section shall also be given to each affected Credit Facility Provider or Liquidity Facility Provider and the Remarketing Agent, and to each Rating Service then rating the Bonds; provided, however, that the giving of any such notice to such persons shall not be a condition precedent to the Conversion of the Bonds to a new Interest Rate Mode, to the effectiveness of any election made pursuant to this Section or to the rescission of a Conversion Notice, and failure to give any such notice to such persons shall not affect the validity of the proceedings for such Conversions, continuance or rescission. (LTA Section 332)

Use of Project.

Compliance with Law. In the acquisition, construction, maintenance, improvement and operation of the Project, the Institution covenants that it has complied and will comply in all material respects with all applicable building, zoning, land use, historical preservation, environmental protection, sanitary, safety and healthcare 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 this paragraph if the Institution 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 Institution is diligently and in good faith contesting the validity thereof, provided that the security created or intended to be created is not, in the opinion of the Trustee, unreasonably jeopardized thereby.

Payment of Lawful Charges. The Institution 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 paragraph if the Institution fails to pay any such item during any period in which the Institution 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 is not, in the opinion of the Trustee, unreasonably jeopardized thereby.

Permitted Purposes. The Institution agrees that the Project shall be used only for the purposes described in the Act. The Institution 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 Institution or any other person for any latent or patent defect in the Project. The Institution further agrees that no part of the Project shall be used for any purpose which would cause the Issuer's financing or refinancing of the Project to constitute a violation of the First Amendment of the United States Constitution. In particular, the Institution agrees that no part of the Project, so long as it is owned or controlled by the Institution, 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. The provisions of the foregoing sentence shall, to the extent required by law, survive termination of the Agreement. (LTA Section 403)

Insurance.

The Institution shall maintain insurance in accordance with the provisions of the Master Indenture. (LTA Section 405)

Damage to or Destruction or Taking of the Project.

The application of any insurance proceeds or condemnation awards resulting from damage to or destruction or taking of the Project is subject to the provisions of the Master Indenture. (LTA Section 406)

Additions and Alterations.

The Institution may at its expense alter, remodel or otherwise improve the Project. (LTA Section 407)

Default by the Institution.

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

(i) Debt Service. Any principal or interest or redemption premium on the Bonds shall not be paid when due or the Institution shall fail to make any payment required of it under the section captioned "Payments by the Institution" within seven (7) days after the same becomes due and payable or in connection with the payment of the redemption price of and accrued interest on Bonds called for redemption under the Agreement after the same becomes due and payable.

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

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

(iv) Voluntary Bankruptcy. Any Institution Member 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 any Institution Member or for any substantial part of its property and such trustee or receiver shall not be discharged within sixty (60) days.

(vi) Involuntary Bankruptcy. Any Institution Member 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 a payment by any Institution Member of debt service on the payment of other indebtedness of the Institution for borrowed money with respect to loans exceeding $10,000,000, 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 in this section, so that a holder or holders of such indebtedness or a trustee or trustees under any such agreement accelerates any such indebtedness; but an Event of Default shall not be deemed to be in existence or to be continuing under this clause (vii) if (A) the Institution is in good faith contesting the existence of such breach or event and if such acceleration is being stayed by judicial proceedings or (B) such breach or event is remedied and the acceleration is wholly annulled. The Institution shall notify the Issuer and the Trustee of any such breach or event immediately upon the Institution becoming aware of its occurrence and shall from time to time furnish such information as the Issuer or the Trustee may reasonably request for the purpose of determining whether a breach or event described in this clause (vii) has occurred and whether such acceleration has occurred or continues to be in effect.

(viii) Default Under Master Indenture. An Event of Default under and as defined in the Master Indenture shall occur and be continuing.

(b) Waiver. 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 Institution and shall do so, with the written consent of the Issuer, upon written instruction of the Owners of at least twenty-five percent (25%) in principal amount of the Outstanding Bonds. (LTA Section 601)

Remedies for Events of Default.

If an Event of Default occurs and is continuing:

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

(b) Rights as a Secured Party. The Trustee may exercise all of the rights and remedies of a secured party under the UCC or otherwise with respect to the funds held by it and with respect to the Notes issued under the Master Indenture. The Trustee may deal with such property as collateral under the UCC. Notice of any public sale under the UCC shall be given in accordance with the UCC or other applicable law then in effect. Notice sent by registered or certified mail, postage prepaid, or delivered during business hours, to the Obligated Group Representative at least ten (10) days before an event shall constitute reasonable notification of such event under UCC § 9-611. (LTA Section 602)

Court Proceedings.

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

Rights and Obligations as Note Holder.

The Trustee may exercise all its rights and remedies under the Master Indenture as the holder of the Notes, including but not limited to directing the Master Trustee as to the exercise of its remedies and the conduct of proceedings, the acceleration of Obligations (as defined in the Master Indenture), the annulment of any such acceleration and the waiver of Events of Default (as defined in the Master Indenture). If a Note is declared to be due and payable because of an Event of Default under the Master Indenture that does not arise from or cause (otherwise than by such declaration) an Event of Default under the section captioned "Default by the Institution," and if the Trustee determines in good faith that such Event of Default under the Master Indenture is cured and the conditions of certain clauses the section captioned "Acceleration; Annulment of Acceleration; Rights as to Gross Receipts" in the Master Indenture are satisfied, the Trustee shall refrain from directing the Master Trustee not to annul such declaration and its consequences. (LTA Section 604)

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 obligation of the Institution 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 Institution or of the right to exercise any remedy for the violation. (LTA Section 606)

Resignation or Removal of the Trustee.

The Trustee may resign on not less than thirty (30) days' notice given in writing to the Issuer, the Bondowners and the Obligated Group Representative, but such resignation shall not take effect until a successor has been appointed. The Trustee will promptly certify to 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 Trustee may be removed (i) by written notice from the Owners of a majority in principal amount of the Outstanding Bonds to the Trustee, the Issuer and the Obligated Group Representative; (ii) with or without cause by the Institution with the approval of the Issuer if the Institution is not in default; or (iii) with cause by the Issuer. (LTA Section 704)

Successor Trustee.

Any corporation or association which succeeds to the corporate trust business of the Trustee as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of the Trustee under the Agreement, without any further act or conveyance.

In case the Trustee resigns or is removed or becomes incapable of acting, or becomes bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property is appointed, or if a public officer takes charge or control of the Trustee, or of its property or affairs, a successor shall be appointed by written notice from the Obligated Group Representative to the Issuer. The Obligated Group Representative shall notify the Bondowners of the appointment in writing within twenty (20) days from the appointment. The Obligated Group Representative will promptly certify to the successor Trustee 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. If no appointment of a successor is made within forty-five (45) days after the giving of written notice in accordance with the Agreement or after the occurrence of any other event requiring or authorizing such appointment, the outgoing Trustee or any Bondowner may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Any successor Trustee appointed under this section shall be a trust company or a bank having the powers of a trust company, authorized to serve as Trustee under the Act, having a capital and surplus of not less than $75,000,000. Any such successor Trustee shall notify the Issuer and the Obligated Group Representative of its acceptance of the appointment and, upon giving such notice, shall become Trustee, vested with all the property, rights and powers of the Trustee under the Agreement, without any further act or conveyance. Such successor Trustee shall execute, deliver, record and file such instruments as are required to confirm or perfect its succession under the Agreement and any predecessor Trustee shall from time to time execute, deliver, record and file such instruments as the incumbent Trustee may reasonably require to confirm or perfect any succession under the Agreement. (LTA Section 705)

Corporate Organization, Authorization and Power; Appointment of Obligated Representative.

The Institution appoints the Obligated Group Representative its agent and attorney in fact for taking certain actions under the Agreement as specified in the Agreement. Each Institution Member represents and warrants that it is a corporation duly organized, validly existing and in good standing (except for the Institution Members that are hospitals and therefor are not required to file annual reports to maintain good standing at the Secretary of the Commonwealth's office) under the laws of the Commonwealth, with the power to enter into and perform the Agreement, that it is a nonprofit hospital or an affiliate thereof within the Commonwealth and that each hospital is licensed by the Department of Public Health and that by proper corporate action it has duly authorized the execution and delivery of the Agreement. Each Institution Member further represents and warrants that the execution and delivery of the Agreement and the consummation of the transactions contemplated in the Agreement will not conflict with or constitute a breach of or default under any bond, indenture, note or other evidence of indebtedness of the Institution, the charter or by-laws of any Institution Member, any gifts, bequests or devises pledged to or received by any Institution Member, or any contract, lease or other instrument to which an Institution Member is a party or by which it is bound or cause an Institution Member to be in violation of any applicable statute or rule or regulation of any governmental authority. (LTA Section 1001)

Corporate Existence, Maintenance of Assets.

Each Institution Member shall maintain its existence as a nonprofit corporation qualified to do business in Massachusetts and shall not dissolve, dispose of or spin off all or substantially all of its assets, or consolidate with or merge into another entity or entities, or permit one or more other entities to consolidate with or merge into it, except as permitted by under the Master Indenture. (LTA Section 1002)

Tax Matters.

The Institution shall not take or omit to take any action if such action or omission would (i) cause the Bonds to be "arbitrage bonds" under Section 148 of the IRC, including, without limitation, as a result of computing the yield on any investment acquired with Bond proceeds other than on the basis of the "fair market value" (within the meaning of Treas. Reg. § 1.148-5(d)(6)) of such investment at the time of acquisition, (ii) cause the Bonds to not meet any of the requirements of Section 149 of the IRC, or (iii) cause the Bonds to cease to be "qualified 501(c)(3) bonds" under Section 145 of the IRC. Without limiting the foregoing; the Institution shall not permit the $150,000,000 nonhospital bond limitation of IRC § 145(b) to be exceeded. To the extent consistent with its status as a nonprofit hospital or an affiliate thereof, each Institution Member agrees that it will not take any action or omit to take any action if such action or omission would cause any revocation or adverse modification of such federal income tax status of any Institution Member.

Partly in furtherance of the foregoing, the Issuer and the Institution are entering into the Tax Certificate with respect to matters of federal tax law pertaining to the Bonds issued under the Agreement. (LTA Section 1003)

Securities Law Status.

Each Institution Member represents and warrants that it is an organization organized and operated exclusively for charitable purposes and not for pecuniary profit; and that no part of its net earnings inures to the benefit of any person, private stockholder or individual, all within the meaning of the Securities Act of 1933, as amended. The Institution shall not take any action or omit to take any action if such action or omission would change its status as set forth in this section. (LTA Section 1004)

Continuing Disclosure.

Each Institution Member covenants and agrees that each will comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. The Issuer shall have no liability to the Owners of the Bonds or any other person with respect to such disclosure matters. Notwithstanding any other provision of the Agreement, failure of the Institution to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of the Owners of at least a majority in aggregate principal amount of Outstanding Bonds, shall) or any Owner (including a Beneficial Owner) of Bonds may seek specific performance of the Institution's obligations to comply with its obligations under the Continuing Disclosure Agreement or this Section 1005 and not for money damages in any amount. (LTA Section 1005)

Indemnification by the Institution.

The Institution, regardless of any agreement to maintain insurance, will indemnify the Issuer against: (a) any and all claims by any person related to the participation of the Issuer in the transactions contemplated by the Agreement, including without limitation claims arising out of (i) any condition of the Project or the construction, use, occupancy or management thereof; (ii) any accident, injury or damage to any person occurring in or about or as a result of the Project; (iii) any breach by the Institution of its obligations under the Agreement; (iv) any act or omission of the Institution or any of its agents, contractors, servants, employees or licensees; or (v) the offering, issuance, sale or any resale of the Bonds to the extent permitted by law, and (b) all costs, counsel fees, expenses or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against the Issuer by reason of any such claim, the Institution will defend the same at its expense upon notice from the Issuer, and the Issuer will cooperate with the Institution, at the expense of the Institution, in connection therewith. The Institution shall indemnify the Trustee against: (a) the claims of any person arising out of any condition of the Project, the construction, use, occupancy or management thereof, or any accident, injury or damage to any person occurring in or about the Project; and (b) any and all costs, counsel fees, expenses or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against the Trustee by reason of any such claim, the Institution upon notice from the Trustee shall defend the same and the Trustee shall cooperate with the Institution, at the expense of the Institution, in

connection therewith. This indemnification shall survive the termination or defeasance of the Agreement. (LTA Section 1006)

Amendment.

The Agreement may be amended by the parties without Bondowner consent for any of the following purposes: (a) to subject additional property to the lien of the Agreement, (b) to provide for the establishment or amendment of a book entry system of registration for any series of Bonds through a securities depository (which may or may not be DTC), (c) to add to the covenants and agreements of the Institution or to surrender or limit any right or power of the Institution, or (d) 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 provided in the foregoing paragraph, the Agreement may be amended only with the written consent of the Owners of at least a majority in principal amount of the Outstanding Bonds; provided, however, that no amendment of the Agreement may be made without the unanimous written consent of the affected Bondowners for any of the following purposes: (i) to extend the maturity of any Bond, (ii) to reduce the principal amount or interest rate of any Bond, (iii) to make any Bond redeemable other than in accordance with its terms, (iv) to create a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) to reduce the percentage of the Bonds required to be represented by the Bondowners giving their consent to any amendment.

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.

When the Trustee determines that the requisite number of consents have been obtained for an amendment that requires Bondowner consents, it shall, within ninety (90) days, file a certificate to that effect in its records and mail notice to the Bondowners. No action or proceeding to invalidate the amendment shall be instituted or maintained unless it is commenced within sixty (60) days after such mailing. The Trustee will promptly certify to the 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. A consent to an amendment may be revoked by a notice given by the Bondowner and received by the Trustee prior to the Trustee's certification that the requisite consents have been obtained. (LTA Section 1101)

Defeasance.

When there are in the Debt Service Fund and Redemption Fund sufficient funds, or Government or Equivalent Obligations in clauses (i) or (ii) of the definition thereof or Federal Agency Securities in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights under the Agreement of the Issuer and the Trustee have been provided for, upon written notice from the Obligated Group Representative to the Issuer and the Trustee with a copy to the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any), 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 Institution under the section captioned "Rebate Fund" and the section captioned "Tax Matters" in the Agreement), 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 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 section captioned "Unclaimed Moneys" in the Agreement, and moneys held for defeasance shall be invested only as provided above in this section. 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 into the Rebate Fund, be distributed to the Institution upon such indemnification, if any, as the Issuer or the Trustee may reasonably require. (LTA Section 202)

Appendix D

Proposed Form of Bond Counsel Opinion

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[PROPOSED FORM OF BOND COUNSEL OPINION]

[Delivery Date of Bonds]

Massachusetts Development Finance Agency
99 High Street, 11th Floor
Boston, Massachusetts 02110

$242,195,000
Massachusetts Development Finance Agency
Revenue Bonds, UMass Memorial Health Care Obligated Group Issue
Series N-1 (2025) (the "Series N-1 Bonds")

and

$100,000,000
Massachusetts Development Finance Agency
Revenue Bonds, UMass Memorial Health Care Obligated Group Issue
Series N-2 (2025)
(the "Series N-2 Bonds" and together with the Series N-1 Bonds, the "Bonds")

We have acted as bond counsel to the Massachusetts Development Finance Agency (the "Issuer") in connection with its issuance of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as deemed necessary to render this opinion, including the Loan and Trust Agreement dated as of February 1, 2025 (the "Agreement") among the Issuer, UMass Memorial Health Care, Inc. (the "Parent"), UMass Memorial Medical Center, Inc. (the "Medical Center"), UMass Memorial Health - Milford Regional Medical Center, Inc. ("Milford"), UMass Memorial Health - Harrington Hospital, Inc. ("Harrington" and collectively with the Parent, the Medical Center and Milford, the "Institution") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

As of the date hereof, the following entities are Members of the Obligated Group under the Amended and Restated Master Trust Indenture dated as of June 1, 2022, as amended and supplemented (the "Master Trust Indenture") by and among the Obligated Group and U.S. Bank Trust Company, National Association, as master trustee (the "Master Trustee"): the Parent, the Medical Center, UMass Memorial Health Ventures, Inc. ("Ventures"), UMass Memorial HealthAlliance-Clinton Hospital, Inc. ("HAC"), Harrington, Marlborough Hospital ("Marlborough") and UMass Memorial Health-Milford Regional Medical Center, Inc. ("Milford" and, collectively with the Medical Center, Ventures, HAC, Harrington and Marlborough, the "Obligated Group" or "Members of the Obligated Group").

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

The Bonds are being issued pursuant to the Agreement. The Bonds are payable solely from funds to be provided therefor by the Institution pursuant to the Agreement. Under the Agreement, the Institution

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

We express no opinion with respect to compliance by the Institution or the Obligated Group with applicable legal requirements with respect to the Agreement, the Master Trust Indenture, the Supplemental Master Indenture for Obligation Nos. 18 and 19 dated as of February 1, 2025 between the Parent, as Representative of the Obligated Group, and U.S. Bank Trust Company, National Association, as Master Trustee (the "Master Trustee"), relating to the Bonds, and the Supplemental Master Indenture for the Joinder of Additional Members of the Obligated Group dated as of February 1, 2025 between the Parent, as Representative of the Obligated Group, and the Master Trustee (such instruments and agreements being collectively called the "Bond Documents") or in connection with the operation of the Project (as defined in the Agreement) being financed and refinanced by the Bonds.

Reference is made to an opinion of even date of Ropes & Gray LLP, counsel to the Obligated Group, with respect to, among other matters, the corporate existence of each Member of the Obligated Group, the power of the Institution to carry out the Project, the power of the Members of the Obligated Group to enter into and perform their respective obligations under the Bond Documents and the authorization, execution and delivery of the Bond Documents by the Obligated Group. We have relied on such opinion with regard to such matters and to the other matters addressed therein, including, without limitation, the current qualification of each entity comprising the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that such opinion is subject to the limitations and conditions described therein. Failure of any entity comprising the Institution to maintain its status as an organization described in Section 501(c)(3) of the Code or to use the Project in activities of the Institution that do not constitute unrelated trades or businesses of the Institution within the meaning of Section 513 of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

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

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

2. The Agreement has been duly authorized, executed and delivered by the Issuer and is a valid and binding obligation of the Issuer enforceable against the Issuer. As provided in Chapter 23G of the General Laws of The Commonwealth of Massachusetts, the Agreement creates a valid lien on the Revenues and on the rights of the Issuer or the Trustee on behalf of the Issuer to receive Revenues under the Agreement (except certain rights to indemnification, reimbursements and fees).

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

4. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although we observe that such interest will be taken into account in computing "adjusted financial statement income" of certain corporate holders of the Bonds for purposes of computing the alternative minimum tax imposed on certain corporations. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Issuer and the Obligated Group with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Obligated Group and, to the extent necessary, the Issuer have covenanted in the Bond Documents to comply with all such requirements. Failure by the Issuer or the Obligated Group to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. 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. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

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

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

HINCKLEY, ALLEN & SNYDER LLP

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Appendix E

Form of Continuing Disclosure Agreement

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Appendix E

FORM OF
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by UMass Memorial Health Care, Inc. (the "Obligated Group Representative" or the "Parent"), as representative of the Obligated Group (defined below) and U.S. Bank Trust Company, National Association, as initial Dissemination Agent (defined below), in connection with the issuance of Massachusetts Development Finance Agency Revenue Bonds, UMass Memorial Health Care Obligated Group Issue, Series N (2025) (the "Bonds"). The Bonds are being issued pursuant to a Loan and Trust Agreement dated as of February 1, 2025 (the "Agreement") among the Parent, UMass Memorial Medical Center, Inc., UMass Memorial Health-Milford Regional Medical Center, Inc., and UMass Memorial Health-Harrington Hospital, Inc. (collectively, the "Institution"), Massachusetts Development Finance Agency (the "Issuer") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The proceeds of the Bonds are being loaned by the Issuer to the Institution pursuant to the Agreement. Pursuant to an Amended and Restated Master Trust Indenture (the "Master Indenture") dated as of June 1, 2022, as amended and supplemented from time to time, among the Obligated Group Representative, such other persons as are from time to time Members of the Obligated Group (the Obligated Group Representative and each such other person that is a Member of the Obligated Group are each referred to as an "Obligated Group Member" and collectively referred to as the "Obligated Group") and U.S. Bank Trust Company, National Association, as master trustee (the "Master Trustee"), each Obligated Group Member has agreed to be jointly and severally liable for the repayment of the loan from the Issuer. The Obligated Group Representative and the Dissemination Agent covenant and agree as follows:

Section 101. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Obligated Group Representative 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 Obligated Group Representative 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.

Section 102. Definitions. In addition to the definitions set forth in the Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following respective meanings:

"Annual Report" shall mean any Annual Report provided by the Obligated Group Representative 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 Trustee or Obligated Group Representative.

"Dissemination Agent" shall mean the initial Dissemination Agent or any successor Dissemination Agent designated in writing by the Obligated Group Representative and which has filed with the Obligated Group Representative, the Trustee and the Issuer a written acceptance of such designation. The same entity may serve as both Trustee and Dissemination Agent. The initial Dissemination Agent shall be the U.S. Bank Trust Company, National Association. In the absence of a third-party Dissemination Agent, the Obligated Group Representative shall serve as the Dissemination Agent.

"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 at: *http://emma.msrb.org*.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Quarterly Statement" shall mean any Quarterly Statement provided by the Obligated Group Representative pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

Section 103. Provision of Annual Reports and Quarterly Statements.

(a) Commencing with the fiscal year ending September 30, 2025, the Dissemination Agent, not later than 150 days after the end of each fiscal year (the "Annual Report Filing Deadline"), shall provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Commencing with the fiscal quarter ended December 31, 2024, the Dissemination Agent, not later than 60 days after the end of each of the first, second and third fiscal quarters (i.e., the fiscal quarters ending December 31, March 31 and June 30) and not later than 90 days after the end of the fourth fiscal quarter (i.e., the fiscal quarter ending September 30) (each a "Quarterly Statement Filing Deadline;" and together with the Annual Report Filing Deadline, the "Filing Deadline"), shall provide to the MSRB a Quarterly Statement that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than two (2) Business Days prior to each Filing Deadline, the Obligated Group Representative (if it is not the Dissemination Agent) shall provide the Annual Report or Quarterly Statement, as applicable, to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the System 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 System includable in the Annual Report at a later date, it shall provide unaudited financial statements by the Annual Report Filing Deadline and shall provide the audited financial statements as soon as practicable after the audited financial statements become available. The Obligated Group Representative 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 the MSRB as soon as practicable thereafter. Unless it is acting as the Dissemination Agent, the Obligated Group Representative shall provide a copy of each Annual Report, audited financial statements if submitted separately, and Quarterly Statement to the Dissemination Agent. For purposes of this Disclosure Agreement, "audited financial statements" shall, at the election of the Obligated Group Representative, mean audited consolidated or combined financial statements of any health system that includes the Obligated Group.

(b) The Dissemination Agent shall:

(i) file a report with the Obligated Group Representative certifying that the Annual Report, or Quarterly Statement, as applicable, has been provided pursuant to this Disclosure Agreement and stating the date it was provided (the "Compliance Certificate"); such report shall include a certification from the Obligated Group Representative that the Annual Report, or

Quarterly Statement, as applicable, complies with the requirements of this Disclosure Agreement; and

(ii) upon request of any Bondowner or Beneficial Owner to the Chief Financial Officer of the Obligated Group Representative, the Obligated Group Representative shall provide the most recent Quarterly Statements directly to such requesting Bondowner or Beneficial Owner, and the costs of complying with such requests will be borne by the Obligated Group Representative.

(c) If the Dissemination Agent has not filed a Compliance Certificate by the applicable Filing Deadline, the Dissemination Agent shall send, and the Obligated Group Representative 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 an Annual Report or a Quarterly Statement to the MSRB by the applicable Filing Deadline, the Obligated Group Representative shall send, or cause the Dissemination Agent to send, a notice to the MSRB substantially in the form of Exhibit A.

Section 104. Content of Annual Reports and Quarterly Statements.

(a) The Annual Report submitted by the Obligated Group Representative shall contain or incorporate by reference the following:

The year–end consolidated audited financial statements that include the Parent and all affiliates thereof as to which financial information is presented on a consolidated basis in accordance with generally accepted accounting principles (collectively, the "System") and Report of Independent Auditors similar in form and scope to the statements, information and reports included in Appendix B-1 to the Official Statement dated January 23, 2025 (the "Official Statement") with respect to the Bonds (which audited financial statements may be provided on a combined or consolidated basis and may include one or more other entities as long as supplemental schedules are provided showing the Obligated Group separately from such other entities, or on a stand-alone basis, at the election of the Obligated Group Representative); and

(i) information of the type included in the tables in Appendix A to the Official Statement captioned "System Utilization," "System Sources of Gross Patient Service Charges;" and "System Pro Forma Debt Service Coverage."

The financial statements included as part of the Annual Report 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 an Obligated Group member is an "obligated person" (as defined by the Rule), that (i) are available to the public on the MSRB Internet Web site, or (ii) have been filed with the Securities and Exchange Commission. The Obligated Group Representative shall clearly identify each such other document so incorporated by reference.

(b) Each Quarterly Statement submitted by the Obligated Group Representative shall contain information relating to the fiscal quarter and for the year to date of the type included in the tables in Appendix A to the Official Statement captioned "System Consolidated Statements of Operations" and "System Utilization;" provided, however, that if, as of the end of the period covered by such Quarterly Statement, the total operating revenue of the Obligated Group constituted less than 80% of the total operating revenue of the System, such tables shall be provided on a combined basis for the System, with supplemental schedules showing the Obligated Group only).

Section 105. Reporting of Listed 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 or under the Agreement or the Master Indenture:

(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 provider, 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 57010TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

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

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of an obligated person*;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

* For the purposes of the Rule, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

** For the purposes of the events identified in subparagraphs (xv) and (xvi), "Financial Obligation" means a (x) debt obligation; (y) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligations; or (z) guarantee of (x) or (y). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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) the incurrence of a Financial Obligation** of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Institution, any of which affect the holders of the Bonds, if material; and

(xvi) the default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation** of an obligated person, any of which reflect financial difficulties.

(b) Whenever the Obligated Group Representative obtains knowledge of the occurrence of a Listed Event, the Obligated Group Representative shall, in a timely manner, but within ten business days of the event's occurrence, file or direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Obligated Group Representative shall provide a copy of each such notice to the Issuer and the Dissemination Agent. The Dissemination Agent, if other than the Obligated Group Representative, shall have no duty to file a notice of an event described hereunder unless it is directed in writing to do so by the Obligated Group Representative, 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 106. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 107. Termination of Reporting Obligation. The Obligated Group Representative'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 Obligated Group Representative to the effect that compliance with this Disclosure Agreement no longer is required by the Rule, provided however, that the Obligated Group Representative shall be required to provide Quarterly Statements in the manner required hereunder for so long as the Obligated Group Representative is required to comply with the other provisions of this Disclosure Agreement regardless of whether the provision of Quarterly Statements is required by the Rule. If the Obligated Group Representative's obligations under the Agreement or the Master Indenture are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Obligated Group Representative and the original Obligated Group Representative shall have no further responsibility hereunder.

Section 108. Dissemination Agent. The Obligated Group Representative may, from time to time with notice to the Trustee and the Issuer, 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 Dissemination Agent, the Trustee and the Issuer, discharge any such third-party Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Obligated Group Representative) may resign upon thirty (30) days' written notice to the Obligated Group Representative, the Trustee and the Issuer. The initial Dissemination Agent is U.S. Bank Trust Company, National Association.

Section 109. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligated Group Representative and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Obligated Group Representative) 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 Obligated Group Representative and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, violate the Rule; provided however, that no amendment or waiver which eliminates or diminishes the requirement to deliver Quarterly Statements may be made unless the amendment is consented to by the Bondowners as though it were an amendment to the Agreement pursuant to Section 1101 of the Agreement. Without limiting the foregoing, the Obligated Group Representative 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 Obligated Group or a Obligated Group member or of the type of business conducted by the Obligated Group or a Obligated Group member, (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 1101 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. The Dissemination Agent shall not be required to accept or acknowledge any amendment of this Disclosure Agreement if the amendment adversely affects its rights or immunities or increases its duties hereunder.

Section 110. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Group Representative 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, Quarterly Statement or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligated Group Representative chooses to include any information in any Annual Report, Quarterly Statement or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Obligated Group Representative shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Quarterly Statement or notice of occurrence of a Listed Event.

Section 111. Default. In the event of a failure of the Obligated Group Representative or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent 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 Obligated Group Representative 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 Obligated Group Representative 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 Obligated Group Representative or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance and not for monetary damages in any amount.

Section 112. Duties, Immunities and Liabilities of Dissemination Agent. As to the Dissemination Agent, Article VII of the Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Agreement. The Dissemination Agent (if other than the Obligated Group Representative) shall have only such duties as are specifically set forth in this Disclosure Agreement and, in addition to any and all rights of the Dissemination Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the Obligated Group agrees to indemnify and save the Dissemination Agent (if other than the Obligated Group Representative), 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 gross negligence or willful misconduct. The obligations of the Obligated Group under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Obligated Group Representative covenants that whenever it is serving as Dissemination Agent, it shall take any action required of the Dissemination Agent under this Disclosure Agreement.

The Dissemination Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Institution, apart from the relationship created by the Rule, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Institution. Nothing in this Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information made public. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the Institution for response. The Obligated Group shall pay or reimburse the Dissemination Agent for its fees and expenses for the Dissemination Agent's services rendered in accordance with this Agreement. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Obligated Group, the Bondowners or any other party.

Section 113. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligated Group, the Dissemination Agent, the Participating Underwriter and the Bondowners, and shall create no rights in any other person or entity.

Section 114. Disclaimer. No Annual Report or notice of a Listed Event filed by or on behalf of the Obligated Group under this Disclosure Agreement shall obligate the Obligated Group 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 Obligated Group or any Obligated Group member or raise any inference that no other material events have occurred with respect to the Obligated Group, any Obligated Group member or the Bonds or that all material information regarding the Obligated Group, each Obligated Group member or the Bonds has been disclosed. The Obligated Group shall have no obligation under this Disclosure Agreement to update information provided pursuant to this Disclosure Agreement except as specifically stated herein.

Section 115. Notices. Unless otherwise expressly provided, all notices to the Issuer, the Obligated Group Representative, the Trustee and the Dissemination Agent shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered or sent by facsimile during business hours to such parties at the address specified in Section 1103 of the Agreement or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the party giving notice.

Section 116. Governing Law. This instrument shall be governed by the laws of The Commonwealth of Massachusetts.

Section 117. All Obligated Group Members Bound. The Obligated Group Representative hereby represents and warrants that it has full authority to bind each current Obligated Group Member to provide to the Obligated Group Representative on a timely basis all information with respect to such Obligated Group Member and required for the Obligated Group Representative to comply with its undertakings under this Disclosure Agreement. The Obligated Group Representative covenants to enforce the undertakings of each Obligated Group Member to provide all such information to the Obligated Group Representative on a timely basis.

Date: _____, 2025

UMASS MEMORIAL HEALTH CARE, INC., as representative of the Obligated Group

By _____
Name:
Title:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as initial Dissemination Agent

By _____
Name:
Title:

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL REPORT][QUARTERLY STATEMENT]

Name of Issuer:	Massachusetts Development Finance Agency
Name of Bond Issue:	UMass Memorial Health Care Obligated Group Issue, Series N (2025)
Name of Obligated Persons:	Obligated Group consisting of UMass Memorial Health Care, Inc., UMass Memorial Medical Center, Inc., UMass Memorial Health Ventures, Inc., UMass Memorial HealthAlliance-Clinton Hospital, Inc., UMass Memorial Health-Milford Regional Medical Center, Inc., UMass Memorial Health-Harrington Hospital, Inc., and Marlborough Hospital, as may be modified from time to time in accordance with the Mater Trust Indenture
Date of Issuance:	_____, 2025

NOTICE IS HEREBY GIVEN that UMass Memorial Health Care, Inc. (the "Obligated Group Representative") has not provided an [Annual Report][Quarterly Statement] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated _____, 2025 between the Obligated Group Representative and U.S. Bank Trust Company, National Association, as initial Dissemination Agent.

Dated: _____

[DISSEMINATION AGENT, on behalf of the]
OBLIGATED GROUP REPRESENTATIVE

[cc: Obligated Group Representative]

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